

Financial Conduct Authority

# Internal Audit report

**A review of the Customer Contact Centre (CCC)**

Findings identified	
<b>Major</b>	<b>1</b>
<b>Moderate</b>	<b>2</b>
<b>Minor</b>	<b>0</b>

18 August 2014

# 1 Executive Summary

## 1.1 Summary and opinion for Audit Committee

For many firms and consumers, the Customer Contact Centre (CCC) is the one area of the FCA with which they have regular contact. The CCC provides firms and consumers with information and guidance via telephone, letter, email and web-chat.

The in-house CCC function is based at the FCA and handles in-bound communication by telephone and written correspondence (email or letters). The in-house CCC has approximately 150 staff with teams organised to service queries and calls from firms and customers. The FCA's consumer helpline has been outsourced to a third party known as Teleperformance, located in Bristol, that also manages the CCC's web-chat service. The Consumer Helpline Insourcing Project (CHIP) has been underway since late 2013 to bring the outsourced service back in house by August 2014. We noted a sufficient level of governance and project management discipline over this project and that the project is on track to be delivered in line with its project plan.

The CCC uses the INTACT system as its customer relationship management system, replacing the previous Remedy system.

We identified areas of good practice in CCC's operations including:

- detailed system documentation for staff to respond to inbound communications;
- effective resource planning to handle the increase in call volumes following the introduction of the FCA's Consumer Credit regime; and
- updates on key topics sent to CCC staff on a daily basis as required to ensure they are up-to-date with the latest trends and activities in the financial market.

The management of the CCC has articulated risks and controls as part of its First Line of Defence attestation. However, management did not articulate the objectives of the CCC as part of the attestation. There is an increased risk when objectives are not articulated that the risks to the objectives and the subsequent controls to mitigate those risks may not be identified. We reached agreement with management on the objectives and the risks to these objectives as part of our scoping process. We identified that the risk with regards to the CCC not meeting its obligations to the Bank of England (the Bank) through the Provision of Services Agreement (PSA) was not articulated in the Director's attestation. We identified a finding relating to this risk (see below). We acknowledge that all other risks identified as part of our scoping were included in the Director's attestation.

*Objective: To be the front line mechanism of the FCA in order to provide information and guidance to regulated firms and customers who contact the FCA*

To meet the above objective, the CCC must have a clearly defined strategy for operation during both business as usual and disaster periods. To operate in a time of disaster, the CCC needs to have a clear recovery strategy. While we acknowledge that key disaster recovery metrics for the INTACT system have been defined, we note the following issues:

- business recovery plans, which detail the order in which processes need to be recovered in the event of an incident, to ensure the operation of the CCC are not in place;
- the business continuity plan for the CCC, which details how operations in the CCC will continue in the event of an incident, has not been tested; and
- business continuity documentation is out of date as it refers to out-of-date systems and personnel who have left the FCA.

Further, in order to be an effective frontline mechanism, the CCC must meet defined quality standards. While quality checks on CCC staff who respond to consumer and firm enquiries are undertaken on a regular basis, we noted the following issues:

- the Quality Assurance (QA) handbook used by team leaders to review call-handler performance is out-of-date, including references to Remedy which is no longer in use, and is not in line with the QA presentations made to staff; and
- the spreadsheet used by the quality team to monitor the QA process is not up-to-date, lacks details as to why sufficient QA checks on CCC staff performance have not

been performed in line with expectations and fails to link the training needs of CCC staff to the areas where they have performed poorly in QA checks.

As a result of the above we have raised one Major finding to address the CCC's business continuity and recovery plans and one Moderate finding with regard to the improvements needed to the QA framework and the methods to track and monitor quality checks.

*Objective: To provide accurate data to the Bank of England as per the requirements of the PSA*

The Contact Centre provides a service to the Bank under the PSA for all dual regulated firms using the GABRIEL (Gathering Better Regulatory Information EElectronically), ONA (Online Notification and Application) and Register systems. The FCA is required to provide monthly reporting to the Bank of England in relation to the number of calls and the respective call charges for handling these calls. The FCA is also required to invoice the Bank annually for the calls it handles on its behalf.

However, we identified the FCA had not provided two monthly reports to the Bank and did not issue the FY2013-14 invoice of approximately £90,000 to the Bank at the time of fieldwork. The Bank of England has made sufficient provisions to cover this fee. However, this amount has not been recognised in the FCA's financial accounts for the year ending 31 March 2014.

We raise one Moderate finding with regard to the timely reporting to the Bank to address this.

## 1.2 Overall management comments

We accept the factual findings of the review and agree some improvements can and will be made, but we have a different view of the severity of the risk to the objectives;

### Finding 1 – Business Continuity Plans

A "Major" finding is surprising given;

- We have recently installed cloud-based contact management (Intact) and telephony (New Voice Media) technology into the contact centre, making the operation significantly more flexible from a location perspective, as the technology is hosted externally and is proven to have a high degree of resilience
- A contractual agreement with Teleperformance gives us quick access to up to 100 contact centre seats in their sites in the event of a significant market event. This takes effect from 1<sup>st</sup> Sept after the conclusion of our outsourcing agreement and provides a robust additional layer of resilience
- The switchboard can be patched to any alternative site once agreed by the impact management team. All members of the switchboard team have secondary laptops and are fully aware of the arrangements

Arrangements for testing these solutions are part of an organisation wide programme of work controlled by Operations, reported through EOC – essentially a known risk being actively managed.

### Finding 3 – Quality Assurance Framework

Discrepancies in documentation will be quickly addressed but we don't believe these amount to a significant control weakness. Evidence from the daily operation of the framework shows it is fully understood and embraced by Associates. This view was supported by the independent external review by the contact centre industry standards body in February '14 who described the quality framework as one of a number of significant strengths in the contact centre.

### 1.3 Schedule of findings

Ref	Findings	Rating
1	<p><b>Business recovery plans for the Customer Contact Centre have not been established and business continuity plans are not up-to-date</b></p> <p>Business recovery plans for the CCC have not been established. Business continuity plans are not up-to-date and have not been tested appropriately. Failure to establish, maintain and test business continuity and recovery plans increases the risk that the CCC will not be able to operate effectively in the event of a business interruption.</p>	<b>Major</b>
2	<p><b>Reporting to the Bank of England is not occurring in a timely manner</b></p> <p>The CCC provides a service to the Bank of England (the Bank) under the Provision of Services Agreement for dual regulated firms using key systems such as GABRIEL, ONA and the Register. The FCA is required to provide monthly reporting to the Bank of England in relation to the number of calls and the respective call costs for handling these calls and to invoice the Bank annually. However, we identified that the FCA had not submitted two monthly reports to the Bank and that the invoice for FY2013-14 (c. £90k) had not been issued at the time of fieldwork. Further, while the Bank had made sufficient provisions to cover the prospective invoice fee, this had not been recognised in the FCA's accounts for the year ending 31 March 2014.</p>	<b>Moderate</b>
3	<p><b>The Quality Assurance Framework is not up-to-date and the methods to monitor quality checks require improvement</b></p> <p>The CCC has a Quality Assurance (QA) Framework in place to monitor the performance and quality of its staff. However, we noted that key documentation including the QA Handbook is out of date (for example it references the Remedy system which is no longer in use) and that there are inconsistencies between the QA Handbook and a QA presentation to staff, including discrepancies between the two documents as to the number of questions that the monthly QA checks consist of and the score required by staff to pass the monthly QA checks. Furthermore, we noted that the Quality Monitoring spreadsheet used to monitor and track quality checks is not up-to-date and there is no clear link to the development plans of individuals who have not met the quality targets.</p>	<b>Moderate</b>