



# Managing BCP Risk Thru Key Risk Indicators

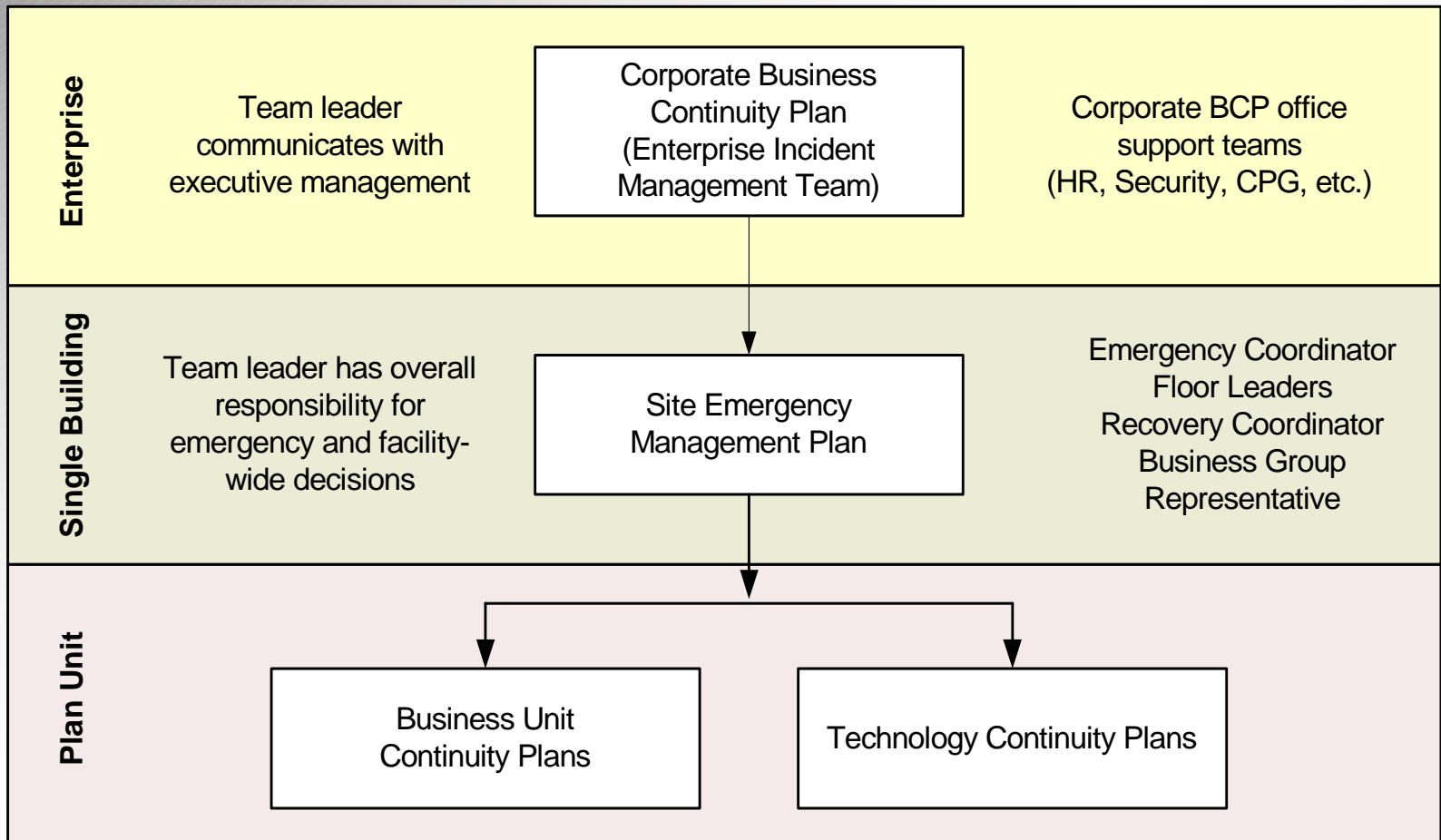


**Chris Kennedy and Dan Phillips**  
**Wells Fargo Corporate BCP Office**

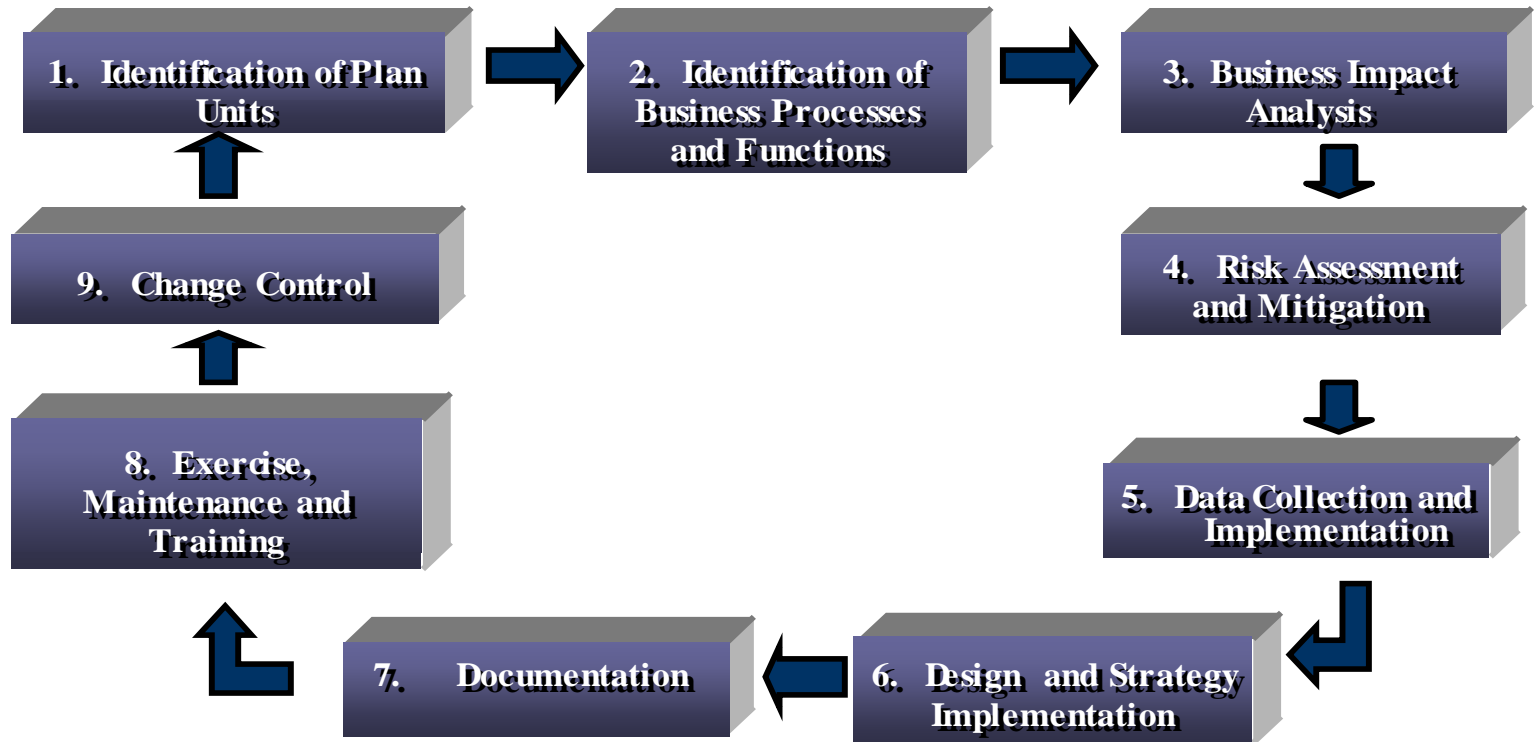
# Objectives

- Provide overview of Wells Fargo's Planning Structure and Process
- Define KRI Concepts and Definitions
- Review specific BCP KRIs
- Discuss other methods of managing BCP Risk
- Monitoring and trending BCP Risk

# Wells Fargo's BCP Planning Structure



# Wells Fargo's Planning Process



# KRI Concepts and Definitions

- **Key Risk Indicator (KRI)**- A measurable indicator of risk at a point in time
- **Leading KRI**- A risk indicator based on information available prior to an event or action
- **Lagging KRI**- A risk indicator based on information available after an event or action
- **Inherent Risk**- Total risk an organization is exposed to prior to any effort to manage the risk
- **Controls**- Implemented strategies to reduce risk
- **Residual Risk**- Inherent risk less Controls



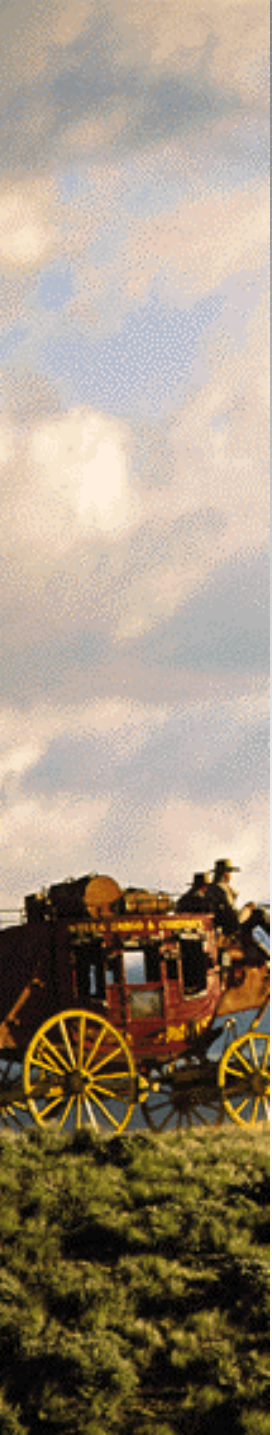
# KRI Concepts and Definitions

- **Trigger** – Action must be taken in response to the level of a KRI
- **Threshold** – Awareness must be provided in response to the level of a KRI



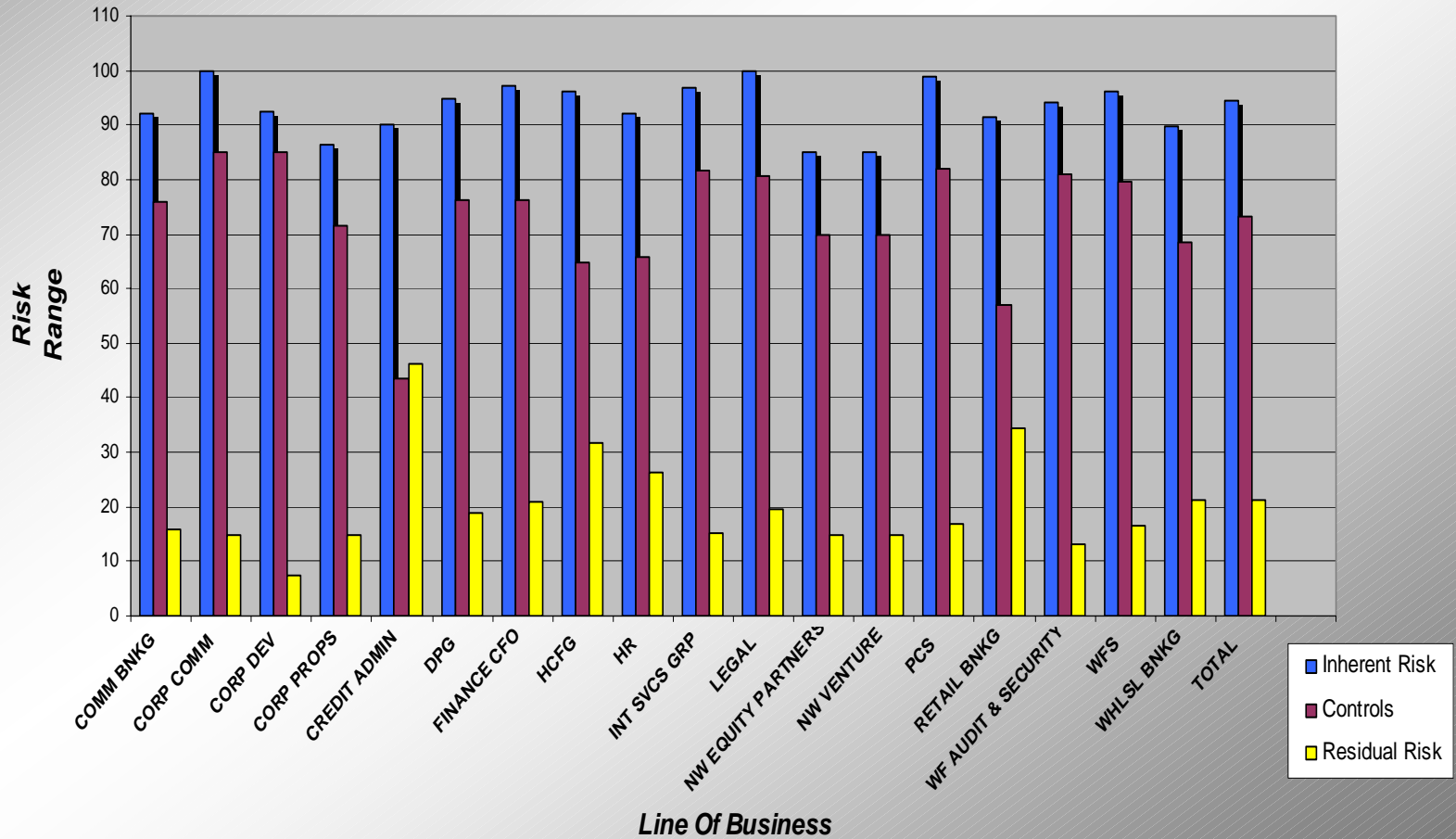
# BCP KRIs

- Controls to Mitigate the Impact of an Incident
  - Residual risk score form BCP Risk Assessment
  - Residual Risk Score is Inherent Risk (Based on BIA) minus Controls (Implemented BCP Strategies)



# BCP KRIs

## February Audit and Examination BCP Risk Report



# BCP KRIs

- **Demonstration of Recoverability**

- Measures the results of testing the plan, indicating whether the business or technology is recoverable by utilizing currently implemented strategies or procedures
- Based on Simulation results



# BCP KRIs

- Significant Documentation Findings
  - Measures quality of preparedness as documented in the Business Continuity Plans
  - Based on Quality Assurance Review Results



# BCP KRIs

- Compliance with Program Requirements
  - Measures the compliance with Business Continuity Program documentation requirements
  - Based on % of required LDRPS field completion



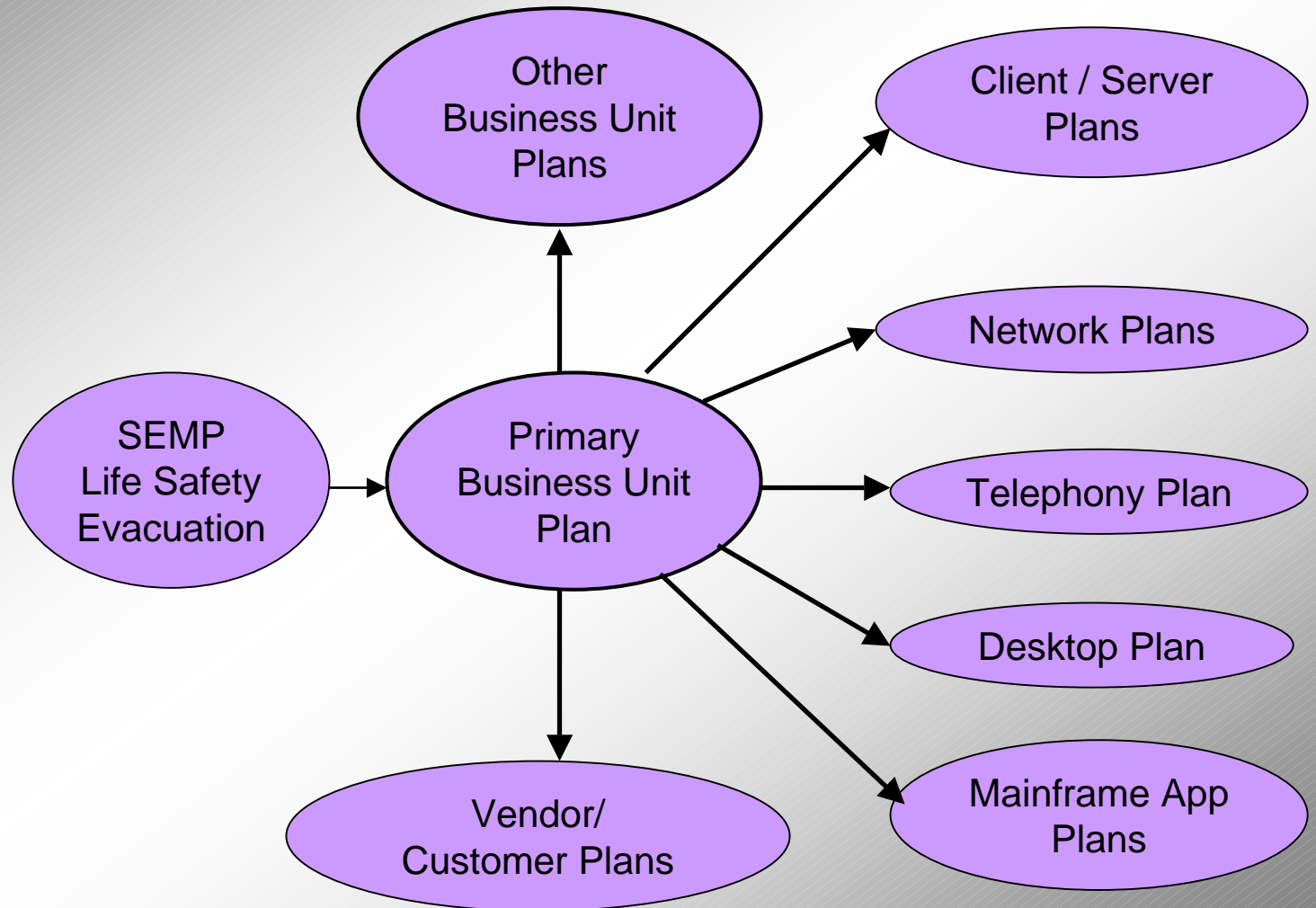
# BCP KRIs

- Actual Incident Success

- Based on success of implementing plan during an actual incident
- Emphasis on financial and customer impact of the incident



# Integrated Simulations



# Plan Profiling

- Direct response to a request from the Office of the Comptroller of the Currency (OCC)
- Independent review and reconciliation of a plan and its supporting components
- Provides another tool whereby the viability and soundness of a plan can be measured at a point in time



# Plan Profiling

- Reconcile BIA form to BC plan to ensure sound and reasonable processes and functions exist
- Review of Risk Assessment Form and BC plan Risk Score
- Review of QA Document
- Review of Simulation and Supporting Documentation



# Monitoring and Trending BCP Risk

- Monitor KRI's monthly
- Trend the KRI's
- Ensure accuracy in sources of KRI's
- Educate Plan units and Management



# Monitoring and Trending BCP Risk

Business Continuity Planning - Risk Drivers						
Risk Driver Name	Description	Threshold	Period	Div 1	Div 2	Div 3
2401 - Controls to mitigate the impact of an incident	Residual risk driver	31	Jun-05	25	22	23
			Sep-05			
			Jan-06			
			Apr-06			
404 - Demonstration of recovery	Simulations that demonstrated non-recovery	5%	Jun-05	11%	0%	7%
			Sep-05			
			Jan-06			
			Apr-06			
403 - Significant documentation findings	Quality assurance reviews with significant findings	15%	Jun-05	9%	2%	6%
			Sep-05			
			Jan-06			
			Apr-06			
402 - Compliance with program requirements	Percentage of mandatory field compliance	20%	Jun-05	5%	3%	4%
			Sep-05			
			Jan-06			
			Apr-06			

## Risk Drivers - Explanations of Red or Yellow Items:

Date	LOB	Note
6/30	Div 1	Red due to the Midwest Recovery Project for Technology and Business units which is out of the BCP team's ability to control.
7/31	Dev 2	The reporting hierarchy is being reviewed as the numbers being produced don't contain all the LOB's and some that don't belong. Should be resolved with August's report.