

APRA Draft Prudential Standard on Business Continuity Management Executive Summary

On 12 July 2004, APRA released the much anticipated draft prudential standard on Business Continuity Management (BCM).

The draft BCM standard has been released for public consultation with comments submitted in writing to APRA by 30 September 2004. It is expected that the finalised standard will be issued by December 2004, when it will take immediate effect.

This summary of the draft BCM standard highlights some of the more notable requirements for BCM regulation which will apply from the end of 2004. We hope that you find the summary a helpful overview of the draft BCM prudential standard.

For further details on the impact of the APRA Prudential Standard on BCM to your organisation, please contact

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The draft prudential standard on Business Continuity Management (BCM) applies to authorised deposit-taking institutions (ADIs), general insurers and life insurance companies (regulated institutions).

The draft standard defines the benchmark that APRA will expect regulated institutions to meet. Many of the requirements reflect the BCM development lifecycle familiar to all BC Managers. However, there are several requirements in the draft standard that are either new or extend the current expectations for BCM regulation. Key points to highlight include.

1. The Board and senior management have the prime responsibility for business continuity and they must report on compliance with the standard in their next annual risk management declaration as per existing prudential requirements.
2. APRA expects BCM to be approached on a whole of business basis for critical business functions including outsourced service providers.
3. The Board and senior management must establish thresholds for assessing materiality in BCM risk assessments, taking account of factors such as customer disruption, recovery timeframes and financial, reputation and regulatory impacts.
4. APRA has specified 7 disruption scenarios that must be considered in the BCM risk assessment.
5. Recovery strategies should be subject to cost benefit analysis as part of the selection process.
6. BCPs need to be created using a consistent method, and must include a clearly identified communications plan for internal and external stakeholders.
7. BCPs must be reviewed and tested at least annually and the results must be formally reported to senior management and the board.
8. Staff with specific BCM responsibilities should have performance objectives and define the training required to competently fulfil their role.
9. APRA has specified a maximum 24 hour notice period to inform them about any major disruptive event that has the potential to materially impact customers.
10. A regulated institution that is unable to immediately comply with the standard at its next reporting date after December 2004 will need to implement a transition plan that is acceptable to its APRA supervisor.