

Business Survival Newsletter“

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BUSINESS SURVIVAL™:
A BUSINESS CONTINUITY NEWSLETTER FOR DECISION MAKERS
FROM ROTHSTEIN ASSOCIATES INC.

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“DEAD MEN TELL NO PASSWORDS”

Just when you thought you had built a credible database of threats and vulnerabilities addressed by your business continuity program...

“The man in charge of archiving and maintaining electronic copies of Norway's most important historical documents is dead and so is access to those archives. So the director of the Norwegian cultural center is pleading for hackers to help him crack the center's password-protected database.” It seems he had failed to pass on the password.

<http://www.wired.com/news/technology/0,1282,52997,00.html>

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FEATURE ARTICLE:

BUSINESS CONTINUITY MANAGEMENT:
A NEW CHALLENGE TO THE AUDITOR
by Rolf von Roessing

Auditing business continuity management (BCM) is rapidly becoming one of the most urgent issues throughout the audit community. Recent legislation and several regulatory initiatives have made it clear that financial and technology auditors must review business continuity (and not

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just IT disaster recovery) in much more detail than before. The events of 9/11/01, and the subsequent struggle for survival that many former World Trade Center tenants are undergoing, have heightened interest in topics such as disaster preparedness, preventative measures, recovery and restoration of the core business ^ in other words: how will the business continue to function if a major event occurs that may impact financial stability and the existence of the company as a whole ?

In the US, standards like NFPA 1600 (National Fire Protection Association), HIPAA and the discussion about homeland security have put BCM on the audit agenda. In Britain and Europe, the Turnbull Report and various Codes of Corporate Governance are forcing auditors to quickly address an area previously neglected. In Eastern Europe, several national banks have adopted the ISO 17799 standard that mandates business continuity management for the financial sector. Germany introduced the Business Control and Transparency Act in 1998, enforcing the existence of corporate risk management and certain continuity-related controls for all listed companies.

BCM audit is here to stay: in the global economy, most countries have adopted a “must-have” policy towards business continuity. This is sharply opposed to the traditional “nice-to-have” notion often entertained by senior managers, whose primary concern is to reduce cost and maximize quarterly earnings. As a result, it has been recognized that assurance is needed, and that adequate controls must be in place. BCM has become a vital part of the overall concept of corporate governance, independent review and compliance with good practices.

It is now the auditor's responsibility to give due consideration to the concepts, plans and management processes that safeguard the survival of an organization under adverse conditions.

In other words: BCM is a going concern issue and must be addressed accordingly.

BCM Audit: The Typical Setting

Conducting an audit of business continuity planning and management presents an unusual challenge to financial or IT auditors. While audit automation, CAATS (computer assisted audit tools) and other acronyms have found their way into traditional audit projects, the more technical fields of IT, facilities and business continuity have yet to develop a similar strategy for facilitating detailed audit steps. More often than not, it is even difficult to determine the scope of a review in terms of time and effort, considering that the knowledge required to do so is diverse and not easily obtained.

More importantly, if the business continuity review is to take place within an annual financial audit program, there is often no room for budgetary, or indeed any other uncertainty with regard to the delivery of results. The auditor thus faces a challenging and complex task. Business continuity, as a local or regional activity, almost always requires the direct involvement of experts who can assist with technology, local regulations and interpretation of factual findings. Unfortunately, the number of experts is often limited, and published audit guides and programs are rare. The BCM auditor is therefore a project manager as well as an expert in the field, having to strike a balance between the task at hand and the overall constraints imposed by commercial thinking.

For the business continuity expert, on the other hand, the general world of audit thinking may be an alien one. Designing a business continuity management process is a very different

task from scrutinizing an existing set of plans and procedures, verifying them against predetermined standards, and delivering an audit opinion in a structured manner. To the BCM specialist, the main aim may be to “make it work,” while the auditor must examine quite a significant number of other aspects.

Rolf von Roessing is head of eSecurity Services and head of BCM for Austria, Croatia, Slovakia, Slovenia for Ernst & Young Vienna. He is the author of the new book “Auditing Business Continuity: Global Best Practices” (2002, Rothstein Associates Inc.; ISBN 1-931332-15-0).

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THESE ARE A FEW OF OUR FAVORITE LINKS

We encourage you to visit the Links to Industry Web Sites section of www.rothstein.com where you can submit recommended links as well as search our link database by over 30 categories.

We,ve added over 40 new links just in the past month.

Crisis Information Management Software (CIMS) Feature Comparison Report

“This NIJ Special Report compares 10 crisis information management software products currently used by emergency management agencies (EMAs). The products examined were specifically designed to augment EMA responses to crisis situations and enhance emergency management planning and mitigation. The report is accompanied by an Excel-based Feature Comparison Matrix that allows an agency to assess the performance of a product(s)~relative of agency priorities, requirements, and conditions of operation~and use that information for the procurement process.”

<http://www.ojp.usdoj.gov/nij/pubs-sum/197065.htm>

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Have Something Important to Say about Business Continuity?

We welcome your contribution to the BUSINESS SURVIVAL™ Newsletter. Address your comments or articles to Newsletter@rothstein.com <<mailto:pjr@rothstein.com>> .

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RECOMMENDED READING

Subscribers to BUSINESS SURVIVAL™ are offered a free CD-ROM containing The Rothstein Catalog On Disaster Recovery, your source for hundreds of books, software tools, research reports and videos since 1989. E-mail your request to info@rothstein.com with your postal mail address.

Many new book, software and video titles have been added in the past month. The new books described below are a small sampling of the resources available at www.DisasterRecoveryBooks.com.

AUDITING BUSINESS CONTINUITY: GLOBAL BEST PRACTICES by Rolf von Roessing

- Contains a comprehensive, detailed business continuity audit plan
- Includes sample audit report and work papers
- International in scope - includes country-specific guidelines.
- An ideal resource for consultants or auditors, as well as internal business continuity planners!

2002, 306 pages. Order #DR601.

“Around 85% of Business Continuity Plans fail when first tested. Put simply, these plans show fundamental flaws that would have prevented recovery from taking place within the required timescale.

“Over 50% of Business Continuity Plans are never tested. This means that those flaws have not been exposed and the plans will almost certainly fail to deliver timely recovery.

“These stark figures demonstrate just how misplaced are the hopes of many managers when they rely on such fragile plans. No matter what forethought is given to business continuity management, the actual experience of a disaster bears little relation to the pre-considered events and to plans developed in the relative calm of normal circumstances.

“Too often business continuity arrangements are based on specific disaster scenarios and would not withstand scenarios that had not been considered. But disasters are not disciplined. Chaos follows no roadmap. The unthinkable does happen.

“It is therefore crucial to businesses that plans are subject to stringent review. That is why I welcome Rolf von Roessing's cogent contribution to this important area. Rolf provides a comprehensive, pragmatic and deeply practical step-by-step guide to Business Continuity audit. I commend it to all who are serious about the topic.”

Andrew Hiles FBCI, MBCS, Director, Kingswell International, Oxford, England

COMPREHENSIVE EMERGENCY MANAGEMENT FOR LOCAL GOVERNMENTS:
DEMYSTIFYING EMERGENCY PLANNING

By James A. Gordon
2002, 210 pages.

“All local government organizations can benefit from this book as it provides an excellent tool and guide for developing a comprehensive emergency management plan. It presents an effective step-by-step guide for non-experts in the field of emergency planning and management. Non-governmental agencies and not-for-profit organizations will also find the principles and processes presented in the book useful when working with different levels of government.”

Geoffrey H. Wold, Managing Director, LBL Technology Partners, Minneapolis, Minnesota

“I find this book well written and expect that it will be a very useful reference for emergency managers and for students. You identify a number of issues that I don't think I've seen addressed elsewhere - like the role of the EOC and what it should be used for.”

William L. Waugh, Professor of Public Administration, Georgia State University

EMERGENCY MANAGEMENT PLAN FOR COLLEGES & UNIVERSITIES (CD-ROM)
by Douglas M. Henderson

In an emergency situation, quick decisions regarding the appropriate response measures are necessary but a rigid organizational structure necessary to properly execute quick decisions is not normally found within the educational community. THE EMERGENCY MANAGEMENT PLAN FOR COLLEGES & UNIVERSITIES utilizes a high-level committee approach to develop the plan and to make strategic decisions. At the same time the Plan utilizes a formal incident command system to execute a response to a disaster and to make tactical decisions. It is based on concepts specified in professional organizations (Disaster Recovery Institute International and The Business Continuity Institute) and the Incident Command System (ICS) that is utilized by FEMA.

PREPARING FOR BIOLOGICAL TERRORISM:
AN EMERGENCY SERVICE GUIDE

by George Buck, Ph.D.

2002, 379 pages.

Preparing for Biological Terrorism is a brand-new book by George Buck, expert in emergency services dealing with terrorism. As biological means of terrorism become more of a real threat in our society, it is critical that anyone involved in emergency response is familiar with these issues. Completely up-to-date, this resource covers all of the aspects of biological terrorism that responders will need to know in order to properly protect themselves and others while working to manage incidents.

Continued

Mandatory reading for emergency response teams, today's school administrators, business leaders, public utilities managers, media professionals, as well as the general public, this resource walks through the fundamental concepts of emergency planning ^ that is, the "DNA" of successful emergency management. Subsequent chapters enable readers to immerse themselves thoroughly in specific elements of successful emergency planning, including: passive, active, and medical surveillance; biochemical detection, notification, and diagnosis protocols; agent surety; mass prophylaxis; the national pharmaceutical stockpile program; and more. Knowing that they are arming themselves with the latest information as to what to look for and how to respond, all readers of this emergency services planning guide will be able to heighten their vigilance while going freely and confidently about their daily lives.

CONTINGENCY PLANNING AND DISASTER RECOVERY:
A SMALL BUSINESS GUIDE
by Donna R. Childs & Stefan Dietrich

2002, 288 Pages.

“Childs and Dietrich take small business owners through every stage of disaster planning, from preparation to response to recovery. Specific issues addressed include:

- What to do if the main office location is not accessible
- Getting the business up and running again
- Contacting third parties
- Handling insurance claims
- Adequate insurance for property, business interruption losses, and workers, compensation
- Rebuilding an IT infrastructure.

“Successful planning not only can limit the damage of an unforeseen disaster but also can minimize daily mishaps^such as the mistaken deletion of files^and increase a business,s overall efficiency. Contingency Planning and Disaster Recovery is the only contingency guide that small business owners need to ensure their company,s continued success.

Philip Jan Rothstein, FBCI, President

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