



Sources Concerning Succession Planning

FFIEC IT Business Continuity Planning Booklet:

Page 3:

Board and Senior Management Responsibilities

As part of their support for continuity planning, the board and senior management should assign knowledgeable personnel and allocate sufficient financial resources to properly implement an enterprise wide BCP. A large, complex institution may need a business continuity planning department with a team of departmental liaisons throughout the institution. A smaller, less complex institution may only need an individual business continuity planning coordinator. Financial institutions may also choose to have a business continuity planning group or committee that meets regularly with the BCP coordinator to discuss various issues, such as policy changes, employee training, and test plans. Regardless of how personnel resources are allocated, financial institution management should establish roles, responsibilities, and **succession** plans for various operational disruptions, as they may affect business processes in different ways. The board and senior management should also allocate sufficient financial resources to cover the expenses associated with alternate processing arrangements, business recovery, and comprehensive insurance coverage.

Page 17:

Risk Monitoring and Testing

Principles of the Business Continuity Testing Program

Testing Policy

Test plans should clearly communicate the predefined test scope and objectives and provide participants with relevant information, including:

- Test decision makers and **succession** plans

Page A-21:

Appendix A: Examination Procedures

Tier II Objectives and Procedures

Testing Strategy

Objective 1: Determine whether the testing strategy addresses various event scenarios, including potential issues encountered during a wide-scale disruption:

Event Scenarios

1. Determine whether the strategy addresses staffing considerations, including:
 - a. Staff and management **succession** plans

Page D-6:

Appendix D: Pandemic Planning

RISK ASSESSMENT/RISK MANAGEMENT

Mitigating Controls

Despite the unique challenges posed by a pandemic, there are control processes that management can implement to mitigate risk and the effects of a pandemic. For example, to overcome some of the personnel challenges, management should ensure that employees are cross-trained and that **succession** plans have been developed. The institution may be able to leverage plans already established as part of traditional business continuity planning.

Page G-2:

Appendix G: Business Continuity Plan Components

Personnel

Human resources represent one of most critical BCP components, and often, personnel issues are not fully integrated into the enterprise-wide plan. Based on the BIA, the BCP should assign responsibilities to management, specific personnel, teams, and service providers. The planning group should comprise representatives from all departments or organizational units, and the BCP should be prepared by the individuals responsible for carrying out the assigned tasks. In addition, the plan should specifically identify the integral personnel that are needed for successful implementation of the BCP, and **succession** plans should assign responsibilities to back-up personnel in the event integral employees are not available. Additionally, vendor support needs should be identified. The BCP should address:

- How will decision-making **succession** be determined in the event management personnel are unavailable?

Page G-3:

Appendix G: Business Continuity Plan Components

Cross Training and **Succession** Planning

Cross-training of personnel and **succession** planning is also an important element of the business continuity planning process. Management should cross train employees throughout the organization and assign back-up personnel for key operational positions. The financial institution should also plan to shift employees to other corporate sites, branches, back-up locations, or service provider facilities outside of the disaster area and prior to the development of transportation problems, if possible.

To ensure adequate staffing at the alternate site, financial institutions may decide to locate staff at the back-up facility on a permanent basis or hire employees who live outside the primary business area and closer to the alternate facility. If employees are unable to return to work, management may use formal agreements with temporary agencies and headhunting services to provide temporary staffing solutions.

Page H-2:

Appendix H: Testing Program - Governance and Attributes

Elements



- Staffing-Testing strategies should include demonstrations of the staff's ability to support business processes, including the processing and settlement of transactions, communication with key internal and external stakeholders, and reconciliation of transactions and books of record. Strategies may need to address the ability of staff to support increased workloads resulting from the transfer of processing to alternate sites for extended periods of time. For institutions that have implemented split processing business models, any aspects of the client relationship model that present challenges or complexities to the transfer of workloads across sites, and related dependencies, should be identified and incorporated into testing strategies. In addition, testing strategies should demonstrate the effectiveness of the institution's management **succession** plans.

FFIEC Audit IT Booklet:

Page A-12:

Appendix A: Examination Procedures

TIER II OBJECTIVES AND PROCEDURES
MANAGEMENT

1. Determine whether audit procedures for management adequately consider:
 - The level of planning for management **succession**

FFIEC Management IT Booklet:

Page 19:

Governance

IT Responsibilities and Functions

Human Resources

The board and senior management should consider appropriate **succession** and transition strategies for key managers and staff members. Some strategies include the use of employment contracts, professional development plans, and contingency plans for interim staffing of key management positions. Management should have backup staff for key positions and should cross-train additional personnel. The objective is to provide for a smooth transition in the event of turnover in vital IT management or IT operations.

Page 46:

Appendix A: Examination Procedures

Objective 5: Along with the IT audit and compliance departments, the HR department can serve as an influencing function for IT. Determine the adequacy of the institution's HR function to ensure its ability to attract and retain a competent workforce.

2. Identify key IT positions, review biographical data (e.g., résumés and training and development records), and determine the following:
 - There are provisions for management **succession** that provide for an acceptable transition in the event of the loss of a key IT manager or staff member.

**FFIEC Operations IT Booklet:**Page 3:

Roles and Responsibilities

Action Summary

A financial institution's board of directors and senior management are responsible for overseeing a safe and sound IT operating environment that supports the institution's goals and objectives. The institution's responsibilities apply to centralized and decentralized operations centers, including those located within lines of business; functional operations; affiliates under the enterprise umbrella; and outsourcing arrangements.

Key elements of these responsibilities include:

- Providing for adequate staffing and personnel selection, **succession**, and training;

Page 4:

Operations Management

Responsibility and Accountability

Sound IT operations management also includes providing adequate staffing through personnel selection, **succession** plans, and employee training. Hiring practices that result in an appropriate number of skilled staff promote smooth, continuous, and efficient operations. Ongoing training is vital to maintaining creative, motivated, and knowledgeable employees.

Page 22:

Risk Mitigation and Control Implementation

Personnel Controls

Staff stability is important to employee morale and operations effectiveness. High employee turnover can disrupt workflow, degrade service and production quality, and increase training resource demands. To the extent possible, management should seek to minimize employee turnover. Clearly defined duties, responsibilities, expectations, and accountability may help minimize employee turnover. Organizational structure should include dual controls and separation and rotation of duties where appropriate and feasible. Internal control procedures, dual control and rotation of duties facilitate cross-training, improve depth of personnel skill, and **succession**. In addition to serving as a quality control mechanism, separation of duties deters employee dishonesty, fraud, or intentional harm to equipment, systems, and data. Management should organize functional duties so no one person performs a process from beginning to end or checks the accuracy of his or her own work. Except in emergencies, computer operators should not perform duties other than those directly relating to equipment operation. For example, computer operators should not perform data preparation activities, such as reject re-entry, general ledger balancing, or unposted items settlement.

Page 36:

Risk Monitoring and Reporting Risk Mitigation

Capacity Planning



Capacity planning should be closely integrated with the budgeting and strategic planning processes. It also should address personnel issues including staff size, appropriate training, and staff **succession** plans.

FFIEC Supervision of Technology Service Providers IT Booklet:

Page A-4:

Appendix A: URSIT

Component Rating Areas of Coverage

Audit

The performance of audit is rated based upon an assessment of factors, such as:

- The qualifications of the auditor, staff **succession**, and continued development through training

Page A-6:

Appendix A: URSIT

Component Rating Areas of Coverage

Management

The performance of management and the quality of risk management are rated based upon an assessment of factors such as:

- The level of planning for management **succession**