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THE MARKET LEADER IN IT, SECURITY AND COMPLIANCE SERVICES FOR COMMUNITY FINANCIAL INSTITUTIONS

"The Emergence of the ISO in Community Banking"

Patrick H. Whelan – CISA
IT Security & Compliance Consultant

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MSPmentor 501 2014 Edition

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Agenda

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- Brief Introduction to All Covered Finance
- Regulatory Guidelines
- Current challenges
- Role of the Information Security Officer (ISO)
- Hybrid Concept
- Q&A

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Patrick H. Whelan - CISA

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- Strategic consultant focused on security, compliance, and infrastructure planning for community financial institutions.
- Provides financial institutions with strategic direction to align their IT infrastructure, processes, and capital outlay with the institution’s vision.
- Prior to All Covered, a team member of Silversky, the market leader of enterprise-class information security and messaging services under direct FFIEC oversight.
- Prior to Silversky, Patrick designed physical security controls with ADT Fire & Security, a Tyco company.
- Degrees from Quinnipiac University and an active member of ISACA.

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Company Overview

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- 30+ years the leading provider for IT, Security, Compliance and Infrastructure Services
- Over 500 System Engineers across 24 Regional Office locations
- Hundreds of Financial Institutions Clients
- Finance Practice Remote Support Center
  - Application Support
  - General Business Applications
  - Banking Applications
  - NOC
  - Software Upgrades
- IT Compliance Professionals
  - IT Audit Support
  - Consulting Services

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Regional Office Locations

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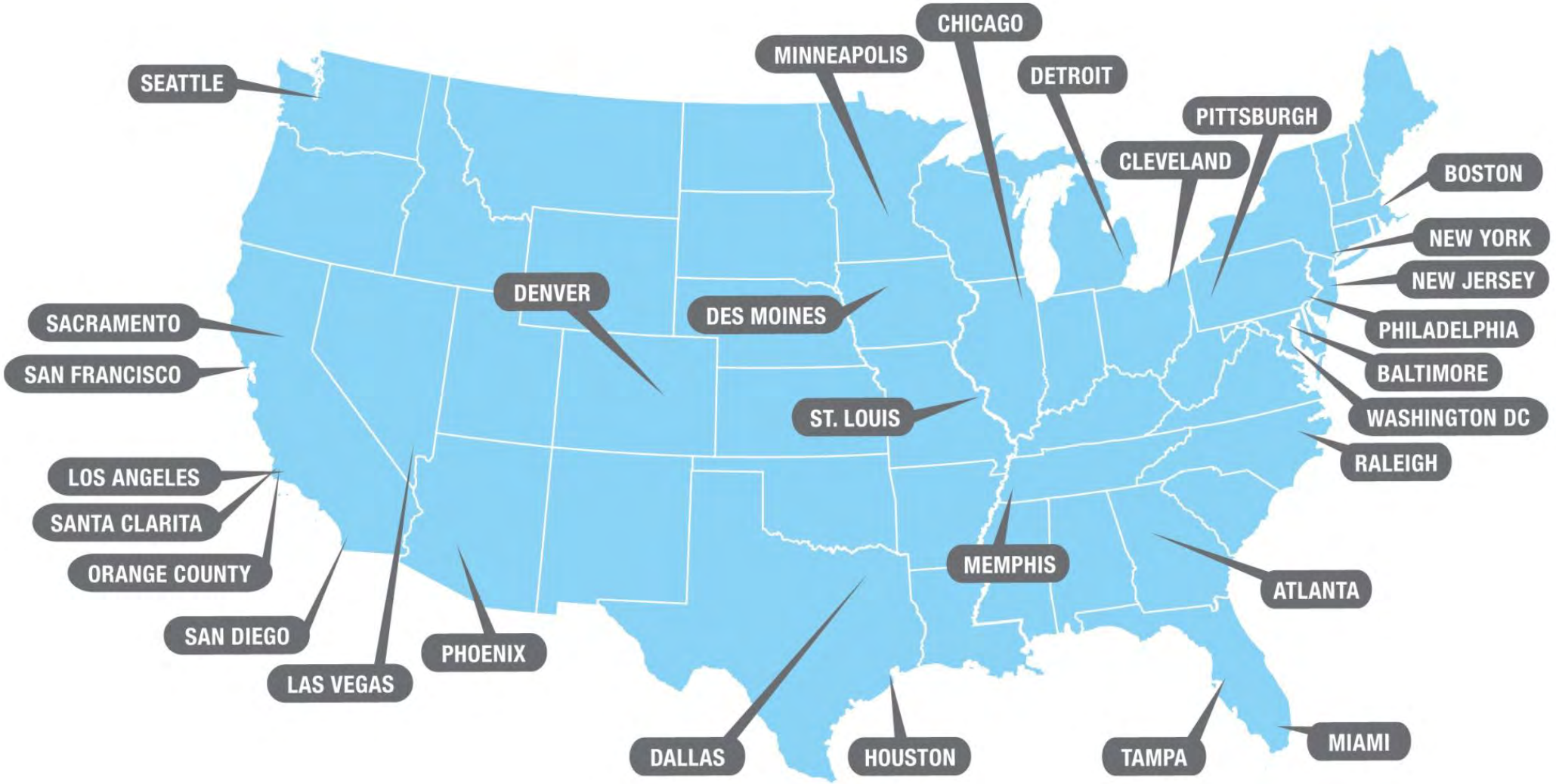

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Financial Services Portfolio

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IT Compliance and Consulting

Private Cloud Computing

Security Services

Network Monitoring and Management

Network Design and Installation

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Gramm-Leach-Bliley Act (GLBA)

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Financial Privacy
Rule

Safeguards
Rule

Pretexting
Protection

"... companies that offer financial products or services to individuals, like loans, financial or investment advice, or insurance"

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FFIEC IT Examination Handbooks

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IT Booklets

Master Table of Contents

- Audit
- Business Continuity Planning
- Development and Acquisition
- E-Banking
- Information Security
- Management
- Operations
- Outsourcing Technology Services
- Retail Payment Systems
- Supervision of Technology Service Providers (TSP)
- Wholesale Payment Systems

www.FFIEC.GOV

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FFIEC Regulatory Guidelines

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A financial institution should ensure an adequate risk management structure exists within the organization. Some institutions ***have a separate risk management department that is responsible for overseeing the areas of information security, business continuity planning, audit, insurance and compliance.*** Regardless of the particular structure used, the institution should ensure that lines of authority are established for enforcing and monitoring controls. These risk management functions should play a key role in measuring, monitoring, and co

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FFIEC Information Security Booklet

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- The board is responsible for overseeing and approving the development, implementation, and maintenance of a comprehensive, written information security program, as required by the Gramm-Leach-Bliley Act (GLBA).
- The board may delegate information security monitoring to an independent audit function and information security management to an independent information security officer.
- Separate information security program management and monitoring from the daily security duties required in IT operations.
  - The ISO should be an **organization-wide risk manager rather than a production resource** devoted to IT operations.
  - To ensure independence, **the ISO should report directly to the board or senior management** rather than through the IT department.

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Presidential Executive Order

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Presidential Executive Order

Improving Critical Infrastructure Cybersecurity

(February 12, 2013)

Represents the latest in federal policy on cybersecurity

Current Bills in the U.S. Senate

Cyber Intelligence Sharing and Protection Act

To provide for the sharing of certain cyber threat intelligence and cyber threat information between the intelligence community and cybersecurity entities, and for other purposes.

Cybersecurity Information Sharing Act of 2014

To improve cybersecurity in the United States through enhanced sharing of information about cybersecurity threats, and for other purposes

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Regulatory Exam Focus

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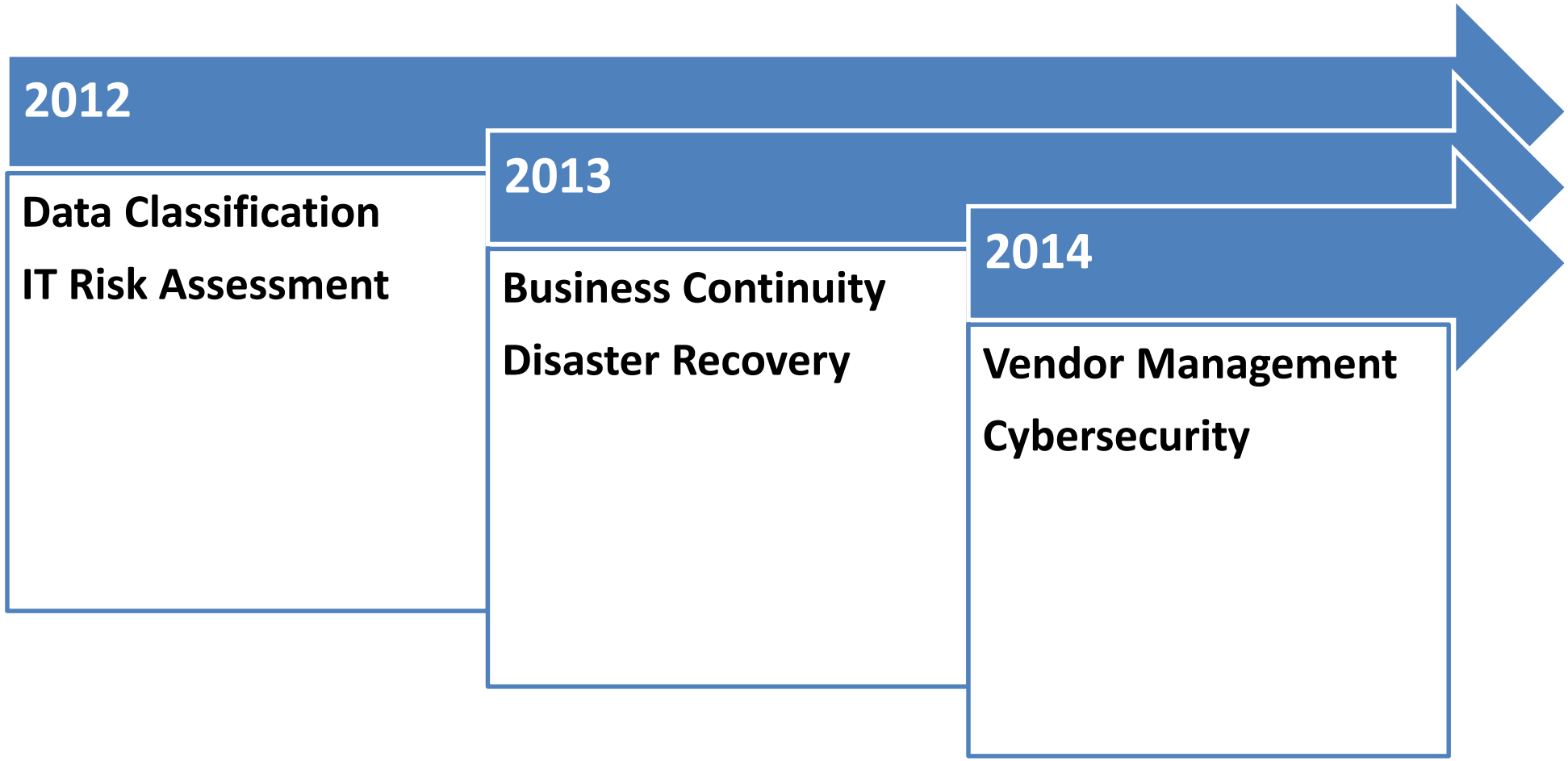

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Agenda

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- Brief Introduction to All Covered Finance
- Regulatory Guidelines
- Current Challenges
- Role of the Information Security Officer (ISO)
- Ideals

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Challenges in IT Security

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- Immergence of cybersecurity threats
- Lack of knowledge at Board and Executive level
- Who has IT oversight capabilities outside of IT?
  - ISO can’t function under IT, but needs to coordinate with IT
- Institutions cannot outsource oversight
- Who on staff can we give this title to?
- Average salary for ISO $100K-$150

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7 Security Predictions for 2014

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1. Making threat intelligence useful
2. Mobile threats
3. Emerging countries will experience more cyber attacks on banks
4. Attacks will spread to smaller institutions
5. New strategies for dealing with insider threats
6. Dealing with challenges created by the NIST framework
7. New needs around data security

from Booz Allen Hamilton

http://www.banktech.com/7-security-predictions-for-2014-from-booz-allen-hamilton/d/d-id/1296729?

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Legal Standard for Auditing?

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NIST
National Institute of Standards and Technology
Technology Administration, U.S. Department of Commerce

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Definition of an Information Security Officer

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A **Information Security Officer** (**ISO**) is the resource within an institution responsible for establishing and maintaining the program to ensure information assets and technologies are adequately protected.

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Role of the Information Security Officer

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- Responsible and accountable for administration of the security program
- Authority to respond to a security event
- Have sufficient knowledge, background, and training to perform role
- Report to Board or Senior Management
- Independence to perform their assigned tasks

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Information Security Responsibilities

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- Information Security Program
- Access Management
- IT Risk Assessment
- IT Risk Mitigation
- IT Audit Oversight
- IT Steering Committee
- Interface with Examiners & Auditors
- Monitoring Security Events
- Business Continuity Planning
- Disaster and Recovery Management
- Vendor Management
- Vulnerability Assessments
- Incident Response
- Board of Director Reporting
- Physical Security Management
- Information Security Awareness Training

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Information Security Program

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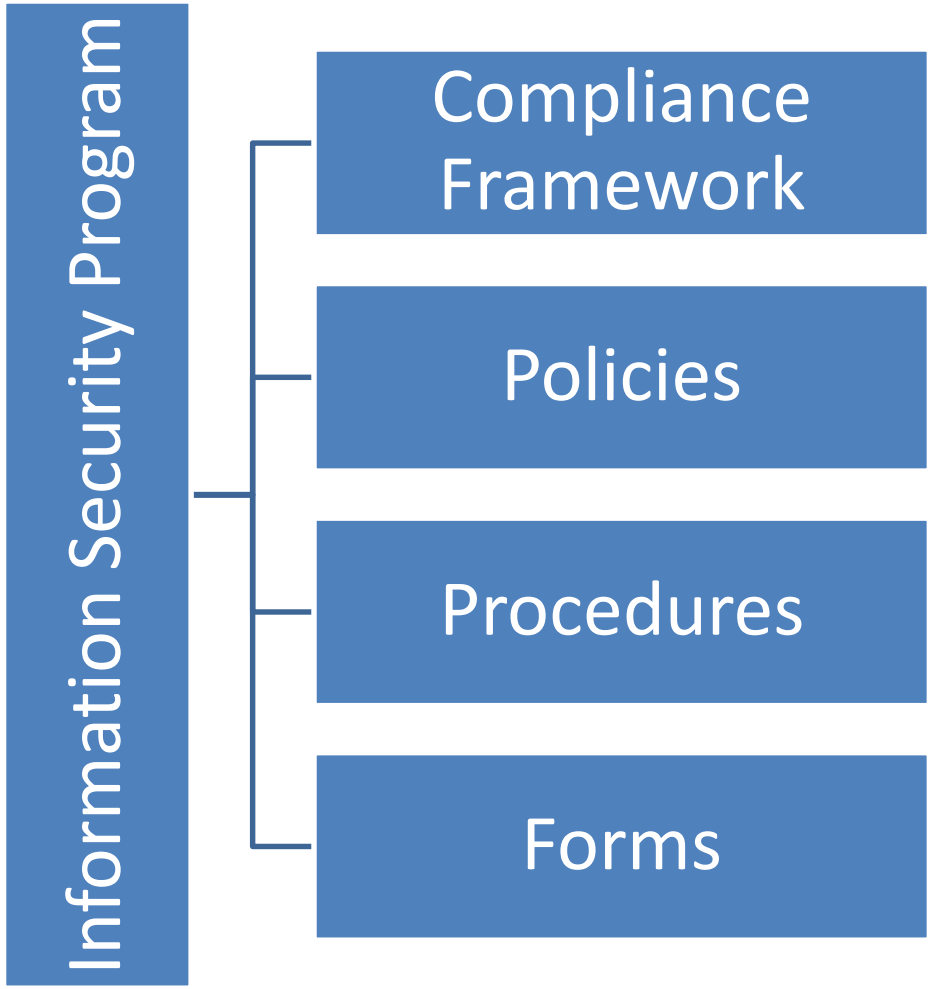
- Regulatory Compliance
  - GLBA
  - FFIEC
  - SOX
  - FINRA
  - SEC
- Information Security
- Cybersecurity



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IT Risk Assessment

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- Areas of Focus
  - Core System
  - Electronic Banking
  - Wire Transfer
  - Hardware
  - Applications
  - Network
  - Etc…

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IT Risk Mitigation

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1. Risk Identification
2. Risk Measurement
3. Risk Mitigation
4. Review & Monitoring

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IT Audit Oversight

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"Just because you are compliant does not mean you are secure, but if you are secure you are most likely compliant"

- External audit findings
- Internal audit findings
- Remediation management

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IT Steering Committee

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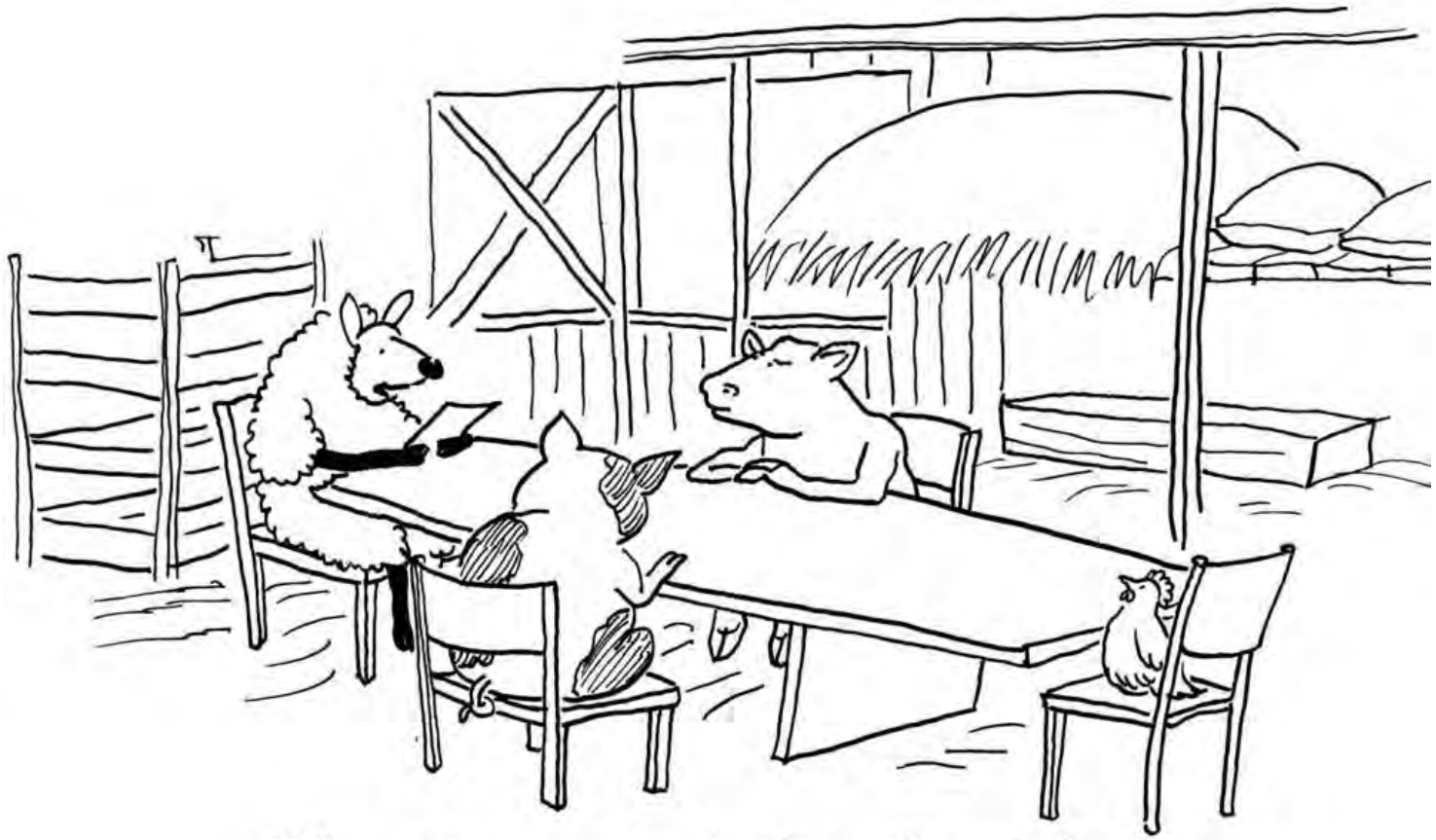

The cow mooed, the pig oinked,
the chicken clucked, I bleated, end of meeting."

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Business Continuity Plan

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- Annual revisions
- Test plans
- Test results

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Vendor Management

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- Program revisions
- Annual vendor review results

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Vendor Due-Diligence

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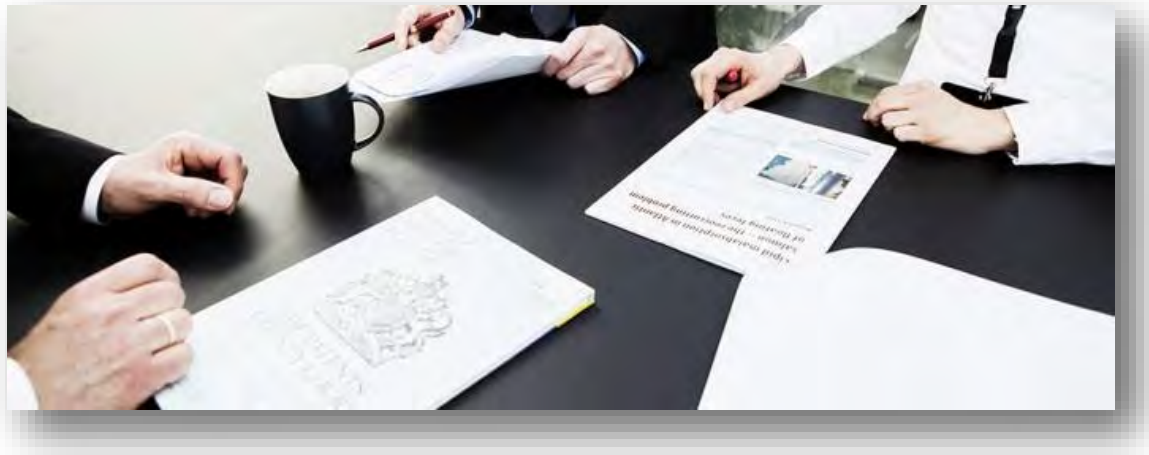
- ☑ Third-Party Reviewed Financials
- ☑ SSAE 16 (data centers and operations)
- ☑ Insurance Coverage - including Cyber-liability
- ☑ BCP and Disaster Recovery Testing
- ☑ Annual Penetration Testing
- ☑ Long Held Industry-Specific Focus
- ☑ Reference-able Client Base
- ☑ Clear Legal Standing



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Vulnerability Assessments

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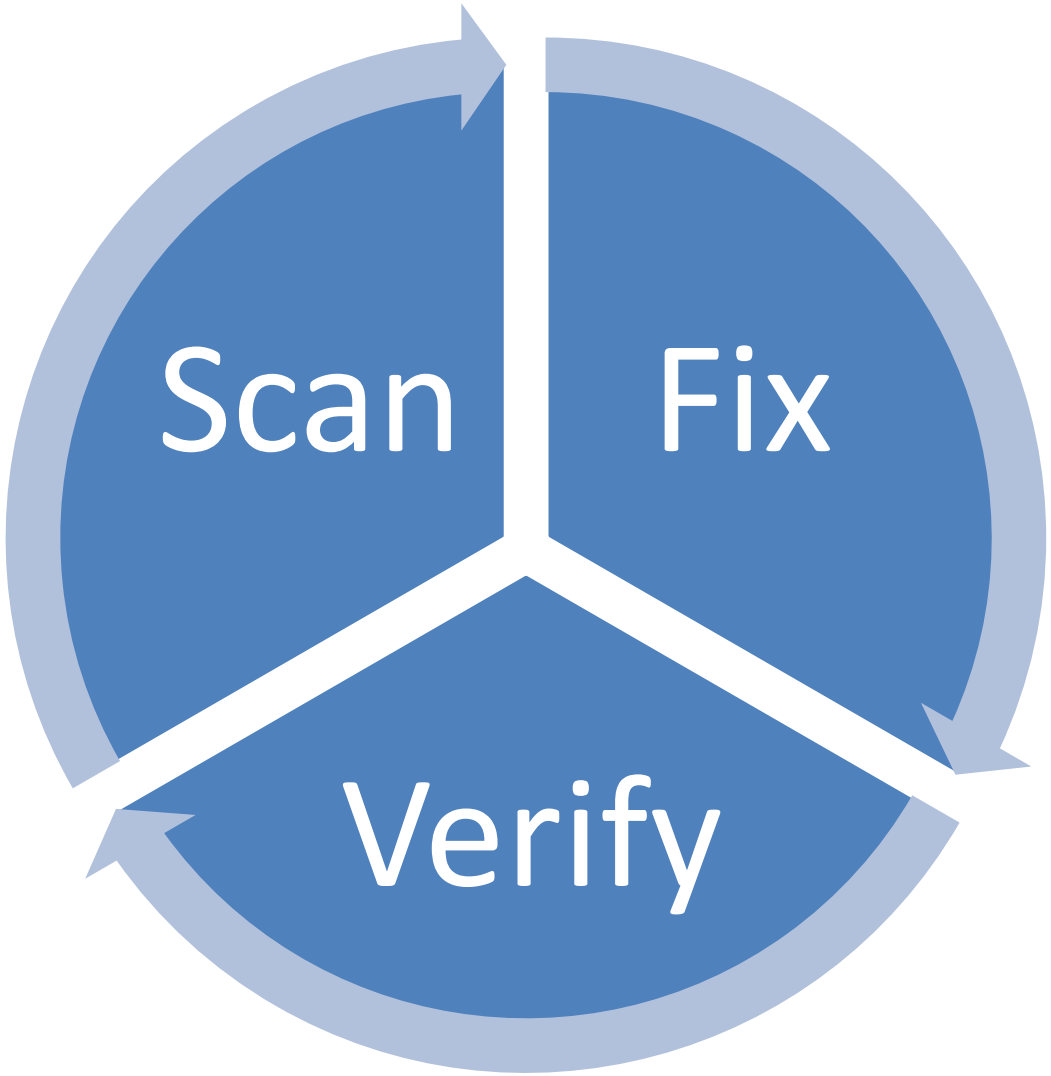
- Complete assessments
- Document findings
- Remediation plan
- Remediation management



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Incident Response

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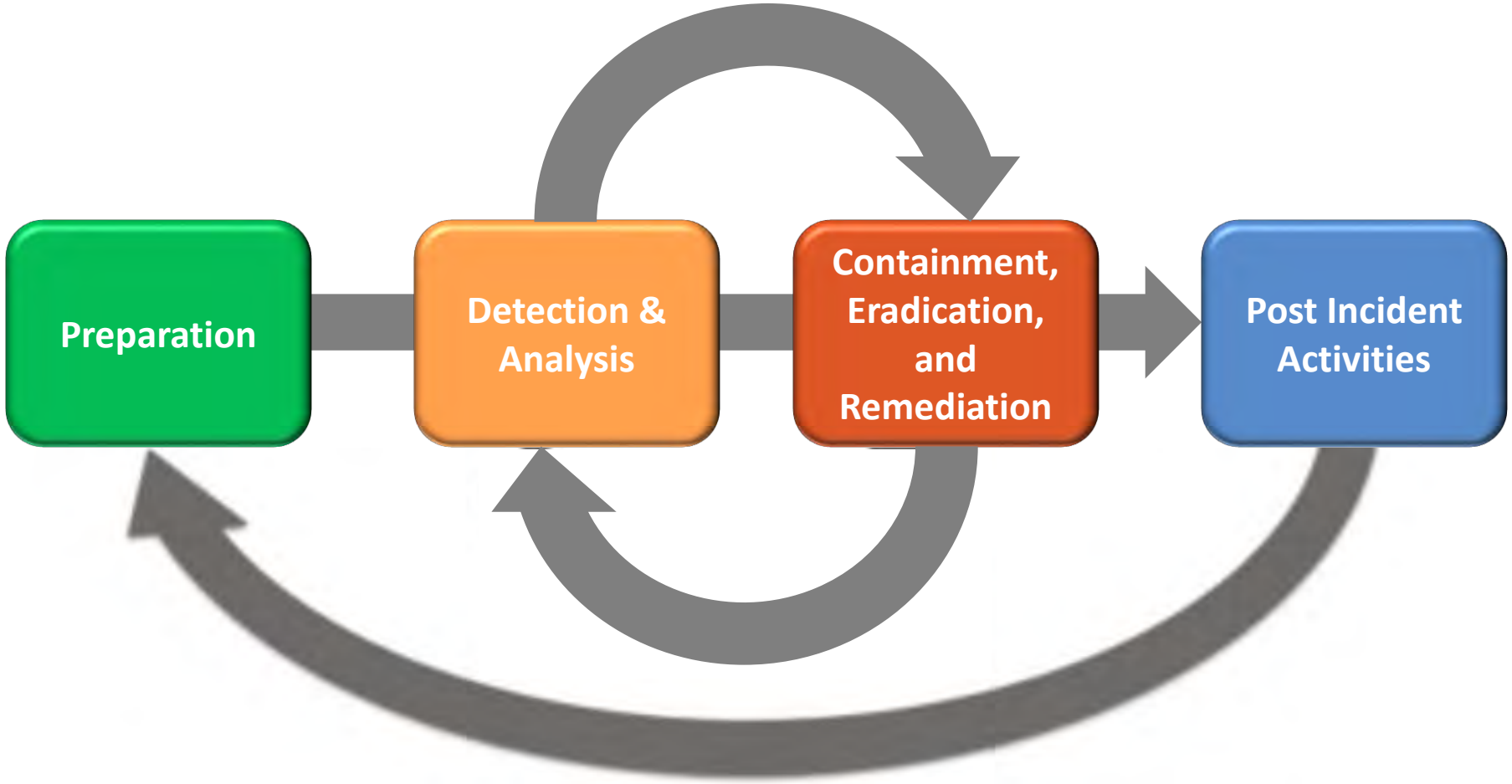

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Security Event Management

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- FFIEC require logs be reviewed to help prevent breaches
- Reviewing log data is time consuming
- Compliance reports need to be easy to read for auditors
- Remediating threats is a necessary component to comply; but doing so takes security expertise

Turning this…

…to that

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Collaboration

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Financial Services
Information Sharing & Analysis Center

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ISO and the Board of Directors

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Information Security Program
- Annual revisions to Program
- Training
  - Date of annual training
  - Status of training (number trained / number not trained)
  - Agenda for training

Information Technology Risk Assessment
- Board Summary of findings
  - Overview of process

Audit Information
- External audit findings
- Internal audit findings
- All audit recommendations

IT Steering Committee
- All meeting minutes (quarterly meetings)

Business Continuity Plan
- Annual revisions
- Test plans
- Test results

Vendor Management
- Program revisions
- Annual vendor review results

Internal Vulnerability Assessment
- Completed assessment
- Findings
- Remediation plan

Incident Reporting
- Virus Findings/Reporting throughout the year
- Security Incidents Follow Up / Details

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Hybrid Approach to ISO

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Cannot:

- Outsource Oversight
- Afford Dedicated FTE
- Overtask Existing FTE's
- Assume Risk

Can:

- Simplify Oversight
- Outsource InfoSec Tasks
- Utilize Consultative Help
- Mitigate Risk

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Typical Community Financial Institution

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- ISO with Outsourcing Advisory and Task Execution
  - <$2 billion in assets
  - Provides independent voice
  - Provides information security focus
  - Keeps costs in check
- Dedicated ISO
  - $2 billion in assets
  - Provides independent voice
  - Provides information security focus
- Dedicated Information Security Team (more than 2 FTE's)
  - $5 billion in assets

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ISO Advisory Service

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- Internal IT Security Assessment
- IT Security Assessment Remediation Planning
- IT Security Remediation Planning
- IT Security Program
- Annual IT Risk Assessment
- Business Continuity Assessment and Planning
- IT Audit Support

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ISO Advisory Service

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- Vulnerability Assessment and Remediation
- 3rd Party PenTest & Social Engineering Management
- Log Management and Security Incident Event Management
- IT Security Training
- IT Steering Committee Meeting Guidance and Participation
- Compliance/Risk Management Committee Participation
- Board Training, Reporting and Meeting Participation

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Question and Answer

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Thanks!

Call me anytime
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