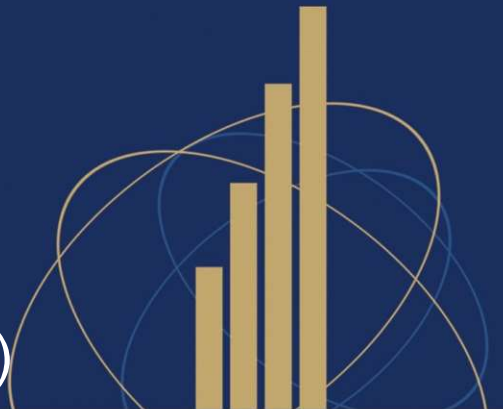




DEVELOPING A RESILIENT BUSINESS CONTINUITY PLAN IN THE FACE OF DISRUPTIONS IN CRITICAL OPERATIONS AND RISING INSURANCE COST

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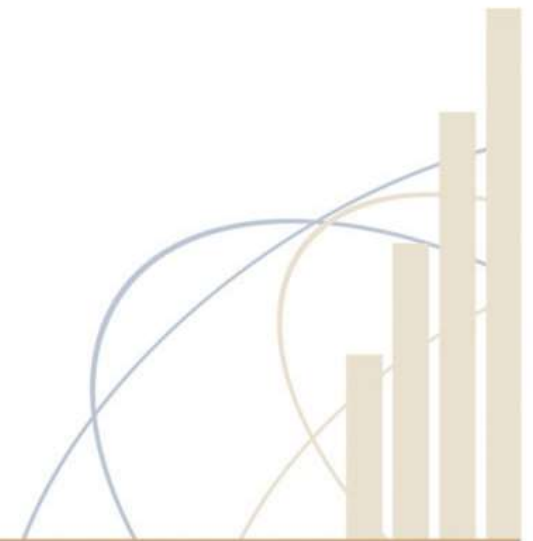
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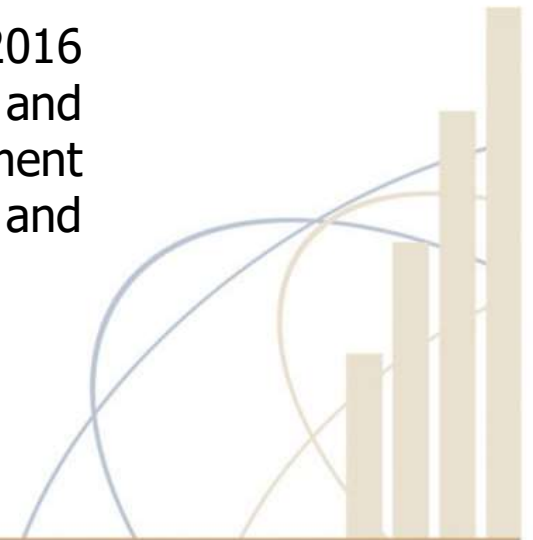


LEGISLATIVE MANDATE

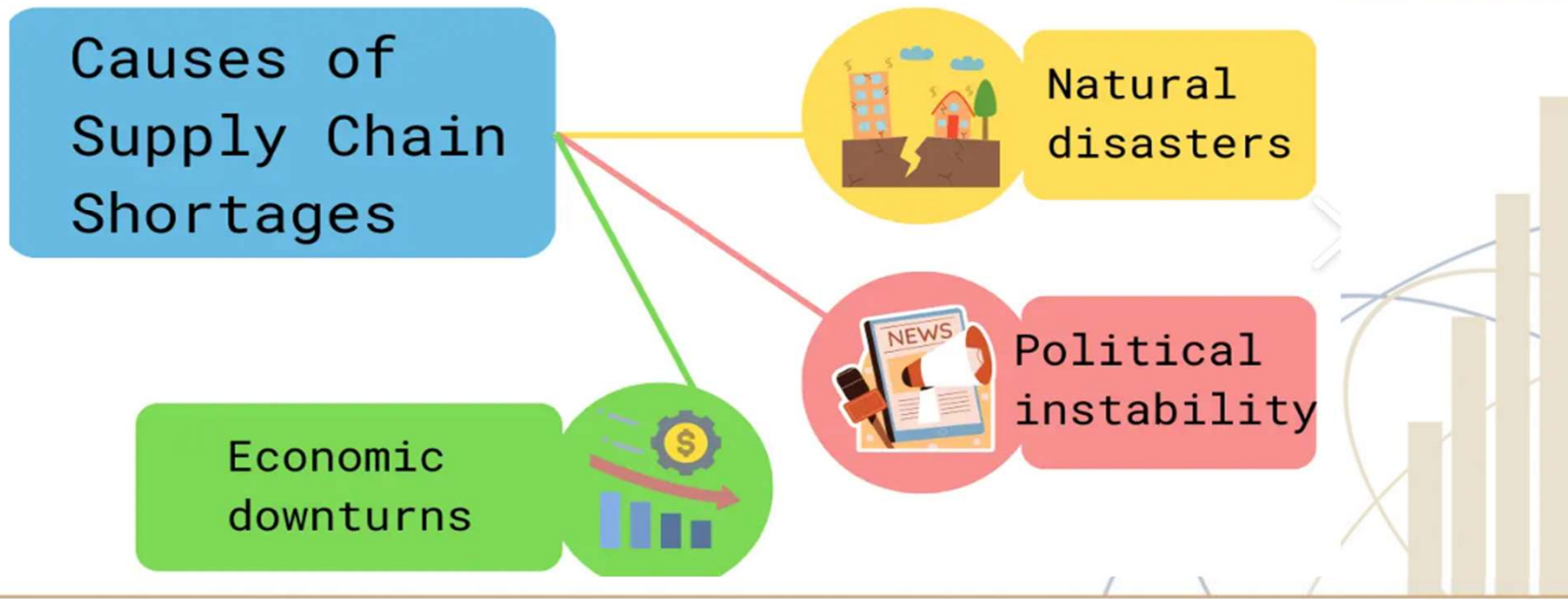
Section 38 of the PFMA and Section 62 of the MFMA requires that: “The accounting officer is responsible for managing the financial administration of the entity, and must for this purpose take all reasonable steps to ensure— (a) That the resources of the entity are used effectively, efficiently and economically and transparently;(c) That the entity has and maintains effective, efficient and transparent systems—(i) of financial and Risk Management and internal control”

ISO 22301 is the international standard for Business Continuity Management (BCM). It provides a practical framework for setting up and managing an effective business continuity management system

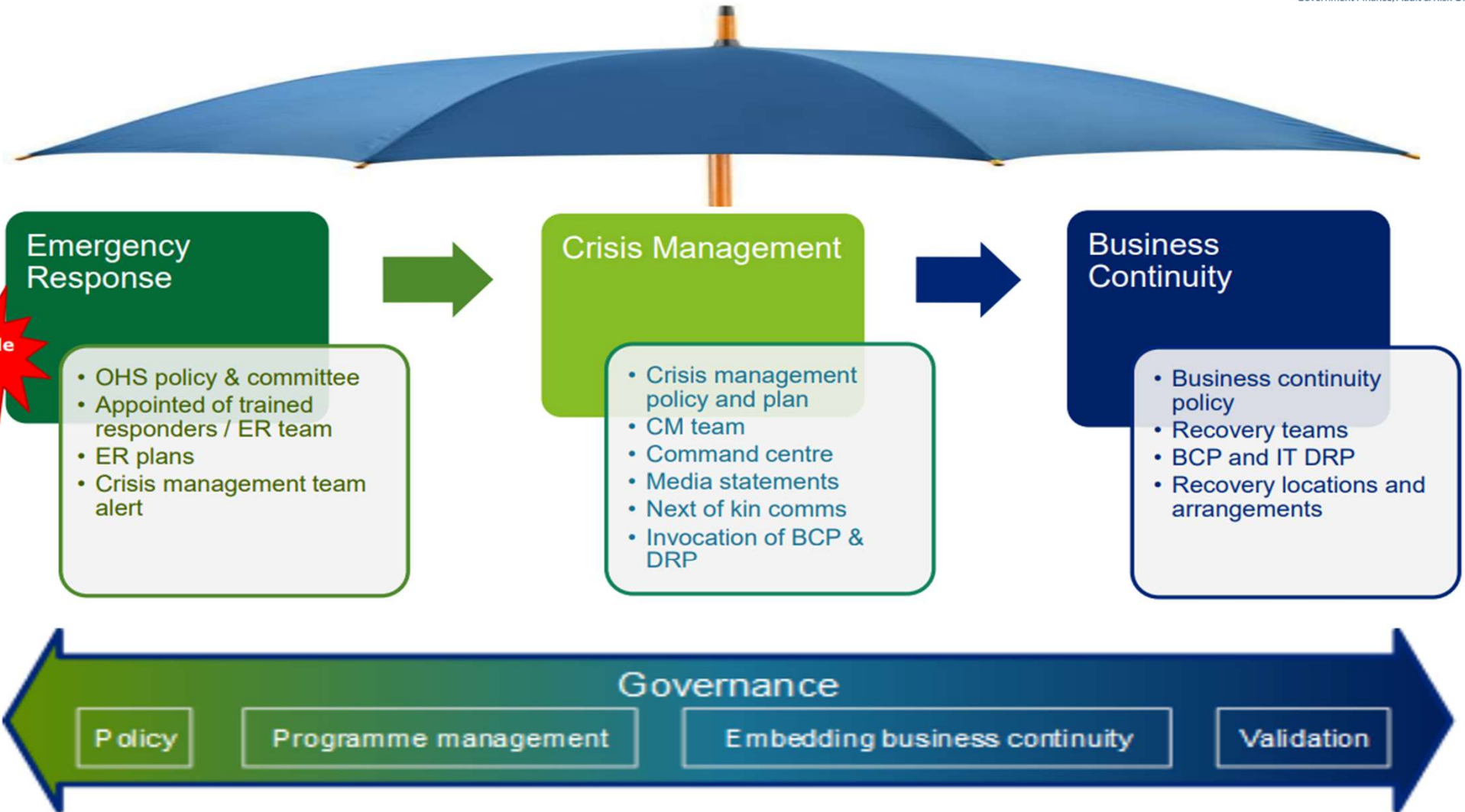
King IV Report on Corporate Governance for South Africa 2016 (King IV) defines corporate governance as “the exercise of ethical and effective leadership by the governing body towards the achievement of the ethical culture, good performance, effective control and legitimacy”.



INTRODUCTION



What is business continuity management



Why business continuity management



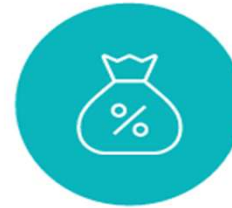
BUSINESS

- Supports the achievement of strategic objectives
- Provides competitive advantage
- Protects the organizations brand and reputation
- Aids building organizational resilience



FINANCIAL

- Reduce financial and legal exposure
- Min. direct and indirect cost of disruption



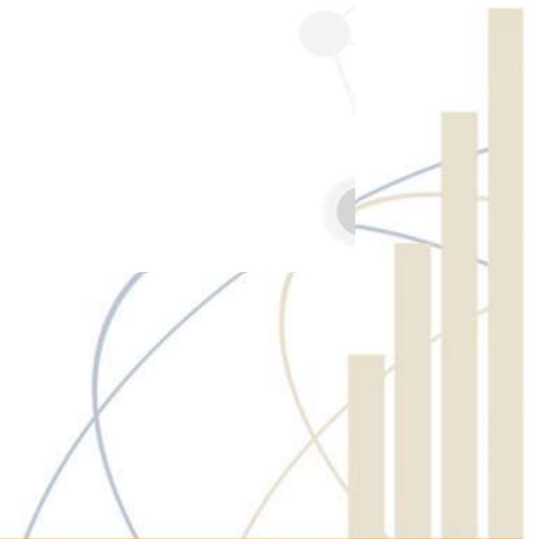
STAKEHOLDERS

- Protect life and property
- Creates stakeholder trust
- Aids to meet stakeholder expectations



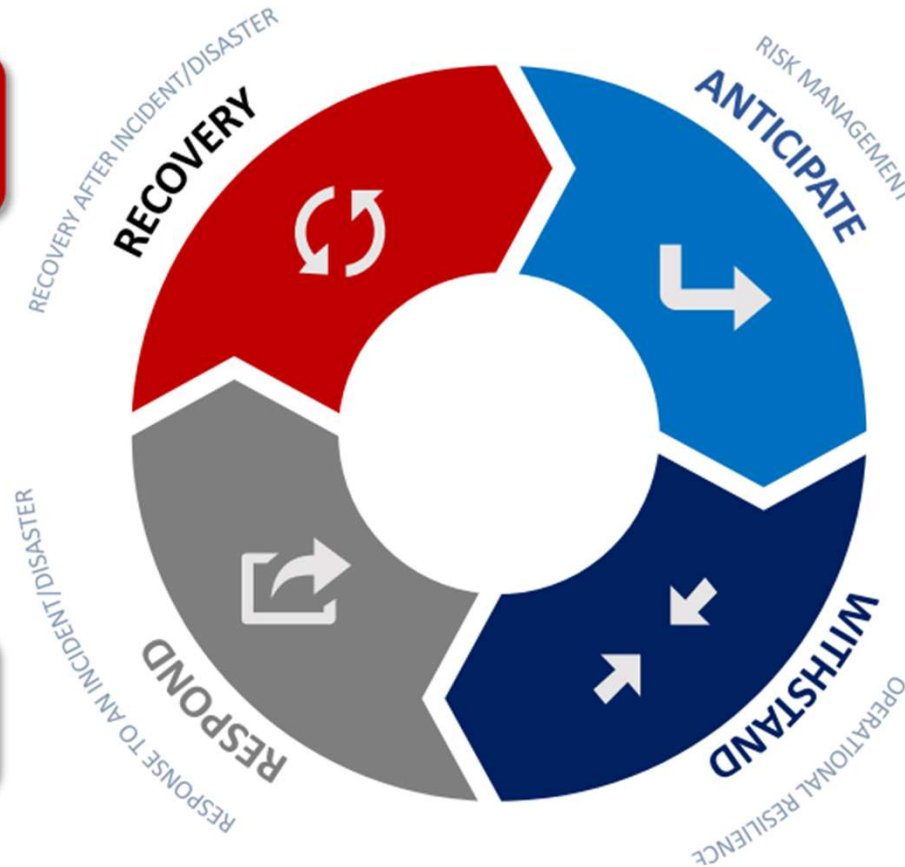
INTERNAL PROCESS

- Demonstrates proactive control of the management of risks
- Addresses operational vulnerabilities



Organizational resilience

Business continuity
Management
Disaster recovery



Risk management process
Risk and Opportunity
identification

Incident management process
Emergency response plan
Crisis management plan

Risk mitigation
Operational resilience
Response to Key Risk Indicators
Response planning

Difference between ERM and BCM

Difference between ERM and BCM



BUSINESS CONTINUITY MANAGEMENT LIFECYCLE

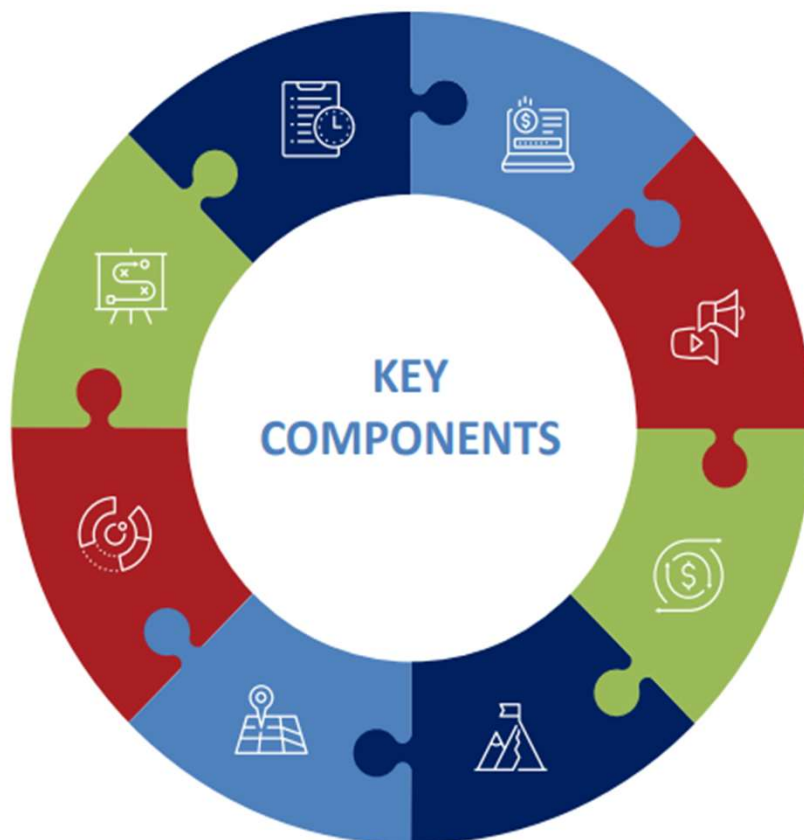


BUSINESS CRITICAL

Description	Recovery timeline
Extremely time critical	0 - 8 hours
Very time critical	8 - 24 hours
Time critical	1 - 3 days
Somewhat time critical	3 days - 1 week
Important but not time critical	1 week - 1 month, or greater

DESIGN

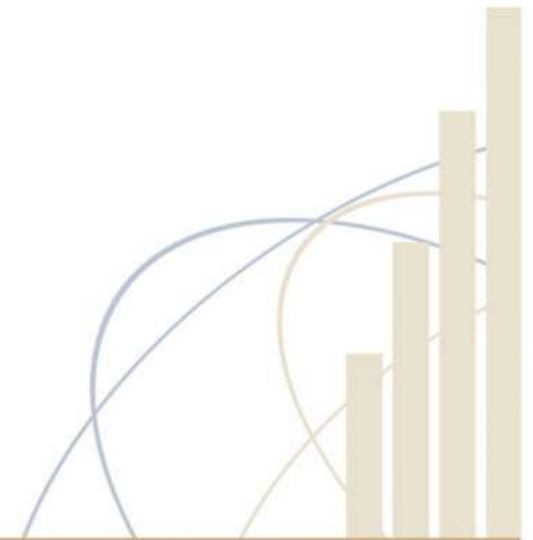
The business continuity strategy identifies and selects appropriate strategies and tactics to determine how continuity and recovery from disruption will be achieved



- **BUILDINGS / FACILITIES**
- **PEOPLE**
- **EQUIPMENT**
- **SYSTEMS**
- **UTILITIES**
- **RECORDS / DOCUMENTS**
- **THIRD PARTIES**

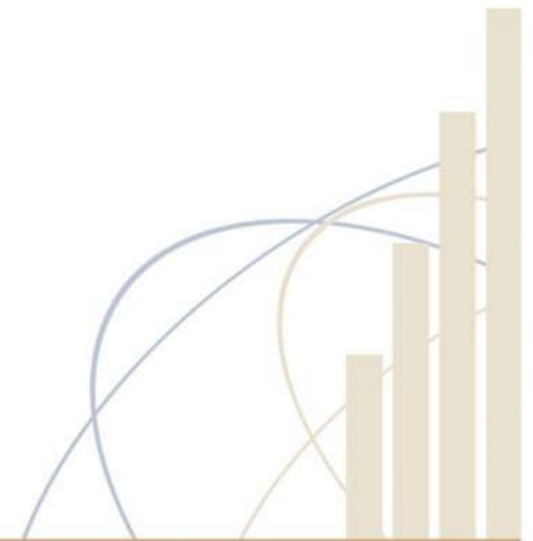
MANAGING INSURANCE COSTS: MITIGATION STRATEGIES

- Self-insurance mechanisms such as **cell captives and insurance funds** are the most effective tool for absorbing low-impact, high-frequency losses internally
- Accurate **asset register management** — tracking current replacement values and properly recording all assets — reduces pricing uncertainty and stabilises premiums
- Maintaining **asset maintenance records and compliance with maintenance plans** prevents claims being rejected due to policy condition breaches
- Better governance and data leads to **reduced uncertainty** — and reduced uncertainty is the single most direct lever for achieving stable, predictable insurance pricing



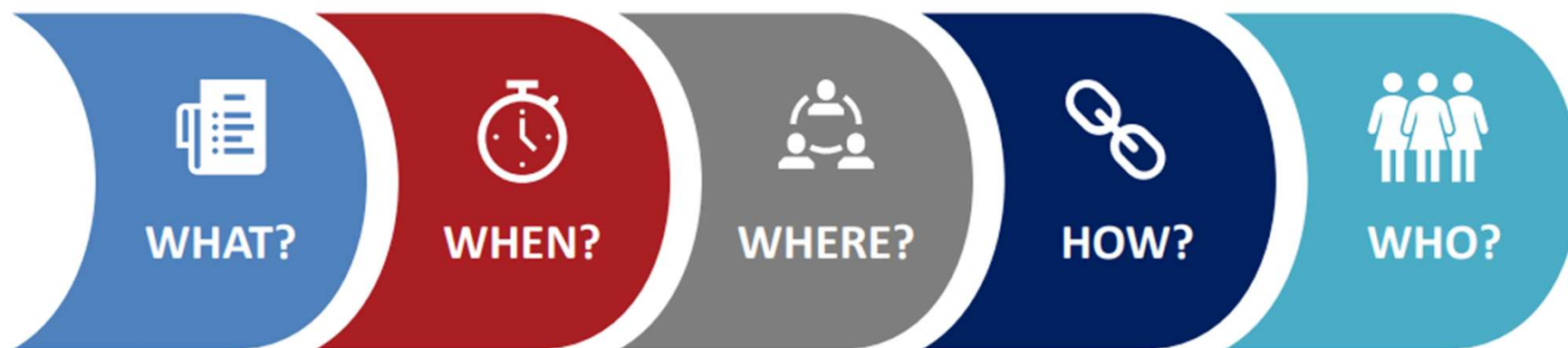
RISING INSURANCE COSTS: KEY DRIVERS

- The public sector has long been a **price taker in the insurance market**, driven by limited insurer appetite for municipal and SOC business
- External pricing shocks beyond the insured's control contribute to rising costs — e.g. **global supply chain disruptions** inflating automotive parts and replacement values
- Insurance cost is fundamentally linked to **risk and uncertainty** — the greater the uncertainty, the higher the premium
- Poor **accountability and asset evaluation** are a direct driver of escalating insurance costs



IMPLEMENTATION

A plan should answer the following questions:



What resources are required to recover from an incident

Time frames prioritised activities should be recovered within

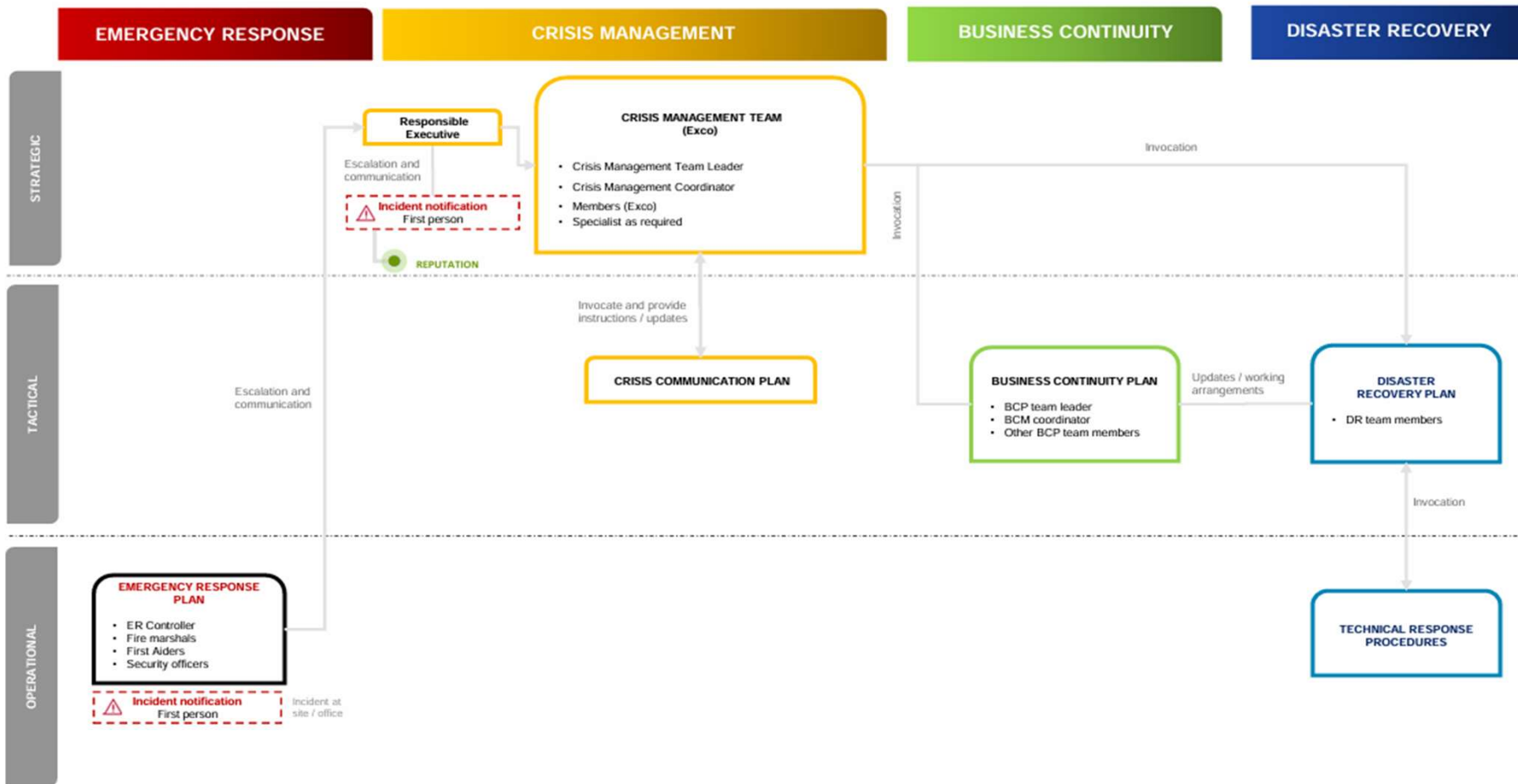
Where recovery will take place

Process flows detailing how prioritised activities should be recovered

People required to perform activities (internal and external resources)



IMPLEMENTATION



EMERGENCY RESPONSE PLAN

- The **immediate response** to an incident / disaster, where actions need to be taken swiftly in order to **safeguard life, limit injury and prevent escalation of physical damage**
- An **emergency response plan** provides for an **orderly, timely and efficient response** to any emergency or crisis, with the goal of **safeguarding the well-being of employees, contractors, and the public in general**; and avoiding / minimising damage to Organisation operations, reputation and ability to operate



Team leader

Makes a decision to activate the ER team and plan



Assembly coordinator

Direct personnel safely out of the building/working area and proceed to the selected assembly point where roll call will be conducted



Fire marshals

Attempt to extinguish the fire and handover fire-fighting duties to the local fire brigade upon their arrival



First aiders

Administer first aid to injured/ill persons

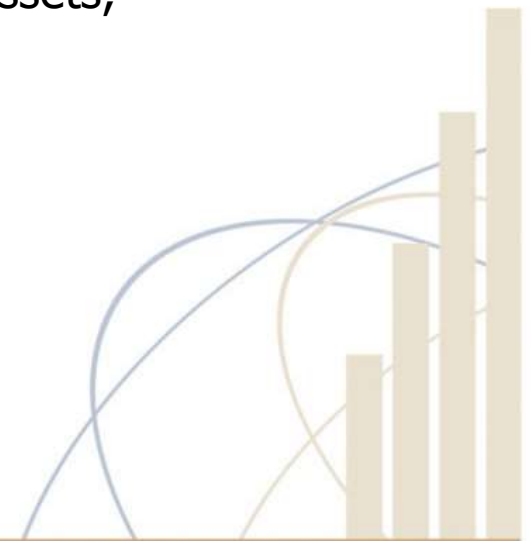


Security officers

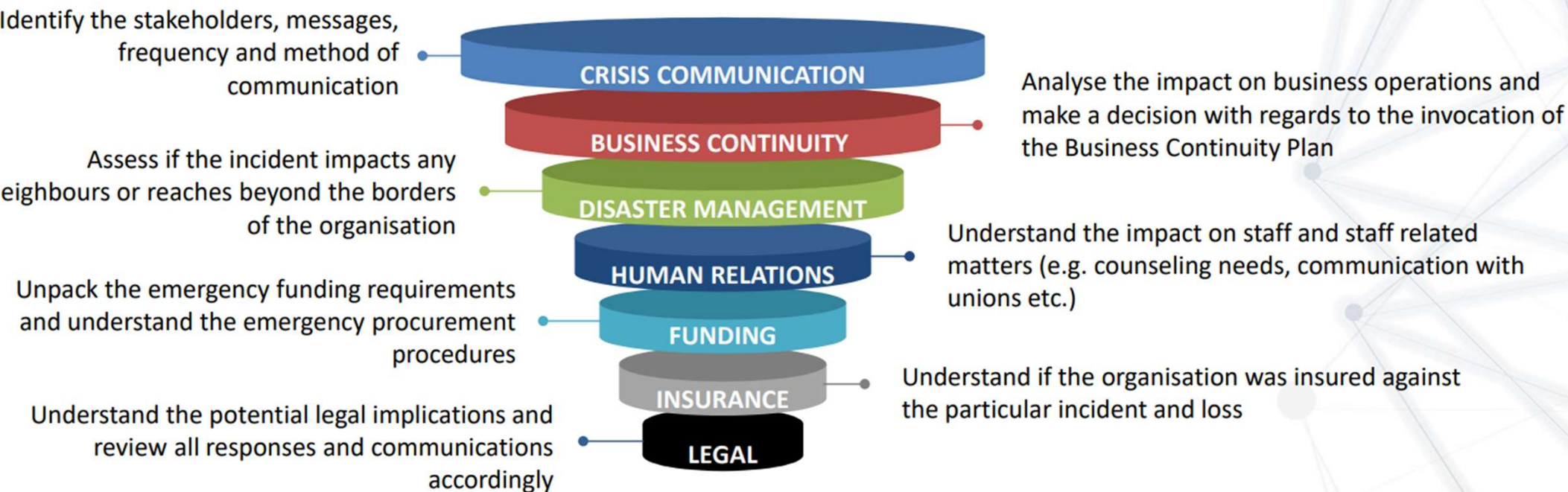
Control site access during an emergency and provide the ER team leader/assembly coordinator with a list of contractors/visitors on site for roll call purposes

CRISIS MANAGEMENT PLAN

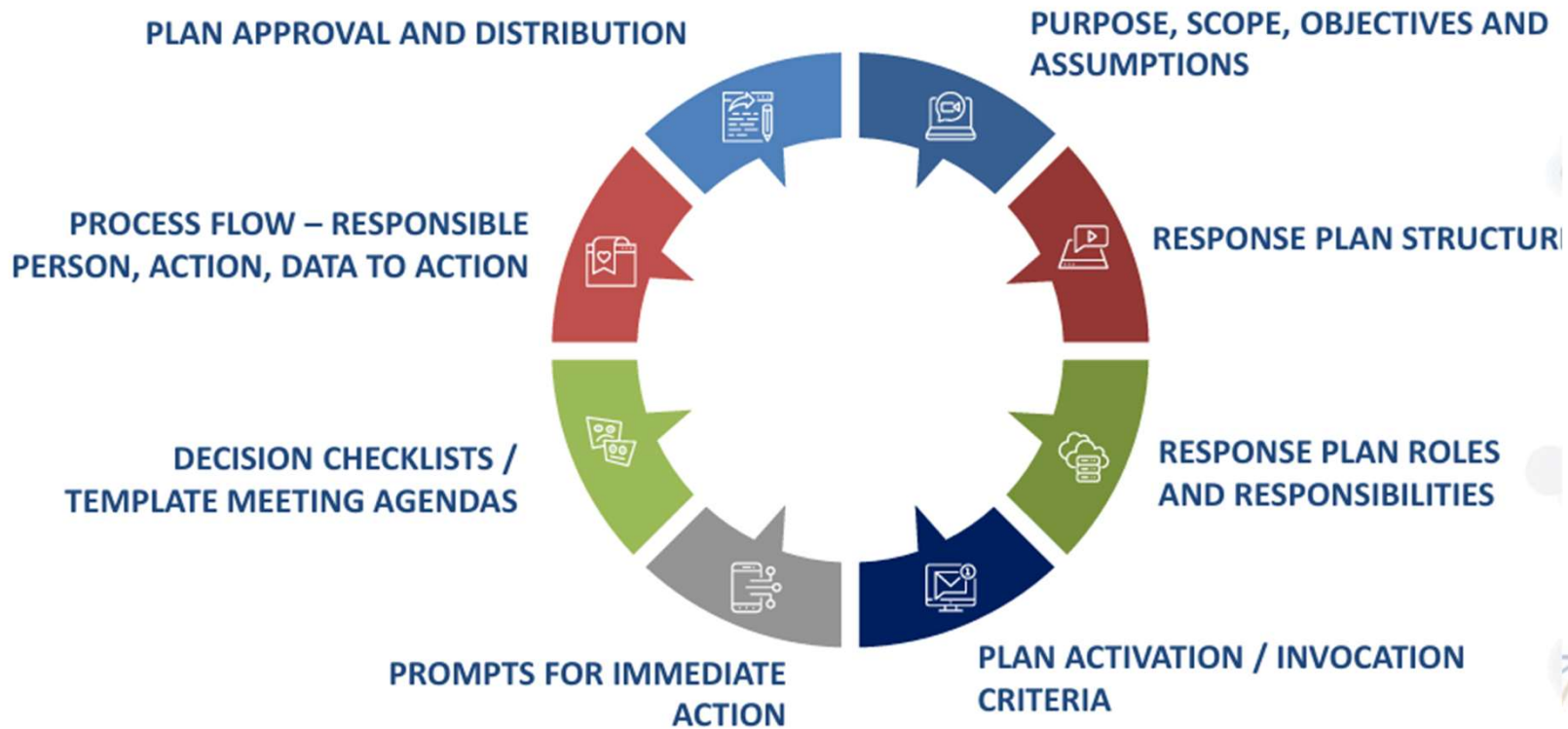
- A crisis is **an inherently abnormal, unstable and complex situation** that represents a threat to the strategic objectives, reputation or existence of an organisation
- Crises place **exceptional demands on managers** and may create situations that threaten the fundamental norms, self-image or values of the municipality
- Crisis management is an **essential management practice** used to **minimise the negative impact** that a crisis has on an organisation
- A crisis management plan provides the organisation with **a structure and high-level process to identify, respond to and manage** any crisis affecting the organisation thus protecting the interests of staff, the environment within which it operates, and the reputation, assets, mission and survivability of the organisation.



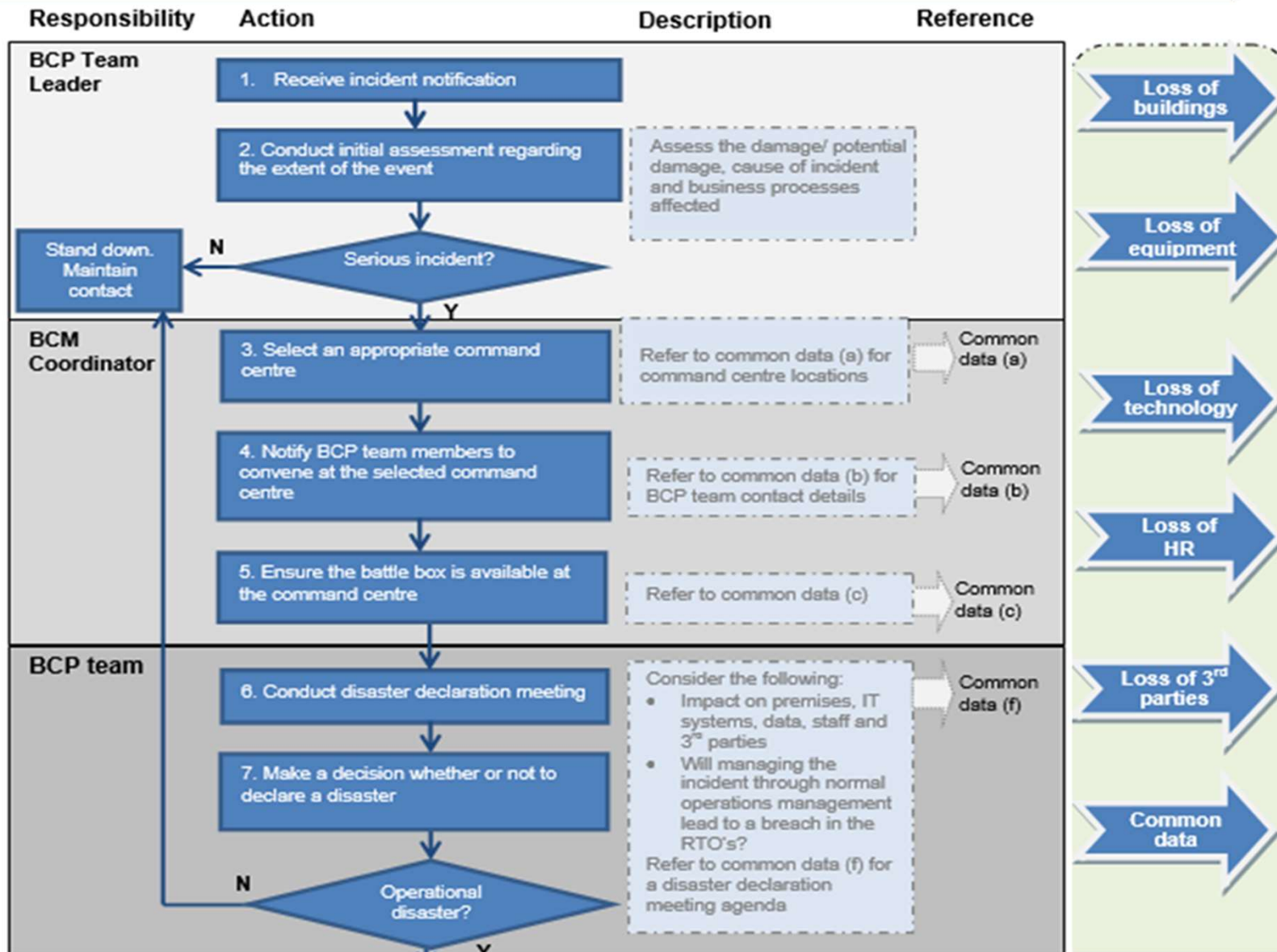
IMPLEMENTATION OF THE CRISIS PLAN



BUSINESS CONTINUITY PLAN



INCIDENT DIAGRAM



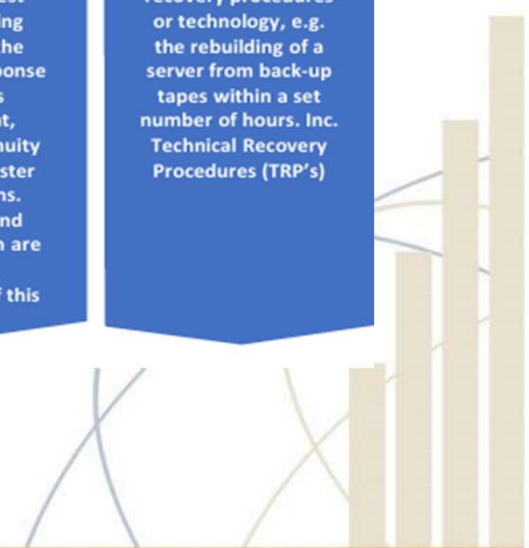
BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN

Links between BCM and DR



TESTING AND MAINTNANCE

DISCUSSION BASED WALKTHROUGH	DESKTOP SCENARIO BASED EXERCISE	SIMULATION EXERCISE	LIVE EXERCISE	INTEGRATED TEST	TEST
					
Facilitator Team Leader(s) Participant(s)	Facilitator Team Leader(s) Participant(s)	Facilitator Team Leader(s) Participant(s) Other(s)	Operation's BCP Team(s) and other external stakeholders	Emergency response team, BCP Team(s), Crisis management team, Disaster recovery team and other external stakeholders	ITC Team(s)
Use the business continuity management plans to explore relevant issues and walk through the plans in an unpressurised environment. This type of exercise can focus on specific areas for improvement that have been identified with the aim of finding a possible solution(s).	This is a discussion based activity, conducted in a desktop environment. Participants use their knowledge of the BCP to demonstrate their understanding of how to use the plan to respond to the scenario.	Conducted on a strategic, tactical or operational level. Participants work from their usual day to day locations. Simulate an incident by testing information, communication flow and equipment, in addition to procedures, decision making and coordination.	Live exercises can be small scale rehearsal of one component of the response, e.g. evacuation, one component (business unit) through to full scale rehearsal of the whole organization. Care must be taken to avoid disruption to the normal operation of the organisation and any reputational impacts must be considered	Live exercise which involves emergency response, crisis management, business continuity and disaster recovery teams. This test involves testing elements of the emergency response plans, crisis management, business continuity plans and disaster recovery plans. Integration and communication are important components of this test.	Unique type of exercise which incorporates a pass or fail element. (ISO 22301:2012) Applied to equipment, recovery procedures or technology, e.g. the rebuilding of a server from back-up tapes within a set number of hours. Inc. Technical Recovery Procedures (TRP's)
 Frequency	 Complexity	 Risk	 Cost	High Medium Low	



TESTING AND MAINTANCE



Regular and planned maintenance is required for the entire BCM programme, at least once a year to ensure continual improvement



To be effective, maintenance activities should be embedded within normal management processes



The most effective way of achieving maintenance is to incorporate maintenance activities into the organisation's change management process



Additional Triggers:

- Lessons learnt through exercising
- Changes in the environment in which the organisation operates
- A review, particularly an audit
- A real incident, when lessons learned can be incorporated
- Updated or changed BIA outputs

EMBEDDING



Conduct a training needs analysis and identify training/awareness initiatives to address the organisation's specific needs



Implement relevant initiatives to ensure BCM team members are familiar with the responsibilities and competent to execute them during a disaster



Ensure that the BCM Coordinator has received the relevant training

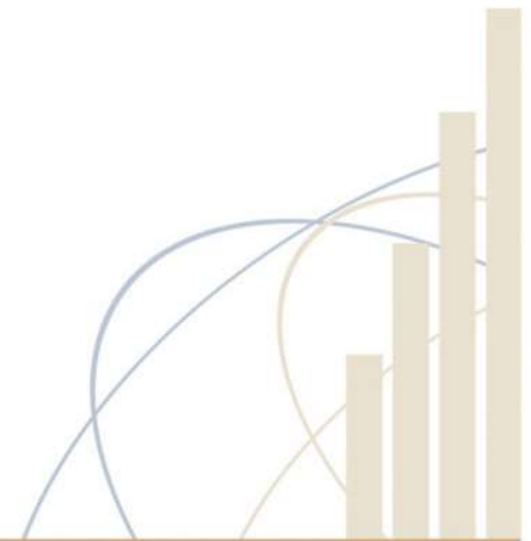


Raise awareness amongst staff in general regarding BCM



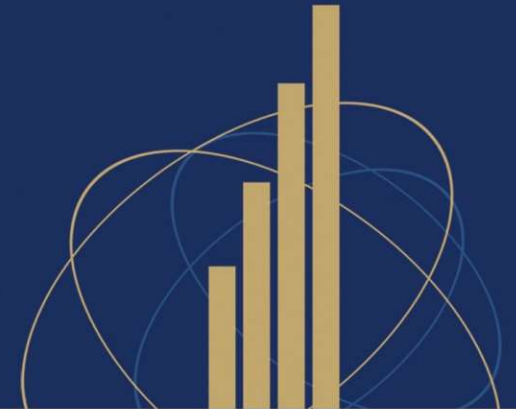
CONCLUSION

The only alternative to risk management is crisis management --- and crisis management is much more expensive, time consuming and embarrassing.” - James Lam, Enterprise Risk Management, Wiley Finance © 2003





Thank You!



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