



## Office of Thrift Supervision

Department of the Treasury

*Managing Director, Examinations, Supervision, and Consumer Protection*

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July 15, 2004

**MEMORANDUM FOR: CHIEF EXECUTIVE OFFICERS**

**FROM:**

Scott M. Albinson

**SUBJECT:**

Information Technology Examination Handbook –  
 Management Booklet  
 Outsourcing Technology Services Booklet

The Office of Thrift Supervision, along with the other federal banking agencies, today issued updated guidance for examiners, financial institutions, and technology service providers on the management of financial institutions' information technology (IT) activities and the outsourcing of technology services. The *Management Booklet* and the *Outsourcing Technology Services Booklet* are the ninth and tenth in a series of twelve booklets issued through the Federal Financial Institutions Examination Council (FFIEC) that will completely update and replace the 1996 FFIEC Information Systems Examination Handbook.

Sound management of IT is critical to the performance and success of your financial institution. Your board of directors and executive management should understand and take responsibility for IT management as an important component of their overall strategic planning and corporate governance efforts. The *Management Booklet* provides guidance to examiners and thrifts regarding the qualities of effective IT management, and will be used by OTS examiners in their evaluations of your IT management program and the programs of your technology service providers. With the issuance of the *Management Booklet*, Chapter 9, *Management* and Chapter 11, *Management Information Systems Review*, of the 1996 FFIEC Information Systems Examination Handbook are rescinded.

Contracting with third parties to provide technology-related services can play an important role in your ability to offer your customers enhanced products and services while realizing greater operational efficiencies. Because these services are performed by an organization outside your institution, ongoing management of the relationship is critical to ensure that key service level agreements are met, that the confidentiality of information is safeguarded, and that the stability of the service provider is monitored. The *Outsourcing Technology Services Booklet* provides guidance concerning the risks and risk management practices applicable to your outsourcing activities, including due diligence in service provider selection, contract issues, and ongoing monitoring of the relationship. The booklet also includes guidance on the risks and risk management issues unique to foreign service providers. With the release of the *Outsourcing Technology Services Booklet*, Chapter 22, *IS Servicing – Provider and Receiver* of the 1996

FFIEC Information Systems Examination Handbook as well as the FFIEC's guidance entitled *Risk Management of Outsourced Technology Services* issued on November 28, 2000, are rescinded.

The booklets are being distributed electronically by the OTS and other FFIEC agencies and may be downloaded at [www.ffiec.gov/ffiecinfbase/index.html](http://www.ffiec.gov/ffiecinfbase/index.html). This site provides on-line and printable versions of all of the booklets in the series that have been published to date, as well as audio presentations related to the IT Examination Handbook update process, the booklets, and other resources. Questions regarding these booklets should be directed to your regional OTS office or to Lewis C. Angel, Senior Project Manager, Technology Risk Management, (202) 906-5645.