

# FIELDREPORT

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## IT Examination Guidance: FFIEC Issues Revised Booklet on Business Continuity Planning



As part of their ongoing efforts to keep financial institutions apprised of regulatory expectations, the Federal Financial Institutions Examination Council (FFIEC) members issued a revised

*Business Continuity Planning Booklet* and also added a new appendix to the *FFIEC Information Technology Examination Handbook*. This new appendix, *Strengthening the Resilience of Outsourced Technology Services*, is of particular relevance to managing third-party relationships.

### Highlights

Many financial institutions are already addressing the high-level concerns of managing a third-party relationship. In their new appendix, *Strengthening the Resilience of Outsourced Technology Services*, the FFIEC highlights the need of financial institutions to review, monitor, and test the Business Continuity Plans of critical vendors.

### Digging Deeper

Third-party relationships that provide critical bank functions should be overseen as though the service is provided by the bank itself. One under-examined aspect of this regulatory expectation is that financial institutions need to work with their critical vendors to ensure business continuity.

In contracts with critical vendors, financial institutions should include clauses that provide “assurance that its third-party service providers have the necessary capacity to restore critical services in the event of a widespread disruption or outage.”

Based on this guidance, The BettenField Group recommends that financial institutions:

- Revise and update your vendor management policies and procedures to reflect the added emphasis on Business Continuity Planning (BCP)
- Consult with the your subject matter experts on BCP to ensure the plan takes into account any critical third-party relationships
- Review and revise contracts with existing critical vendors to include provisions for mutual BCP testing

*The BettenField Group can help you design, implement, and maintain a vendor management program that complies with the FFIEC’s regulatory expectations. Please contact us with your vendor management questions.*

*Regards,*

**Mark Cox**

*Mark.Cox@bettenfield.com*

*925.208.1817*

THE **BETTENFIELD** GROUP

925.208.1817

175 E. Prospect Ave | Suite 250B

Danville, CA 94526

[bettenfield.com](http://bettenfield.com)