

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	26 September 2017
REPORT TITLE	Internal Audit Report AC1804 – Business Continuity Planning
REPORT NUMBER	IA/AC1804
LEAD OFFICER	David Hughes
AUTHOR	David Hughes

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the planned Internal Audit report on Business Continuity Planning.

2. RECOMMENDATION

- 2.1 It is recommended that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.

3. BACKGROUND / MAIN ISSUES

- 3.1 Internal Audit has completed the attached report which relates to an audit of Business Continuity Planning.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations of this report.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

- 6.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are as detailed in the attached appendix.

7. IMPACT SECTION

7.1 **Economy** – The proposals in this report have no direct impact on the local economy.

7.2 **People** – There will be no differential impact, as a result of the proposals in this report, on people with protected characteristics. An equality impact assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. The proposals in this report will have no impact on improving the staff experience.

7.3 **Place** – The proposals in this report have no direct impact on the environment or how people friendly the place is.

7.4 **Technology** – The proposals in this report do not further advance technology for the improvement of public services and / or the City as a whole.

8. APPENDICES

8.1 Internal Audit report AC1804 – Business Continuity Planning.

9. REPORT AUTHOR DETAILS

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ABERDEEN

CITY COUNCIL

Internal Audit Report

Business Continuity Planning

Issued to:

Bernadette Marjoram, Interim Director of Communities, Housing and Infrastructure
Fraser Bell, Head of Legal and Democratic Services
Derek McGowan, Head of Communities and Housing
Craig Innes, Head of Commercial and Procurement Services
David McIntosh, Emergency Planning Strategist
Steven Whyte, Head of Finance
External Audit

EXECUTIVE SUMMARY

Business Continuity is the capability of an organisation to deliver essential services during and after a disruptive incident, and resume normal service provision following such an event. Business Continuity Plans are maintained by the Council for this purpose.

The objective of this audit was to ensure that Business Continuity Plans are in place as required by the Business Continuity Policy and that arrangements adequately manage identified risks. This included a review of written procedures and training; business continuity plan completion, review and testing; post incident debriefs; key suppliers; reporting arrangements and risk registers.

Business Continuity Plans are generally in place for critical functions as required by the Business Continuity Policy however it was noted that some Plans were incomplete or were not in the format prescribed by the Business Continuity Policy. Other areas where improvements could be made include access to training; review and testing of Plans which were not always completed annually in line with the Business Continuity Policy; assessment of Key Suppliers and reporting arrangements of Plan review and testing. Actions have been agreed with Services in response to recommendations made in respect of these points.

1. INTRODUCTION

- 1.1 Business Continuity is the capability of an organisation to deliver essential services during and after a disruptive incident, and resume normal service provision following such an event. Schedule 1 Part 2 of the Civil Contingencies Act 2004 (the Act) defines the Council as a Category 1 Responder in relation to emergencies as defined by the Act. As such, Section 2 (c) of the Act requires the Council 'to maintain plans for the purpose of ensuring, so far as is reasonably practicable, that if an emergency occurs, the person or body is able to continue to perform his or its functions'. Business Continuity Plans are maintained by the Council for this purpose.
- 1.2 According to the Council's Business Continuity Policy, Business Continuity Plans must, as a minimum, address the following:
- staff safety, welfare and internal communications;
 - the continuance and resumption to normality of critical functions (as defined by Service Directors);
 - adherence to contractual and statutory obligations;
 - management of risk;
 - maintenance of customer confidence and the reputation of the Council.
- 1.3 Business Continuity Planning is undertaken by Service representatives assisted by the Emergency Planning Unit and representatives of support services such as Finance and ICT. This process involves identifying critical functions and the risks to their continued operation. Business Continuity Plans are then produced and tested and staff are trained in their use.
- 1.4 When preparing plans, consideration should always be given to the risk of loss of facilities, systems and staff. In addition, the response should be defined in terms of the duration of the impact, ie interruption to services for up to 24 hours; up to 3 days; and longer. Interdependencies between Services should also be considered when preparing plans.
- 1.5 In the event of an incident that disrupts a critical service, Business Continuity Plans will be used to co-ordinate the response, to rescue and recover work in progress, and manage the resumption of service delivery, ie ensuring accommodation and staffing are redeployed and systems are restored as required.
- 1.6 The objective of this audit was to ensure that Business Continuity Plans are in place as required by the Business Continuity Policy and that arrangements adequately manage identified risks.
- 1.7 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Derek McGowan, Head of Communities and Housing, and David McIntosh, Emergency Planning Strategist.

2. FINDINGS AND RECOMMENDATIONS

2.1 Written Procedures and Training

- 2.1.1 Comprehensive written policies and procedures and their effective communication are an essential element in any system of control. They are beneficial for the training of current and new employees and provide management with assurance of correct and consistent practices being followed, especially in the event of an experienced employee being absent or leaving.
- 2.1.2 A Business Continuity page is included on The Zone. This is clearly laid out, providing a definition of Business Continuity and links to the Business Continuity Policy and Procedures, as well as guidance and templates for carrying out testing of Business Continuity Plans and post incident debriefs, to identify lessons learned following an incident disrupting critical service delivery.
- 2.1.3 The Emergency Planning Unit is responsible for preparing the Business Continuity Policy for the Council. The Policy is comprehensive and adequately describes the definition of Business Continuity Management; the objectives of Business Continuity Plans; the basis for planning; the statutory requirements; roles and responsibilities in relation to Business Continuity Planning; the key considerations when preparing plans as well as how to carry out a post incident debrief exercise. In addition, the Policy includes a Corporate Business Continuity Plan template for Services to complete and a separate Emergency Response and Business Continuity Plan template for schools. These templates are well laid out with contents pages and examples of what is required. However, it was noted that the Business Continuity Policy was last updated in April 2014 and is therefore due to be reviewed.

Recommendation

The Business Continuity Policy should be reviewed and updated as required.

Service Response / Action

Agreed. This should be reviewed annually and timetabled as such.

Implementation Date

August 2017

Responsible Officer

Emergency Planning
Strategist

Grading

Important within audited
area

- 2.1.4 According to the Business Continuity Policy, it is the responsibility of the Emergency Planning Unit to provide access to Business Continuity training. The Emergency Planning Strategist advised that no formal training is provided, however the Emergency Planning Unit is available to assist with Business Continuity Plan reviews and testing. Whilst the Business Continuity Policy and Procedures are comprehensive and adequate, face-to-face training on how to prepare, review and test Business Continuity Plans could improve understanding of what is required and ensure Services prepare adequate Business Continuity Plans that comply with the Policy.

Recommendation

The Emergency Planning Unit should provide access to training to Services on preparation, review and testing of Business Continuity Plans.

Service Response / Action

Agreed. A Business Continuity Instruction Guide will be included on the Zone Business Continuity intranet page. The Service will provide face-to-face training if required and the Zone will be updated to reflect this.

<u>Implementation Date</u> August 2017	<u>Responsible Officer</u> Emergency Planning Strategist	<u>Grading</u> Significant within audited area
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2.2 Business Continuity Plan Preparation and Testing

2.2.1 According to the Business Continuity Policy, it is the responsibility of Service Directors to identify critical functions within their Service, and to produce and test related Business Continuity Plans. It is the responsibility of the Emergency Planning Unit, on behalf of the Corporate Management Team (CMT), to ensure effective Business Continuity Plans for critical functions are produced by Services, and to provide support to Services in the production and testing of their Business Continuity Plans.

2.2.2 The Zone Business Continuity webpage describes the following functions as critical, as defined by CMT, and therefore requiring a Business Continuity Plan:

Chief Executives Office

- Media Team

Corporate Governance

- Contact Centre, Service Centre & Regional Communications Centre
- Finance
- Human Resources including Health and Safety and Payroll
- Registrars
- ICT

Education, Culture and Sport

- Schools

Communities, Housing & Infrastructure

- Facilities Management
- Fleet Management
- Roads
- Bereavement Services
- Protective Services (Environmental Health)
- Homelessness
- Waste & Recycling

Integrated Health & Care

- All Functions

2.2.3 The Director of Communities, Housing and Infrastructure (CH&I) reported to CMT in January 2014, that Plans were in place for all of the above critical functions. The Emergency Planning Strategist, has advised that these Plans have been uploaded to a separate 'Resilience Direct' server, to be accessed in the event of the Council's servers failing.

2.2.4 A sample of 21 critical Business Continuity Plans across all Services was selected, including 10 schools. 21 Plans were in place and 11 were complete. The Adult Social Care Plans were in an old format, however the Team Manager Business Support for the Health and Social Care Partnership has advised that the Plans are in the process of being transferred to the new format, prior to being issued to plan owners to be checked and updated as required. The Facilities Management Plans were not in the prescribed format. Failure to prepare Plans in the format prescribed by the Business Continuity Policy

increases the likelihood that risks and mitigating controls will be omitted from Plans and may make the Plans more difficult to interpret in the event of an emergency.

Recommendation

Business Continuity Plans should be completed where incomplete.

The format prescribed by the Business Continuity Policy should be used when preparing Plans.

Service Response / Action

Agreed. These recommendations will be monitored through the Resilience Working Group on a clear timetable by 30 September 2017. The Emergency Planning Strategist will meet with Service Managers on a one-to-one basis reporting progress to the Resilience Working Group with final assurance on all plans provided by 31 December 2017.

Implementation Date

December 2017

Responsible Officer

Emergency Planning Strategist

Grading

Significant within audited area

- 2.2.5 It is a requirement of the Business Continuity Policy that plans are reviewed and tested annually. The Council's Records Management Plan was last updated in April 2016 and stated 'The Council is currently conducting a test and review phase of work, ensuring the quality assurance of critical function Business Continuity Plans, and the quarterly reporting of progress to the Council's Corporate Management Team.'
- 2.2.6 The Emergency Planning Strategist reviewed the Corporate Governance (CG) Business Continuity Plans in May and June 2016, providing comments and recommendations as appropriate and then met with the plan owners and CG Business Manager to agree changes to Plans. Thereafter, a desktop exercise was held in September 2016 to test the effectiveness of the Plans. The Emergency Planning Strategist advised Internal Audit in July 2016, as part of the Public Records (Scotland) Act audit, that the intention was to review CH&I plans by the end of August 2016 and test these in September 2016 and that all other plans were to be reviewed and tested by the 31 December 2016. This has not been achieved.
- 2.2.7 Whilst there is evidence that Services have processes in place to review and test Business Continuity Plans and to manage the process, a significant number of plans were incomplete and not all completed plans have been reviewed and tested as required by the Business Continuity Policy. Some that had been tested had failed the test. This means that there is a risk that, in the event of an emergency, there is no Plan in place to direct the response or that Plans are no longer relevant or may not work if required.
- 2.2.8 Currently Services maintain their own records of Business Continuity Plan review and testing status. These are in different formats and need to be requested from individual Service leads or Service Managers in the case of CH&I. This is inefficient for reporting purposes and increases the risk that Business Continuity Plan deficiencies will be missed and corrective action not taken.

Recommendation

The Emergency Planning Strategist should agree a timetable with Plan owners to review and test Business Continuity Plans where overdue.

A central record of progress on Business Continuity Plan review and testing should be maintained in a standardised format.

Service Response / Action

Agreed. Review and testing of Plans will be monitored through the Resilience Working Group.

Implementation Date

December 2017

Responsible Officer

Emergency Planning Strategist

Grading

Significant within audited area

2.3 Post Incident Debrief

- 2.3.1 Should an incident occur that disrupts the delivery of a critical service, the affected Service is required to carry out an Exercise Debrief to identify good practice and areas for improvement during the course of the response. The Exercise Debrief template is used for this purpose.
- 2.3.2 Three major incidents were selected to identify if an exercise debrief report had been prepared. Two had been assessed, covering: incident summary; event timeline; effect on business functions; assessment of response; lessons learned, both positive and negative, with related recommendations; and an action plan through use of the template. An independent review was carried out in relation to the third and all reports were submitted to CMT in a timely manner.
- 2.3.3 The Team Manager Business Support for the Health and Social Care Partnership has advised that the only recent incident affecting critical service delivery for the Health and Social Care Partnership related to a February 2017 Care Inspectorate report. The Emergency Planning Strategist advised a debrief session took place on 20 July and the Head of Operations – Health and Social Care Partnership has been provided with the debrief output and the Incident Report Template. The Head of Operations – Health and Social Care Partnership will be responsible for identifying the actions arising from the debrief.

2.4 Key Suppliers

- 2.4.1 Business Continuity Plans are required to include lists of key suppliers and the goods / services provided in order to deliver critical functions. Services are required to obtain Key Supplier Assessment Questionnaires, as shown in Appendix B of the Corporate Business Continuity Plan, which have been completed by key suppliers.
- 2.4.2 Although key suppliers have been identified in the Business Continuity Plans reviewed during this audit the questionnaires were blank. Commercial and Procurement Services (CPS) do not currently ensure Key Supplier Assessment Questionnaires are completed by key suppliers and the desired outcomes of the questionnaires are not included in contracts as standard. This increases the risk that goods and services required to deliver critical functions will not be supplied in the event of a failure at a key supplier. It has been agreed that Procurement Guidance will be issued on the requirement to obtain completed questionnaires for suppliers of goods and services required by critical functions. A recommendation is included for tracking purposes.

Recommendation

CPS should update Procurement Guidance Notes to reflect the requirement to obtain a Key Supplier Assessment Questionnaire for Key Suppliers.

Service Response / Action

Agreed.

<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
October 2017	Strategic Procurement Manager (Category Management)	Significant within audited area

2.4.3 Council Services can also be key to the delivery of a critical function and where this is the case they must be listed in the Business Continuity Plan. A sample of 4 Business Continuity Plans was selected, where Council Services were identified as key to delivery of a critical function, to ensure the Services were consulted and agreement was reached on the response expected to maintain service delivery. The Emergency Planning Strategist advised that agreement is not reached in such circumstances between Services and instead there is a requirement for Business Continuity Plans to be prepared by key Services in order to maintain service delivery. Business Continuity Plans were in place for the key Services listed in the Plans selected.

2.5 Organisational Resilience Self-Assessment

2.5.1 The Council engaged an Emergency Planning and Response Consultant in August 2016 to conduct an Organisational Resilience Self-Assessment exercise in order to establish the Council's capacity and capability to respond to an emergency. Standards were developed for the purposes of conducting the review based on British Standards on Organisational Resilience, Crisis Management and Business Continuity and other related guidance. Questionnaires were circulated to 119 third tier managers to be completed and 24 responses were received.

2.5.2 A draft report was prepared in April 2017 based on the responses to the questionnaires. This included findings concerning Business Continuity Plans including awareness being limited beyond those who have responsibility for Plans. A recommendation was made that Plans should be more accessible to staff, to support the early stages of a response.

2.5.3 The draft report includes an Action Log of all recommendations made in the report and has been issued to the Inspectorate of Constabulary for a peer review. The Chair of the Council's Resilience Working Group will monitor progress implementing recommendations. While the Action Log includes a column for responsible officers to be allocated to recommendations, it does not identify implementation dates increasing the risk that actions will not be completed in a timely manner.

<u>Recommendation</u>		
Implementation dates and responsible officers should be allocated to recommendations listed in the Action Log.		
<u>Service Response / Action</u>		
Agreed. The Resilience Working Group will monitor progress on recommendations listed in the Action Log and report to CMT on a quarterly basis.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
December 2017	Emergency Planning Strategist	Important within audited area

2.6 Reporting

2.6.1 The last Business Continuity Progress Report was presented to CMT by the Director of Communities, Housing and Infrastructure in November 2014. The report was prepared by the Emergency Planning Strategist and three other similar reports were presented to CMT throughout 2014, providing an update on the progress of reviewing and testing Plans.

The May 2014 report highlighted difficulty obtaining responses from plan owners. Similar difficulties were reported in the November 2014 report.

2.6.2 In May 2016 CMT agreed to set up a Resilience Working Group, in response to the Storm Frank flooding incident report, to monitor progress with the incident report action plan. The Resilience Working Group was subsequently set up, with the aim of ensuring the Council takes a consistent approach to emergency and business continuity management, which meets the requirements of the Civil Contingencies Act 2004 and its supporting guidance. As well as monitoring the flooding incident action plan, the group's objectives, as per its Terms of Reference, include ensuring appropriate plans, procedures and training are in place to support business continuity and emergency response, as well as ensuring Corporate and Service Emergency and Business Continuity Plans are routinely reviewed and tested.

2.6.3 The group was previously chaired by the City Centre Director and is now chaired by the Head of Communities and Housing. Service representatives are required to attend, as well as the Emergency Planning Strategist. The Group is scheduled to meet quarterly and report to CMT on this basis, as described in the Records Management Plan, but has only met once in August 2016 to discuss normal business. As a consequence the Group has not been in a position to update CMT on progress relating to reviewing and testing Business Continuity Plans or reporting on the status of incident action plans increasing the risk that Business Plans will not be prepared and tested as required. The Emergency Planning Strategist has advised that the Resilience Working Group will begin meeting quarterly and the Chair will update CMT on a quarterly basis. Recommendations are included here for tracking purposes.

Recommendation

The Resilience Working Group should meet quarterly to ensure appropriate Business Continuity Plans are in place, covering all critical areas, and to monitor progress on reviews and testing of critical Business Continuity Plans.

The outcome of Resilience Working Group Business Continuity Plan monitoring should be reported to CMT on a quarterly basis.

Service Response / Action

Agreed. The Resilience Working Group needs to have scheduled meetings so progress is updated as required.

Implementation Date

September 2017

Responsible Officer

Head of Communities and Housing

Grading

Significant within audited area

2.6.4 The Emergency Planning Strategist has confirmed that the Resilience Working Group has met since August 2016 to specifically discuss the terror threat level. The first meeting held on 16 January 2017 was to discuss planning for a change in the threat level. A subsequent meeting was held 24 May 2017 to discuss the change in the UK terror threat level from severe to critical.

2.6.5 The CG Business Manager provided reports to the CG Service Management Team (SMT) advising of progress reviewing Plans in January and June 2016. The action plan from the subsequent testing exercise of Plans was communicated to all involved in September 2016, including the Interim Depute Chief Executive (Director of Corporate Governance). No formal reports have been made to the Health and Social Care Partnership SMT on Business Continuity Plan status. The E&CS Directorate Support Manager has advised that E&CS Directorate Leadership Team (DLT) consider Business Continuity Planning fortnightly, as it is covered as part of the Directorate Risk Register standing agenda item.

Recent E&CS DLT agendas and minutes, were provided by the E&CS Directorate Support Manager. Whilst the Directorate Risk Register is considered as a standing item, the E&CS DLT minutes provided did not demonstrate that Business Continuity Plan testing and review status is being considered by E&CS Directorate Leadership Team. It was confirmed that reports on Business Continuity Plan review and testing are not submitted to CH&I SMT.

<u>Recommendation</u>		
Business Continuity Plan progress should be reported to Senior Management Teams on a quarterly basis and progress reports should be provided to the Resilience Working Group.		
<u>Service Response / Action</u>		
Agreed.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
December 2017	Head of Communities and Housing	Significant within audited area

2.7 Risk Registers

2.7.1 Risks registers are used as a tool to manage and monitor risk, which is the combination of the likelihood of an event occurring and its impact. According to the Council's Risk Management Manual, risk registers should record the status of individual risks; their causes and potential impact; the effectiveness of controls and mitigation; the designated risk owner; and the level of risk which is agreed to be tolerable.

2.7.2 Business Continuity Planning is described as a 'risk treatment' by the Risk Management Manual. The Risk Management Manual goes on to state 'Responsibility for treatment should be given to those who are in the best position to control risk.' The Emergency Planning Strategist has advised that where a requirement to prepare a Business Continuity Plan has been identified as a mitigating control within a risk register, there is an expectation that this would be completed by the risk owner and submitted to the Emergency Planning Unit. However, the Emergency Planning Unit do not currently review risk registers to monitor emergent risks for the purposes of testing Plans. This increases the likelihood that emergent risks identified in Risk Registers will not be mitigated by Business Continuity Plans. In addition, the Performance and Risk Manager has advised that while there are some service level Risk Registers in place which are actively managed this is not currently the case for all services.

<u>Recommendation</u>		
Service Risk Registers should be put in place for all service areas.		
The Corporate, Directorate and Service Risk Registers should be reviewed to identify emergent risks requiring to be mitigated by Business Continuity Plans.		
<u>Service Response / Action</u>		
Agreed. This will be managed through the Resilience Working Group and CMT.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
December 2017	Head of Communities and Housing	Important within audited area

AUDITORS: D Hughes
A Johnston

Appendix 1 – Grading of Recommendations

GRADE	DEFINITION
Major at a Corporate Level	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
Major at a Service Level	<p>The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.</p> <p>Financial Regulations have been consistently breached.</p>
Significant within audited area	<p>Addressing this issue will enhance internal controls.</p> <p>An element of control is missing or only partial in nature.</p> <p>The existence of the weakness identified has an impact on a system's adequacy and effectiveness.</p> <p>Financial Regulations have been breached.</p>
Important within audited area	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.