

OCC 2003-18

**Subject: FFIEC Information Technology  
Examination Handbook**  
Date: May 21, 2003

**To: Chief Executive Officers of All National  
Banks, Federal Branches and Agencies,  
Technology Service Providers and Software  
Application Heads, and  
Training Personnel**

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**Description: Business Continuity Planning and Supervision of Technology Service Providers Booklets**

**The guidance attached to this bulletin continues to apply to federal savings associations.**

The Federal Financial Institutions Examination Council (FFIEC) has issued updated guidance in two booklets, one on business continuity planning (BCP), and the other on FFIEC supervision of technology service providers (TSP). These booklets are the second and third in a series that will completely update and replace the *1996 FFIEC Information Systems (IS) Examination Handbook*.

Specifically, the "BCP Booklet" rescinds chapter 10 of the *1996 FFIEC IS Examination Handbook* and *OCC Bulletin 97 – 23: FFIEC Interagency Statement on Corporate Business Resumption and Contingency Planning*. The "Supervision of TSPs Booklet" rescinds chapters two through seven of the *1996 FFIEC IS Examination Handbook*.

**Business Continuity Planning Booklet**

The banking industry has been a leader in the area of business continuity planning and preparedness. Banks' increasing dependence on third-party service providers and the threat of terrorism have validated bank efforts and added urgency to the issue. Boards of directors should review business continuity plans at least annually to ensure that plans are consistent with the bank's business objectives, risk management strategies, and financial resources. This booklet complements the sound practices recently issued in OCC Bulletin 2003-14, applicable to the largest and most systemically significant financial services firms, and provides a risk management process for implementation of those practices.

The "BCP Booklet" emphasizes the importance of making BCP an enterprise-wide business concern that balances the availability of people, facilities, and technology. The booklet describes a four-part process for managing business continuity based on risk: (1) business impact analysis, (2) risk assessment, (3) risk management, and (4) risk monitoring. Using this process-based approach, bank management should determine the impact of an interruption of various services on different business units within the bank. Management should assess and prioritize the risk of losing those services and then implement the appropriate safeguards to mitigate the likelihood of an event occurring or to accelerate resumption of services after an event. To ensure effective implementation of the safeguards and allow the process to evolve over time, management must oversee compliance through self-assessment and testing, evaluate organizational changes, monitor for new threats, and explore new risk mitigation and recovery solutions.

The booklet reinforces the expectation that senior management conduct recovery testing at least annually, and more frequently if warranted by the operating environment and the criticality of the applications and business functions. OCC examiners will use the booklet's work program as expanded examination procedures when appropriate, based on the risk and complexity of the bank or technology service provider's operations.

## Supervision of Technology Service Providers Booklet

This booklet provides OCC examiners with guidance on the various aspects of the FFIEC interagency supervision program for TSPs. Effective interagency coordination and resource sharing allows the agencies to avoid redundant examinations. The booklet introduces a new risk-based approach to select the TSPs for examination and to determine the frequency of examinations based on the type of services provided and TSP-specific risk factors. National banks can provide input into our supervisory process by communicating service provider concerns to their portfolio examiners. OCC examiners can then factor bank-specific issues into the risk-based strategy. The OCC encourages banks to consider findings from FFIEC examinations as part of their management of outsourcing risk. However, this booklet underscores the message that regulatory examinations of TSPs are not a replacement for effective vendor oversight by the bank. The FFIEC will provide in-depth guidance to bankers on managing outsourcing relationships in another booklet on outsourcing later this year.

The attached FFIEC press release describes the handbook update process and provides the following link <http://www.ffiec.gov/guides.htm> for electronic versions of both booklets. To accommodate banks with limited access to the Internet, the OCC will also include these booklets in the next release of *e-files*, the CD-based library of OCC publications provided to all national banks. Any bank that is not able to download the booklets may order printed copies. Please send your request to the Office of the Comptroller of the Currency, 250 E Street, SW, Mail Stop 18, Washington, DC 20219. If you need assistance obtaining a copy, please contact the OCC Communications Division at (202) 874-4700.

Other questions regarding these booklets should be directed to your OCC supervisory office or the Bank Technology Division at (202) 874-5920.

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### Related Links

- [FFIEC Press Release](#)

Federal Financial Institutions Examination Council

Press Release

*For Immediate Release*

May 20, 2003

**BUSINESS CONTINUITY PLANNING, SUPERVISION OF TECHNOLOGY SERVICE PROVIDER GUIDANCE  
RELEASED BY FEDERAL FINANCIAL REGULATORS**

The Federal Financial Institutions Examination Council (FFIEC) today issued revised guidance for examiners and financial institutions on business continuity planning. The FFIEC also issued guidance to examiners on the supervision of technology service providers. The guidance is contained in two booklets.

The *Business Continuity Planning* Booklet provides guidance and examination procedures to assist examiners in evaluating financial institution and service provider risk management processes to ensure the availability of critical financial services.

Sound business continuity plans allow financial institutions to respond to such adverse events as natural disasters, technological failures, human error, and terrorism. Financial institutions must be able to restore information systems, operations, and customer services quickly after any adverse event. It is important that business operations be resilient and that customer service disruptions be minimal.

The *Supervision of Technology Service Providers* Booklet covers the supervision and examination of services performed for financial institutions by technology service providers. It outlines the agencies' risk-based supervision approach, the supervisory process, and the examination ratings used for technology service providers.

The guidance stresses that an institution's management and board of directors have the ultimate responsibility for ensuring outsourced activities are conducted in a safe and sound manner and in compliance with applicable laws and regulations. Managing outsourced relationships will be further discussed in depth when a booklet on Outsourcing is released later this year.

The booklets represent the latest in a series of updates to the 1996 FFIEC Information Systems Examination Handbook (Handbook). The FFIEC is updating the Handbook to address significant changes in technology since 1996 and to incorporate a risk-based examination approach. The updates are being issued in separate booklets that will ultimately replace all chapters of the Handbook and comprise the new FFIEC Information Technology Examination Handbook. Future booklets will address electronic banking, audit, payment systems, outsourcing, management, computer operations, and systems development and acquisition.

The booklets are being distributed electronically and are available at [www.ffiec.gov/guides.htm](http://www.ffiec.gov/guides.htm).

The FFIEC is composed of the five federal financial regulators: Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, the Office of the Comptroller of the Currency, and the Office of Thrift Supervision.

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