



COVID-19 Pandemic: Lessons Learned & the “Illusion” of Preparedness

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- Pandemic Planning: Lessons Learned & Planning Gaps
- The “Illusion” of Traditional Preparedness
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Pandemic Planning: Lessons Learned & Planning Gaps

- In November 2019, the Federal Financial Institutions Examination Council (FFIEC) released a new handbook specific to Business Continuity Management
- Focused on resiliency vs. recovery
- The specific pandemic section was removed:
 - “Pandemic” is still mentioned in the Risk Assessment and Business Impact Analysis sections
 - Reduction in staff concerns are woven throughout
- On March 6, 2020, the [FFIEC released an interagency statement](#) to supplement the 2006 pandemic guidance

- Historically, best practice stated that pandemic planning should prepare for approximately 50% of workforce to be unavailable
- Unique requirements not previously considered:
 - Stay-at-home orders
 - Number of people working remotely
 - Daycare closures
 - Distanced learning practices
 - State quarantine requirements limiting travel
 - Layoffs/furloughs

Why is your **Business Impact Analysis (BIA)** crucial to identifying your recovery priorities?

Your **BIA** can help:

- Prioritize functions based on impact to the organization
 - Financial
 - Operational
 - Customer/Reputational
 - Legal
 - Data
- Monitor impacts to the organization against your risk appetite
- Identify critical resources necessary to continue functions
 - People
 - Hardware
 - Applications/Systems
 - Forms/Reports
 - Non-technology supplies
 - Vendor dependencies
- Determine which functions can be suspended in order to allocate resources to those that are more critical

What have we experienced during COVID-19 that we hadn't considered in previous pandemic planning?

LESSONS
LEARNED



Employees Working Remotely

- Technology requirements were pushed to their limits
 - We've realized full capacity remote working may not have been tested before
 - Hardware requirements
 - Bandwidth
 - Collaboration tools – “Too much Zoom too soon”?
- Remote working impacts certain functions and requires workarounds
 - Example: mail vs. electronic messaging/Automated Clearing House (ACH) for invoicing and payments
 - Print capabilities
- Flexible working schedules are needed to accommodate those caring for families and navigating children's school protocols

Communications (Internal and External)

- Frequency
 - Figure out how often to update employees without overwhelming them
- Employee education and comfort
 - Ensure they feel supported by management
 - Make sure they're receiving appropriate and necessary information
- Reputational considerations
 - Correct level of detail

Real-Time Incident Management

- Governance
 - Create a coordination team with a regular meeting frequency
 - Frequency may change based on current factors
- Virtual command center
- Creation of department plans specific to pandemic
 - Requirement for more granular planning
 - Extended remote working
 - Adjusted strategies for increasing impacts to customer/members/counterparts
- Incident tracking
 - Challenges encountered
 - Follow-up/action items/person(s) responsible

Outsourcing/Third-Party Providers

- Revisit critical vendor due diligence:
 - What are their backup plans?
 - How can you create workarounds if staffing shortages impact the products and/or services they supply?
 - Tracking third parties geographically
 - How are they affected by pandemic “hot spots”?
 - Understand how interruptions may impact contractual obligations and service-level agreements (SLAs)

Human Resources

- Monitor local, state, and federal health organization guidelines
 - Ensure proper communication and distribution of this information to employees
- Monitor and communicate new regulations/laws/mandates
 - Medical leave
 - Unemployment
 - Healthcare
- Track for illness and demand sick employees stay home while maintaining confidentiality
- Work with legal counsel to understand legal boundaries (travel bans, etc.)
- Remind staff of the Employee Assistance Program (EAP)

Cybersecurity

- Attackers never let a tragedy go to waste
 - Increased phishing and malware campaigns
 - Security monitoring is likely not at 100% strength
- Rapid deployments of new technologies
 - New VPNs
 - New software
 - Have you performed adequate due diligence on your teleconferencing software?

Cybersecurity

- Endpoint controls
 - Identify gaps in your controls due to the increase in staff working remotely
 - Do any tools rely on a VPN to report issues to IT?
- Distracted employees
 - Working from a busy home may lead to accidental disclosures (sending files to the wrong person)
 - When distracted, it's easier to miss the tell-tale signs of a phishing attack

Compliance

- Most regulatory requirements don't account for "Acts of God"
- A major compliance concern lies in the employees' ability to keep up with existing and new responsibilities
- Coronavirus Aid, Relief, and Economic Security (CARES) Act, U.S. Small Business Administration (SBA)
 - COVID-19 issues stretched and reallocated personnel time and resources
 - Lending:
 - Impact of switching to all electronic processes
 - Waiving late fees
 - Loan Modifications/forbearances
 - Paycheck Protection Program (PPP)
 - Deposits:
 - Increasing daily cash limits
 - Waiving ATM fees

Internal Audit

- Audit Plan Adjustments
 - Risk assessment/audit plan
 - Board of Directors (BOD) and Audit Committee (AC) reporting of any changes
- Internal Audit Agility
 - Interviews in a remote world
 - Testing and control evaluation
 - Control adjustments
 - Fraud risk

Economic Impact*

- With the COVID-19 pandemic limiting movement and disrupting economic activity, retail sales dropped 8.7% in March, the largest month-to-month decrease since the Census Bureau started tracking the data
 - Sales dropped from \$529.3 billion in February 2020 to \$483.1 billion in March 2020

* *Information acquired from [usafacts.org](https://www.usafacts.org)*

Economic Impact*

- The economic impact of the pandemic (and the travel restrictions associated with it) varied by the type of retail business
 - Motor vehicle and parts sales dropped by 25.6% from \$106.6 billion in February to \$79.3 billion in March
 - Clothing sales plummeted 50.5% from \$22.4 billion to \$11.1 billion
 - Grocery store sales increased 27% from \$58.4 billion to \$74.2 billion

* Information acquired from usafacts.org

Mental Health

- Isolation, fear, worry
- Days seeming “longer” = exhaustion
- Workload may have increased
 - Juggling additional work and personal responsibilities
- Unemployed individuals dealing with financial and self-purpose issues
- Increased reports of anxiety and depression
- Shortages of anti-anxiety and anti-depressant medications

What result did these issues had on productivity?

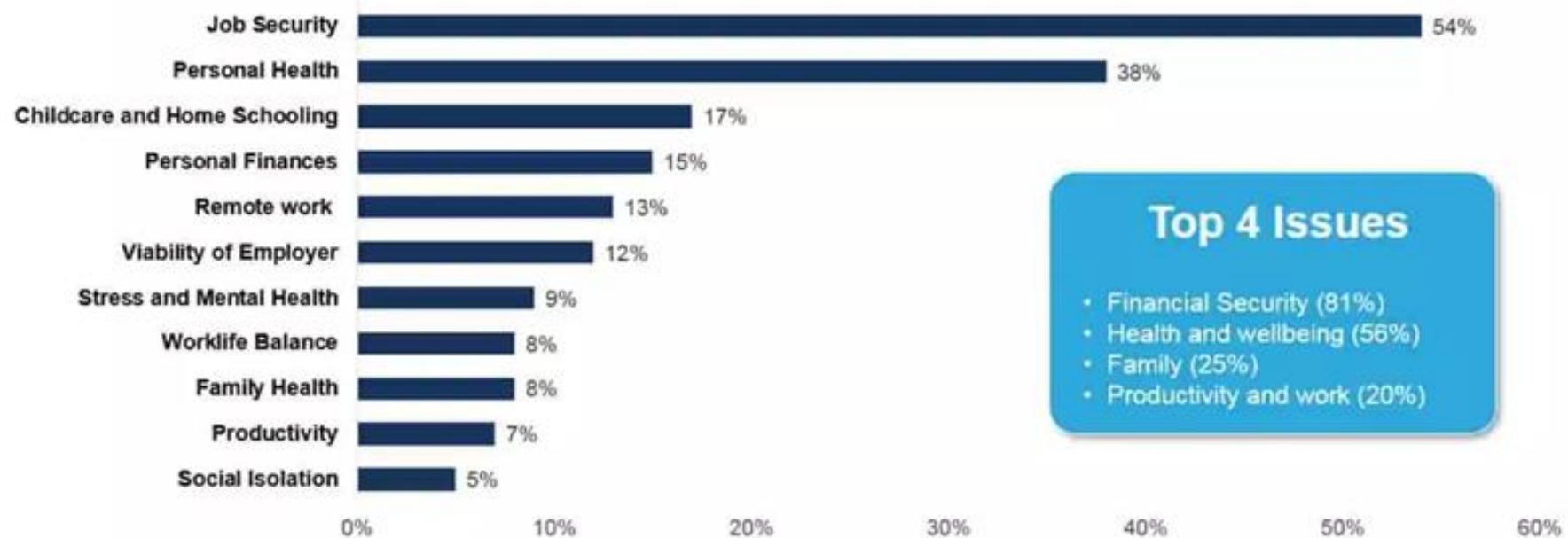
Top Issues On Employees' Minds

COVID-19
PULSE OF HR



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Top Issues Week of April 7, 2020



* Information acquired from Thrive Global

Resource Constraints

- Technology
 - Addressing remote work capabilities
 - Assisting with remote or automated customer/member requirements
- Lending
 - Paycheck Protection Program (PPP) loans
- PTO Management
 - How to manage or avoid clusters of employees taking time off

Supply Chain

- Although businesses consider supply chain issues in planning, this situation brought real challenges with lack of products or services due to shipping issues/delays
 - Hardware
 - Supplies

An Illusion of Preparedness

- ✗ “Our plan works just fine!”
- ✗ “We’re living and breathing BCP!”
- ✗ “We don’t have to test this year!”



- The situation is incredibly unique
- Not one of high probability
- Statistically speaking, “disasters” are location specific
 - This scenario considers that our facilities and data centers are unaffected (even if we can’t necessarily access the facilities to full capacity)
 - Technologies are up-and-running and haven’t been affected by a “disaster”
- Customers/members have a higher level of tolerance in situations that also directly affect them

- We had warning of the onset
- Although minimal, we had time to prepare and adjust
- The rate of change was still more gradual than things would be in other types of “smoking hole” disasters
- We had the benefit of learning from our peers and vendors about their response efforts and communications
- We still need to be sure we’re considering scenarios that would impact our facilities and data centers
 - People can’t work from home if there are widespread power issues

Looking Ahead

Employee Safety

- Education
- Hygiene
- Social Distancing
- Allowing remote working to continue for those in high-risk groups or dealing with family challenges
- Personal Protective Equipment (PPE)

Operational Adjustments

- Some people have worked their entire lives in an office and have had to adjust to new ways of conducting business
- May need to consider new, flexible working strategies to accommodate personal challenges
- Keep people productive
 - Obtain proper technology
 - Keep a routine
 - Create a constant “work space”
 - Take breaks, go for a walk

Travel Considerations

- State quarantine restrictions
- Conferences
- Learning & development
- Sales/business development
- Vendor visits
- Risk assess on a case-by-case basis
 - Geography
 - Travel method
 - Overnight stay
 - Safety plan for the location or venue

Communication to Employees

- Ongoing and at the right frequency
- Updates to changes in policies and safety protocols
- Consider that all employees may not feel the same about the changes

Recovery Strategy

- How does the “new normal” impact our recovery strategy?
- Will a more permanent remote strategy be implemented for employees?
- How does that impact alternate work sites if work from home becomes compromised?

Response Assessment

- “Talk” about examiners wanting to see documented assessments of response
- COVID-19 Response Assessment

Providing an enterprise-wide look at how you’re measuring and rating your responses, Wolf’s experts will work directly with you to:

- Identify, document, and gauge your organization’s response against leading industry standards
- Provide insight into your organization’s current response posture
- Identify necessary changes to internal processes to incorporate into plans for the future

Wolf continues to monitor the situation closely, and we're doing all we can to ensure the safety of our clients, employees, and families.

We're here to help you with real-time updates, insights, and educational materials to help your organization minimize the outbreak's impact, and to help you stay prepared for the future. Please check back often, as we update content regularly.





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