



Stabilizing Your Entity

The importance of a business continuity plan for public entities

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In the event of a disaster—large or small—does your organization have the ability to continue operations? Have you taken stock of your essential service and business operations, and built a plan to keep them functioning during a crisis?

Unfortunately, risk managers tend to leave disaster response activities to the emergency management director, the fire department or the police department. While emergency planning and response groups play an important role in business continuity, they are only one part of the answer. Risk managers also play a crucial role in this process. They must be aware of the scope of business continuity and the needs of the organization in order to lead the organization through crisis situations.

Developing a solid business continuity plan is a necessity for public entities. It may be a duty that risk managers choose to pursue themselves or that they delegate to someone inside or outside the organization. In any case, the issue cannot be ignored. Business continuity planning must occur before a disaster strikes.

Business Continuity Planning & Business Continuity Programs

Business continuity planning can involve the development of a business continuity plan or the implementation of a business continuity program.

According to DRI International (DRII), business continuity planning is the process of developing advance arrangements and procedures that enable an organization to respond to an event in such a manner that critical business functions continue without interruption or essential change.

DRII defines a business continuity program as an ongoing program supported and funded by executive staff to ensure business continuity requirements are assessed, resources are allocated, and recovery and continuity strategies and procedures are completed and tested.

Clearly, these definitions refer to executive staff and imply a profit mentality. This does not mean that business continuity does not apply to a public entity. It's important to remember that while public entities are primarily service driven, they also serve a business function and derive revenue from services offered to the public. The following examples illustrate crisis situations that can occur within a public entity and that should be addressed in a business continuity plan:

A new water park that doubled revenue for the park and recreation department is closed due to water quality problems. As a result, the public is not able to use the water park and revenue generated by the facility is lost.

A glitch in the form-ordering system prevents a public entity from issuing licenses on the opening day of deer hunting season. Citizens are frustrated and revenue is lost.

The municipal water department is unable to provide water to the community because of a primary pump failure. Revenue is lost to the city for every hour a citizen does not use the water supply.

The Importance of a Business Continuity Plan

Public entities must be concerned not only about the continuity of services offered to citizens, but also about the continuity of their business operations. Without revenue coming in, it is difficult to provide services.

It is important to be good stewards of the tax dollars received from the public. Part of good stewardship should include allocating the resources necessary to prepare and protect the future of the community. The objective of a business continuity plan is to reduce the financial and communal consequences of a disaster to an acceptable level. Consider a business continuity plan as an investment in the future.

Public entities provide the essential services on which a community depends: police, fire, utilities, roads, social services, medical services and more. Other organizations and the community expect public entities to continue providing these services through any crisis.

With the budget constraints facing many public entities, any interruption to business operations can impact cash flow or receivables. In the end, businesses may blame the public entity for their losses. And, the media may contact the organization with questions about crisis management and business continuity planning.

Man-Made Vulnerabilities Require Attention Too

Emergency response has traditionally focused on responding to natural disasters. But business continuity should address not only natural disasters but also small interruptions in the continuity of service and business operations that have the potential to become major disasters.

One such vulnerable function is an organization's computer system. Systems and records containing private information reside on hard drives. And there are very few public entities that don't have a Web site these days. The Web sites may enable citizens to conduct genealogy searches; submit employment applications; request building permits and variance applications; find e-mail addresses for entity employees; and file complaints.

Is your Web site connected to vital records? Is your network system vulnerable to attacks from the inside or outside that may disrupt operations? Could someone gain access to the 9-1-1 dispatch computers and disable them? Using a computer system is another good reason for developing a business continuity plan. But continuity planning should not stop with the computer systems. The plan should cover some of these possibilities:

Park departments around the country are dealing with contaminated property issues and the temporary closing of various parks until the cleanup is complete. In some cases, asbestos, chemical, and radioactive contaminants have been found. Obviously, this is a community health issue and is a disruption of service to the community. But it's also a potential revenue loss if shelter areas, ball fields, swimming pools or other fee-related services are on-site. Does the business continuity plan address this potential issue?

Swimming pools and water parks have become a significant revenue source for municipalities. There are many ways in which the water at these facilities can become contaminated—all resulting in the closing of the facilities. The closing of some facilities may last a couple of hours, resulting in a limited loss of revenue. Other facility closings circumstances may require days or weeks to identify and eliminate the source of contamination, resulting in a significant loss of revenue. Does the business continuity plan address this possibility? What resources are in place to get this business restored within the recovery time objective?

Civic centers are usually a hub of activity. Whether the center is operated by a private or public entity, the surrounding governments generally reap the benefits. Conference attendees spend money in the community, boosting the revenues of local businesses, and the government, which receives taxes from those businesses. What if a fire or tornado destroyed the Civic Center the week before a big event?

Several states have initiated mandatory property-tax rollbacks during the past few years. This has had a devastating effect on the budgets of cities and counties. Large losses in property tax revenues are difficult to make up through sales tax revenues. As a result, jobs are lost and city and county services need to be reduced.

Public entities are being asked to maintain or expand services to the communities they serve. They are also being asked to accomplish this with fewer people and less money from traditional sources such as taxes.

The boards and councils of public entities must balance the need for new revenue sources with the social framework of the community. Decisions involving professional sports, gaming enterprises, public smoking ordinances and gun licenses not only have a social impact on citizens but also an impact on the local businesses.

Few public entities can afford to lose much revenue derived from service resources. Those resources include utility services and fees such as water, electrical, sewer, sanitation, landfill and composting; park and recreation service fees for swimming pools, water parks, fitness centers, shelter rentals, community education, and ball fields; parking meters; traffic citations; property, vehicle and sales taxes; business, professional and personal license and filing fees; building permit fees and passport fees. All of these assets need to be protected. The best way to do that is by establishing a business continuity plan.

Building a Business Continuity Plan

There are several steps involved in developing a business continuity plan.

First, gain support from the council or board to proceed with an ongoing business continuity project. Provide them with facts, figures, examples and implications to support your recommendation.

Conduct an audit. Do not reinvent the wheel. Review current policies and procedures in individual departments such as information technology, law enforcement, emergency management, utilities and fire departments. Keep in mind that the policies may need some modifications and a description of the how the departments interrelate.

Identify the key personnel that need to be involved in the project from the beginning. Garner support and establish a committee and a project manager to maintain order and timelines. Select the committee members based on their skills and commitment to the project. Then, begin developing the plan.

DRIL offers a seven-step Continuity Planning Model, which is divided into sub parts to make the process manageable.

1. Project Initiation Phase: Addressing objectives and assumptions

In this phase, a policy statement is developed. The scope of the project is established and responsibilities are outlined. The education process begins and resistance to change occurs.

2. Functional Requirements Phase: Fact gathering, alternatives, and decisions by management

The second step is often described as Risk Management 101. The main tools for fact gathering are the risk analysis and the business impact analysis. In the risk analysis, threats and risks are identified, controls currently in place are analyzed to determine adequacy, and recommendations are developed to eliminate or reduce the risk. The business impact analysis involves reviewing potential revenue sources and establishes the value of each source relative to the function of the total entity; provides the basis for identifying critical resources needed to maintain function and service levels; and establishes a priority order for restoring revenue sources.

3. Design and Development Phase: Designing the plan

In this step, the business continuity plan is put in writing. It's important to examine the business continuity strategies available and select one that is best suited for the entity's structure and activities. The plan should outline the job titles of those responsible for implementing the plan; the order of personnel notification; and the process by which vital records are maintained and updated.

4. Implementation Phase: Creating the plan

Phase four hinges on the support and input of the police, sheriff, and fire departments. Emergency response and crisis management procedures are integrated into the business continuity plan. Lines of authority may need to shift during a disaster and should be outlined in the plan. Detailed resumption of operations and restoration of service and data procedures are written. Contracts are drafted with key vendors and recovery resources are purchased.

5. Testing and Exercising Phase: Post-implementation plan review

Training programs are put in place. Employees will receive different levels of training depending upon their individual responsibilities. Exercise programs are established and

implemented. Various types of tests may include a walk-through of the plan, a procedures verification test, an incident simulation, and an operations test.

6. Maintenance and Updating Phase: Updating the plan

This is the ongoing piece of business continuity. What lessons were learned from the testing of the plan? How are changes made to the plan and who has the authority to make the changes? Maintain an adequate budget for the plan and continue to revise as necessary.

7. Execution Phase: Implement the plan

If a disaster occurs, implement the business continuity plan by declaring a disaster and executing recovery operations immediately.

There is no template for developing a business continuity plan. Each public entity must develop its own plan based on the entity's structure and activities. Now, more than ever, risk managers of public entities should take the time necessary to establish a business continuity plan so the entity is ready should a disaster occur.

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