Administrative Response – Business Continuity Internal Audit Report

> **Recommendation**
> That the report of the CFO/General Manager, Asset and Financial Management Department, dated August 7, 2018, be received as information.

Topic and Purpose
The purpose of this report is to provide the Administration's response to the internal auditor's recommendations in their Business Continuity Internal Audit Report.

Report Highlights
1. The Administration agrees with the internal auditor's recommendations as presented in their internal audit report.

2. Although there are currently no resources dedicated to the Business Continuity Program, preliminary steps can be taken within existing resources to begin implementation of the recommendations.

Strategic Goal
This report supports the Strategic Goal of A Culture of Continuous Improvement by establishing a Business Continuity Management System that will help the City of Saskatoon (City) continue and/or resume provision of services to meet the needs and expectations of citizens in the event of business disruption.

Background
An audit of the City's current strategy to address business disruptions, as well as an assessment of the adequacy of resources available to implement that strategy, was conducted by the internal auditor as part of the 2017 Internal Audit Plan. The audit examined the extent to which the City is managing the strategic risk that "the City may not be prepared to quickly and effectively resume operations in the event of a serious incident, accident, disaster or emergency."

The Statement of Work for this audit was approved by the Standing Policy Committee on Finance at its August 14, 2017 meeting, and the first draft of the audit report was submitted to the Administration for review in April 2018.

Report
Internal Audit Report Recommendations
The Business Continuity Internal Audit Report contains 26 recommendations (Attachment 1) that are grouped around 6 phases of the business continuity management lifecycle. The overall focus of the recommendations are to support implementation of an effective and robust Business Continuity Management System that will enhance the City's ability to resume operations in the event of a business

disruption and improve the maturity level of the City's existing Business Continuity Management Program.

The Administration agrees with all of the recommendations contained in the report.

Current Resource Levels
As noted in the internal audit report, most municipalities of a comparable size to Saskatoon have at least one full-time employee dedicated to business continuity.

Although there are currently no resources dedicated to the Business Continuity Program, preliminary steps can be taken within existing resources to begin implementation of the internal auditor's recommendations in a prioritized manner. One pilot division will be selected to trial the processes and deliverables, with phased roll out to other divisions.

Further to Recommendation 9, the Administration will submit a resourcing request for incorporation into the 2020/2021 Multi-Year Business Plan and Budget process. If additional resources are approved, implementation of the remaining recommendations could be accelerated.

Due Date for Follow-up and/or Project Completion
A follow-up report on the status of all audit recommendations will be presented to the Standing Policy Committee on Finance in late 2019.

Public Notice
Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Attachment
1.   Internal Auditor's Recommendations

Report Approval
Written by: Nicole Garman, Director of Corporate Risk
Reviewed by: Paul Ottmann, Director of Information Technology
                          Pamela Goulden-McLeod, Director of Emergency Planning
Approved by: Mike Voth, Acting General Manager, Asset and Financial
                          Management Department

Administrative Response - IA Business Continuity.docx

Internal Auditor's Recommendations

	Internal Auditor's Recommendations	Administration's Response	Target Implementation Date
1	*"The Administration should work with Directors to complete BIA documentation. BIA's should then be reviewed and approved by the appropriate levels of Administration."*	Agree	One pilot division by December 2018; phased roll out to other divisions.
2	*"The BIA documentation should then be leveraged to build the Continuity Resource Requirements (CRR) list. The CRR list could then be reported to the Administrative Leadership Team, with potential required funding being identified."*	Agree	December 2019
3	*"The Administration should establish a process to ensure BIA information is updated on a regularly scheduled basis."*	Agree	December 2020
4	*"The Administration should develop a BCMS Charter to define the overall accountability and responsibility for BCMS. The Administration could consider presenting the Charter to the Administrative Leadership Team and to the Standing Policy Committee on Finance to receive as information."*	Agree	December 2018
5	*"A BCMS Sponsor should be appointed to ensure leadership commitment to BCM and the availability of sufficient resources for the BCMS. The City Manager, for example, could be an appropriate choice for BCMS Sponsor. Alternatives for the BCMS Sponsor role could be members of the Administrative Leadership Team."*	Agree	December 2018
6	*"A Business Continuity Committee should be established, which will have overall responsibility for Business Continuity coordination, development and maintenance. Members of this Committee could include the BCMS Sponsor, General Managers, Fire Chief, Director of Emergency Planning, Director of Corporate Risk, and Director of Information Technology. The establishment of a Business Continuity Committee could be modelled after the Corporate Risk Committee and its terms of reference. The Business Continuity Committee should meet at least two times per year, with more frequent meetings likely being required initially."*	Agree	December 2018

BIA - Business Impact Analysis
BCMS - Business Continuity Management System
BCM - Business Continuity Management
BCP - Business Continuity Plan(s)

Internal Auditor's Recommendations

ATTACHMENT 1

	Internal Auditor's Recommendations	Administration's Response	Target Implementation Date
7	*"The Administration should develop Business Continuity Policies. In developing the policies, consideration should be given to whether the policies are compatible with the strategic direction of the City and whether the policies clearly articulate who is responsible for the development, maintenance and testing of the City-wide BCP. The development of policy in this area could be leveraged from the "Corporate Governance Risk Based Management" Policy C02-040. The Business Continuity Committee should approve the Business Continuity Policies."*	Agree	December 2019
8	*"Once the Business Continuity Charter and Business Continuity Policies have been approved, the BCMS Sponsor and the Business Continuity Committee should develop Business Continuity Objectives aligned with those documents. Subsequent to completion of the Business Continuity Objectives, the City would then consider reporting the Objectives to the SPC on Finance for information."*	Agree	December 2019
9	*"The Administration should seek approval for funding needs identified to support the BCMS, including FTEs as well as any technology needs. Consideration should also be given to future needs with respect to the operation and ongoing maintenance of the BCMS. As outlined in Section 5.1.7, typically 1 to 2 FTEs are required to ensure proper operation and maintenance of a fully functioning BCMS. From this point forward in the recommendations, references will be made to the BCMS Coordinator as being the individual responsible for the BCMS."*	Agree	For incorporation into the 2020/2021 Business Plan and Budget process.
10	*"Business Continuity Stewards should be identified and designated in each business unit. The roles and responsibilities of the Business Continuity Stewards should be documented and communicated to those individuals."*	Agree	One pilot division by December 2018; phased roll out to other divisions.
11	*"The training needs of individuals involved in the establishment and/or maintenance of the BCMS, including the Business Continuity Stewards, should be assessed at regular intervals and a process should be developed to provide training to the Business Continuity Stewards."*	Agree	December 2019

Internal Auditor's Recommendations		Administration's Response	Target Implementation Date
12	*"As work progresses on the development and documentation of the BCPs, we recommend that recovery strategies are thoroughly assessed and available alternatives are priced before selecting the final recovery strategy and developing implementation procedures."*	Agree	December 2021
13	*"BCPs should be communicated to all personnel with Business Continuity response roles and each plan should also be communicated and coordinated with the Director of Emergency Planning. Communication procedures and points of contact should be included in the overall BCMS documentation as well as in the individual BCP docuements."*	Agree	December 2021
14	*"Procedures should be established for expedited approval of expenditures during or following a business disruption. Consideration should be given to creating separate accounting procedures to track and document time and costs during and immediately following a disruption."*	Agree	December 2020
15	*A formal protocol for Business Continuity Plan maintenance should be developed and implemented, along with a change management policy for documentation and approval of changes. This should include version control of the BCP documents to track changes to the BCPs."*	Agree	December 2021
16	*"The BCMS Coordinator, in coordination with Business Continuity Stewards, should provide a BCP status report to the Business Continuity Committee on a regular (i.e. annual) basis, in order to create transparency with respect to the frequency with which BCPs have been updated."*	Agree	December 2020
17	*"A City-wide process to ensure that BCPs are exercised on a regular basis should be developed. These exercises must be aligned with existing emergency response exercises. The BCMS Coordinator, with support from the Business Continuity Stewards, would develop procedures to test and exercise BCPs."*	Agree	December 2021
18	*"A process should be developed for conducting and documenting post-incident assessments, including developing a template for post-incident reviews and post-exercise reviews. This will ensure consistency in the information collected in the review process and support Administration's reporting to the Business Continuity*	Agree	December 2021

	Internal Auditor's Recommendations	Administration's Response	Target Implementation Date
19	*"A process should be developed to track and follow-up on corrective actions identified in post-incident assessments and, where applicable, to incorporate this into performance evaluations. This process should also include the communication of these corrective actions to others for purposes of continuous improvement."*	Agree	December 2021
20	*"A process to verify and confirm annually that each BCP is aligned to current business needs and service levels should be developed. A standard verification/sign-off process for the Business Continuity Stewards with respect to the BCP(s) that they are responsible for should be incorporated into this process."*	Agree	December 2022
21	*"A process to coordinate annually with the Director of Corporate Risk should be developed to ensure that BCMS is included in the annual risk assessment process and the annual emergency response review process."*	Agree	December 2022
22	*"A process to have an independent review conducted at planned intervals should be developed to provide the BCMS Sponsor and the Business Continuity Committee with information on whether the City's BCMS is conforming to its policies and procedures. Reviews conducted should include identification of opportunities for continuous improvement."*	Agree	December 2023
23	*"A process to collect, track and report information on Business Continuity performance should be developed. The Administration could consider reporting trends in the following areas: non-conformities and effectiveness of corrective actions, monitoring and measurement of evaluation results, and results of independent reviews."*	Agree	December 2023
24	*"A process should be established to raise awareness through communication, starting with those individuals who are part of the response team then moving towards general City-wide awareness."*	Agree	December 2019
25	*"A process should be established to provide appropriate and adequate training and learning opportunities to ensure staff who have Business Continuity responsibilities have the necessary competencies and skills."*	Agree	December 2019
26	*"A process should be established to integrate Business Continuity into project and change management practices."*	Agree	December 2020