



Business Continuity Management

Cross-section audit at the decentralised Federal Administration, Swiss Post and the Swiss Federal Railways

Key facts

What importance is attached to Business Continuity Management (BCM)?

Business Continuity Management is a process whereby all necessary measures are taken to ensure that a company can accomplish its core tasks on time even in extraordinary situations. The Swiss Federal Audit Office (SFAO) previously carried out a cross-section audit in 2009 on the BCM measures at nine administrative units of the central Federal Administration. This year's audit focused on the decentralised Federal Administration as well as the Swiss Federal Railways (rail transport and ticket sales) and Swiss Post (PostFinance, Swiss Post Solutions, PostBus).

The administrative units of the decentralised Federal Administration have a legal mandate as a supervisory or licensing authority. Services for which they have a monopoly are funded by their customers. The Swiss Federal Railways and PostAuto provide a public service defined by way of performance contracts and partially financed by public funds. On the other hand, PostFinance und Swiss Post Solutions (SPS) offer their services on the open market. Starting from different positions, this has a direct impact on how critical their business processes and required resources are. The audit team found that the existence of market competition significantly influenced the importance attached to BCM in the various organisations and companies.

A comprehensive BCM solution for practical use starts with a policy and ends with regular audits

Management lays down its BCM objectives in a **policy** and defines the various responsibilities. All organisations were found to have set out the basic principles but not always in the form of a binding document applicable to all employees and validated by senior management. Projects or documents of this nature were still in progress at the time of the audit. Half of the documents inspected met the formal requirements of a policy.

In order to perform a **Business Impact Analysis (BIA)**, an organisation first has to identify its business processes and the resources needed to carry them out. This basic information is crucial to assessing the risks and their impact on the various processes. Most organisations have conducted a systematic and regular audit of their strategic risks for several years now. In some cases, the BIA is based on this data. At other organisations, the risk scenarios evaluated in the BIA are consolidated into the risk management process. Five organisations were able to produce model examples of how to implement a BIA successfully in a more complex environment. In some cases, the business processes or required resources and the risk scenarios outlined in the BIA were found to be deficient. Also, more attention should be given to the time scale in such analyses.

All organisations had drawn up some form of **Business Continuity Strategy (BCS)**. At the Swiss Federal Railways and PostAuto, these are even enshrined in law. Most of the business processes within the various bodies of the decentralised Federal Administration could actually be interrupted for an extended period of time without having any direct impact on the customer. In general, the resources needed for these are not time critical either. The BCS at such organisations is defined in just a few key statements. At the Swiss Federal Railways and the audited areas of Swiss Post, however, many of the business processes and resources are time critical. These organisations thus take all possible precautions to prevent a crisis situation occurring in the first place. The strategies in place there were found to be in order.

Business Continuity Planning (BCP) comprises a set of rules and documents designed to restore normal business operations quickly in the case of a crisis situation. Five of the organisations produced comprehensive plans of action and checklists for coping with different risk scenarios. Various documents may still be combined to form a set of rules or individual guidelines drawn up. The other organisations, despite not having critical business processes, were advised to explore which scenarios could result in an extended interruption of business activities and what should be done in such situations. All of the organisations have defined crisis teams and crisis management procedures. In most cases, the auditors were very impressed with these.

Only entities that conduct regular BCP drills and **testing** will have the required level of **awareness** in a real-life situation to deal with a crisis effectively and on time. Such exercises may take a variety of forms (e.g. document reviews, building evacuation drills, simulated power cuts, going through risk scenarios in the crisis management teams). The majority of the organisations do conduct such exercises in different areas. These are based on individual documents in some cases or form part of a programme conducted annually or every few years. The Swiss Federal Railways, PostFinance and SPS take a systematic and consistent approach to this. The other organisations were found to lack either test concepts and plans or a systematic strategy. There is room for improvement in terms of awareness.

The organisations/companies audited compared well against the central Federal Administration

In the previous audit, only one administrative unit obtained an average of 3 in the Maturity Model (see Annex 1), with all others scoring below this and half of them even less than 2.

In contrast, all of the organisations/companies audited this time had a maturity level of at least 3, with five of them even scoring an average of 4 or more. This is largely a result of corporate strategies, management commitment and process-oriented certification methodologies following international standards.

Still, it would appear that the most critical factor in whether a BCM is complete, formally correct and put into practice is the organisation's market position. The more competition that exists for a

particular service, the higher is the level of maturity of the BCM in place. The Federal Institute of Intellectual Property forms an exception here, ranking among the top performers despite having non-critical business processes.

All organisations and business areas audited were found to regard BCM issues as being important or very important. Correspondingly, most organisations have also appointed individuals responsible for dealing with implementation and the associated requirements.

The Finance Delegation noted the report in its ordinary meeting in February 2011.

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