



Proceedings & Recommendations of the Working Group on Business Reporting & Resilience

Special Focus: the Voluntary Private Sector Preparedness
Accreditation and Certification Program

Hosted by:
International Center for Enterprise Preparedness (InterCEP)
New York University

DRAFT SUMMARY PROCEEDINGS DOCUMENT

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ABOUT INTERCEP

- The International Center for Enterprise Preparedness (InterCEP) is the world's first academic research center dedicated to private sector preparedness & corporate resilience.
- The Alfred P. Sloan Foundation funds InterCEP's research on incentives for business preparedness. The Center is currently addressing the following areas: insurance, rating agency, mitigating legal liability, supply chain management, corporate governance and business reporting.
- InterCEP's research focus is on the linkage of "what" & "why" of private sector preparedness and resilience.
 - What: best practices and standards
 - Why: business & economic motivations to develop greater preparedness and resilience

THE WORKING GROUPS INITIATIVE

The objectives of InterCEP's initiative to organize Working Groups focused on the voluntary business preparedness accreditation and certification program are as follows:

- To identify existing practices and principles in specific topical areas relevant to private sector preparedness;
- In view of these practices and principles, to identify issues, opportunities and potential strategies relevant to the design and implementation of the voluntary business preparedness certification program; and,
- To gather these outputs generated by Working Group participants and communicate them to program stakeholders including where appropriate DHS, and accrediting and certifying bodies.

Building on InterCEP's ongoing research on the business case for preparedness, there are currently five Working Groups, each focused on a particular area of business benefit that could potentially be enhanced by the PS-Prep Certification Program:

- Supply chain resilience
- Legal liability mitigation
- Rationalized business reporting of preparedness
- Insurance acknowledgement
- Rating agency acknowledgement

WORKING GROUP GROUND RULES

- Both online and face-to face forums are facilitated.
- Participants are encouraged to contribute directly to the conversation but should be recognized by the moderator first.
- Back-and-forth discussion is welcomed, especially in clarifying diversity in perspective.
- The forums were recorded to assure that key insights are captured but all comments are not-for-attribution.

EXECUTIVE SUMMARY

The PS-Prep Program can work to provide a common standards-based framework to acknowledge, credit, compare and understand existing preparedness practices.

As a preface to discussing the potential benefits, it is vital to underscore that this common framework of preparedness criteria supplied by PS-Prep designated standards should not displace existing industry practices. These existing practices are valuable elements of private sector preparedness developed through day-to-day real world experience. Rather the common framework should provide a tool to acknowledge, credit, compare and better understand existing practices across industries by providing common reference points, a Rosetta Stone in effect, to translate various practices and terminology across the various business sectors.

With this in mind, a common framework can have a variety of benefits.

Certification to a common framework can provide an easily acknowledged indication of preparedness to a variety of stakeholders including shareholders, employees, customers, partners and government. With this indication of preparedness, these stakeholders can make more informed decisions.

A common framework can assist in coordinating and making sense of a diversity of currently uncoordinated operational risk management practices, many of which are required as part of distinct regulatory or other compliance requirements. Often these activities may appear unrelated and are often undertaken solely for compliance purposes by the business without any clear perspective on their role in overall operational risk management/preparedness. Inasmuch as the PS-Prep Program is based on industry developed standards which reflect a generally wider and systematic approach to operational risk management, such a program could work to unify or integrate a diversity of otherwise disparate requirements. Coordination of activity through a common framework could lead to more effective operational risk management across the enterprise as well as the potential achievement of cost-efficiencies.

While likely a long-term undertaking, a common framework for operational risk management could overtime be acknowledged by multiple regulatory entities. This could minimize or optimally avoid current duplication and confusion in diverse preparedness regimes that has been reported in some sectors.

A common framework could facilitate the sharing of preparedness practices across industries, allowing one industry sector to learn from another. Such cross-pollination of preparedness practices could significantly support a more resilient private sector overall as each sector can learn from the success and challenges of others.

A common framework could facilitate the evolution of preparedness and operational risk management as a body of knowledge. With the ability to compare and contrast practices across industries and across time, the most effective practices to address common risks and challenges can more easily be identified and communicated. Collaboration can be enhanced through common terminology and frameworks. Integration of various approaches can be examined. It is likely that business case benefits of preparedness can be more easily identified as well.

Finally, it is important to note and underscore that since the standards under consideration for the PS-Prep Program are all "performance-based" standards, these standards are designed to support individual approaches to preparedness and not a "cookie-cutter" approach. Rather, performance-based standards focus on achieving key outcomes and not dictating how a firm should reach preparedness outcomes. This focus is vital to allow for continued innovation and adaptation in business / sector-specific approaches.

KEY POINTS

The PS-Prep certification offers an easy-to-acknowledge indication of organizational preparedness of value to a variety of stakeholders:

- Customers of a business and strategic partners can look to the certification as an indication of the reliability of the firm's operations in event of emergency.
- Employees can look to the certification as a commitment to both life safety of employees as well as the continuity of the business and thus their livelihoods.
- Investors can look to it as a confirmation that the business has taken concrete action to address risks posed to the operations of the business to assure its continuity of operations and the value of their investments.
- Boards of Directors can look to the certification as a method to help meet their fiduciary responsibilities in assuring that appropriate risk management strategies have been undertaken by the business.
- Government and the general public can look to the certification as the confirmation of a reliable and proactive private sector partner in crisis, especially in the arena of critical infrastructure.

The PS-Prep Program can also potentially provide a framework for a more rational and coordinated approach to a variety of reporting requirements around operational risk, thereby enhancing both cost efficiency as well as effectiveness of operational risk management.

- There are a variety of voluntary and mandatory reporting schemes for businesses which address various elements of operational risk management and preparedness. Examples include instructions from OSHA, JCAHO, SEC / FINRA, FFIEC, NERC, FDIC, CFATS, SARA Title III (see detailed discussion for information on each).
- These requirements frequently reflect piecemeal approaches to operational risk management often resulting from a focus on a specific risk or industry. They generally reflect distinct terminologies, measurement and reporting schemes for otherwise similar content. Furthermore, the requirements themselves often were developed primarily by government with limited private sector input, making them difficult to integrate with day-to-day operations of a business.
- The PS-Prep Program encompasses consensus-based standards developed by industry, reflecting private sector perspectives and day-to-day best practices. These specific standards also reflect a wide perspective beyond a specific risk and take a systematic approach to operational risk management as opposed to a piecemeal approach.
- The standards of the PS-Prep Program essentially provide a generic framework for organizational preparedness. These standards can and should be cross-walked to existing reporting requirements as well as specific business practices. This effort should be undertaken on a sector by sector basis with initial focus on the critical infrastructure sectors.
 - This is central to the legislation's requirement to credit existing industry efforts in the certification process.
 - It is reported that DHS Infrastructure Protection is currently initiating such an effort.
- In addition, these industry cross-walks can provide a framework approach rationalizing and integrating the divergent compliance-based and other operational risk management activities. It was reported that frequently risk compliance activities are undertaken for no other reason than that they are requirements. Clarifying the disparate activities in results-oriented framework with clear business benefit could have several benefits:
 - The various activities could be put in context of a wider risk management strategy to protect life and continuity of operations of the business.
 - Duplication can be identified and minimized.
 - Potentially, and over time, various reporting could be streamlined. To the extent that one element of compliance activity clearly encompasses another, the cross-walks could provide the evidence to encourage cross-honoring of compliance activity in various regulatory or other reporting regimes.
 - To be successful, this integrated framework approach will require ongoing effort and significant stakeholder collaboration (especially with various reporting bodies if there is to be cross acceptance of compliance activities).

- In the long term, an integrated framework approach could yield a more efficient and effective approach to operational risk management among many businesses. Such an integrated framework could put many of these regulations in focus and demonstrate how they protect the business and enable the achievement of other business objectives.

The PS-Prep Program can create a common reference for private sector preparedness / operational risk management. This common reference and common terminology can facilitate the sharing of preparedness practices across industry sectors. In turn, the sharing and organization of preparedness practices across various industries can support the overall advancement of the preparedness as business discipline.

- The PS-Prep Program could effectively spotlight several consensus-based industry-developed standards on preparedness. In doing so, this could tend to promote reference to these standards across various sectors thereby supporting a common language/terminology and structure around preparedness. Furthermore, the cross-walking / cross-mapping of existing sector specific industry practices and reporting requirements could also add greater focus on these standards.
- The cross-mapping of existing standards to the common standards could also essentially provide a Rosetta Stone – a method to cross-reference the existing preparedness efforts in one industry with another.
 - This could provide the opportunity for each sector to effectively learn from the other, building upon both successes and failures. Utilities will be able to learn from banks and vice-versa.
 - The ability to identify, compare and contrast various approaches to key preparedness activities could forward the development of the entire body of knowledge and practice of operational risk management and preparedness – making it more effective.

Performance standards for the PS-Prep Program should not displace existing business practices in preparedness but support and credit individual company and sector specific approaches to preparedness and operational risk management.

- Unlike prescriptive standards which might require very specific activities on the part of an organization, a performance standard identifies an outcome and allows the organization to determine how to achieve the outcome based on their own organization's context and resources.
- The three standards under current consideration by DHS are all performance standards.

The design of the certification program should undertake to recognize, where feasible, existing reporting on business preparedness that is already undertaken by firms as they file reports for the purposes of insurance underwriting, ratings analysis, supply chain resilience and legal documentation.

- In order to give credit for those existing reporting requirements, a comprehensive listing of preparedness-related reporting frameworks, regulations, guidelines and practices should be cross-walked to the designated DHS standards which would enable comparison and assist in delineating the extent to which existing efforts may be considered or credited within the certification process.
- Due to the unique set of requirements in each sector, a vertical industry-specific approach to cataloguing and listing existing reporting requirements would be preferred. When combined with generic target criteria for types of reporting activities, a flexible yet specific approach to crediting existing reporting could be developed.

Implementation of any voluntary certification was seen as a resource-intensive activity for which a clear business case would need to be made which should be integrated with the justification of existing business continuity personnel, departments and budgets.

THE BUSINESS REPORTING PERSPECTIVE

InterCEP's ongoing research on incentives for business preparedness has indicated that businesses already operate within a variety of different reporting frameworks, both voluntary and regulatory, that address elements of emergency management and business continuity. With regard to the potential significance of the voluntary business certification program in reference to these existing frameworks, discussion among participants in the forums of the Business Reporting Working Group is framed by the following key questions:

- What existing business reporting requirements (including voluntary and regulatory frameworks) address elements of preparedness?
- How should the preparedness certification program be designed and implemented in order to accommodate/acknowledge existing preparedness reporting efforts and avoid any unnecessary duplication?

WORKING GROUP SUMMARY PROCEEDINGS TO DATE

A series of teleconference and online forums were held in the fall of 2007 after the passage of the initial legislation regarding the PS-Prep Program. Beginning in early 2008, a diverse group of private sector executives and public sector officials additionally convened in online, conference call forums of the Business Reporting Working Group to discuss existing reporting requirements and how they might be acknowledged by the Voluntary Private Sector Preparedness (PS-Prep) Certification Program. On April 15, 2009, the Business Reporting Working Group convened at New York University's campus to continue earlier discussion threads and to provide additional insight on the PS-Prep program developments.

InterCEP has identified general themes developed during the Working Group discussion. In this summary, these themes are briefly articulated, and then specific issues relevant to each theme are presented. Comments by participants have not been independently confirmed by InterCEP.

A. EXISTING PRACTICES AND PRINCIPLES RELEVANT TO BUSINESS REPORTING

• **Participants cited a number of existing reporting frameworks, regulations and industry practices that address emergency preparedness and resilience which should be considered in the development and implementation of the certification program, including the following:**

- **SEC / FINRA:** In 2004, the Securities and Exchange Commission (SEC) approved NASD and NYSE rules (File Nos. SR-NASD-2002-108 and SR NYSE-2002-35), that require members to have in place business continuity plans relating to an emergency or significant business disruption. Furthermore, NYSE Regulation and the NASD have merged to form the Financial Industry Regulatory Authority (FINRA), which is currently in the process of merging the two rules into a single rule for all broker-dealers. In addition, the SEC also has other rules and interagency papers that set resiliency goals for exchanges, clearing organizations and significant firms handling 5% or more of volume in a critical market.
- **The Federal Financial Institutions Examination Council (FFIEC):** The FFIEC has developed a Business Continuity Planning Work Program designed to determine the quality and effectiveness of the organization's business continuity planning process, and determine whether the continuity testing program is sufficient to demonstrate the financial institution's ability to meet its continuity objectives. The FFIEC Business Continuity Planning Booklet is one of the twelve booklets that comprise the FFEIC IT Examination Handbook. While the BCP booklet is most frequently considered in reference to the development of preparedness standards, the issue of business continuity and resiliency runs throughout the other eleven booklets as well, which include topics such as: Audit, Management and Operations; Outsourcing Technology Services; Supervision of TSP's (Technology Service Providers); e-Banking, Fed Line, Retail and Wholesale Payment Systems; Development and Acquisition; Information Security; etc. Each and all of these

booklets should therefore be considered by financial services firms when addressing issues of preparedness and resiliency.

- **BITS Financial Institution Shared Assessments Program (FISAP):** BITS is a not-for-profit, CEO-driven financial service industry consortium made up of 100 of the largest financial institutions in the US. BITS administers the Financial Institution Shared Assessments Program (FISAP), a process for financial institutions to evaluate the security controls of their IT service providers.
- **North American Electric Reliability Corporation (NERC):** Within the electrical utilities industry, The U.S. Department of Energy has designated the North American Electric Reliability Corporation (NERC) as the electricity sector coordinator for critical infrastructure protection. NERC's Critical Infrastructure Protection Committee (CIPC) coordinates NERC's initiatives in the areas of cyber security, physical security, and operational security.
- **The National Security for Emergency Preparedness (NS/EP) Telecommunications Program:** Administered by the U.S. Federal Communications Commission (FCC), the National Security for Emergency Preparedness (NS/EP) telecommunications program requires telecom firms to provide critical services that are used to maintain a state of readiness. Additionally, telecom firms are required to respond to and manage any event or crisis (local, national, or international) that causes or could cause injury or harm to the population, damage to or loss of property, or degrade or threaten the national security or emergency preparedness posture of the United States.
- **The Joint Commission on the Accreditation of Healthcare Organizations (JCAHO):** JCAHO sets standards for healthcare organizations and issues accreditation to organizations that meet those standards, which include elements of business continuity and emergency preparedness. IM 2.30 was referenced as addressing business continuity for hospitals. It was reported that related efforts may include:
 - **The Osteopathic Hospital Association**
 - **The Hospital Emergency Incident Command System (HEICS)**
- **The Occupational Safety and Health Administration (OSHA):** OSHA, within the U.S. Department of Labor, administers a series of Occupational Safety And Health Standards (1910) that bear upon emergency preparedness, including requirements for business to have emergency action plans, to control dangerous work conditions and hazardous substances, etc.
- **The Customs-Trade Partnership Against Terrorism (C-TPAT):** Administered by the U.S. Customs Service, The Customs-Trade Partnership Against Terrorism (C-TPAT) is a joint government-business initiative to build cooperative relationships that strengthen overall supply chain and border security by ensuring the integrity of their security practices and communicating their security guidelines to their business partners within the supply chain.
- **The Superfund Amendments and Reauthorization Act (SARA) Title III:** Any business which stores, uses, or releases hazardous materials may be required to comply with one or more provision of SARA Title III, known as the Emergency Planning and Community Right to Know Act, (40 CFR 300-355). This legislation establishes the public's right to know what chemicals are stored in their communities and requires state and local governments to establish local committees to identify hazardous materials and to plan for responding to releases of the materials.
- **The Chemical Facility Anti-Terrorism Standards (CFATS):** Administered by the U.S. Department of Homeland Security (DHS), CFATS requires firms in the chemical industry to conduct a security vulnerability assessment (SVA) and then develop and implement a Site Security Plan (SSP) implementing security measures that meet Risk Based Performance Standards (RBPS).
- **The State Of New York Insurance Department:** The Department has issued a series of Circular Letters (e.g., Circular Letter No. 1 (2008) that require insurance companies to report on their own disaster response plans, especially as these plans are necessary to maintain the effectiveness and accuracy of information used by the NYS Disaster Coalition in the event of a future disaster.
- **Health Insurance Portability and Accountability Act of 1996 (HIPAA):** Administered within the U.S. Department of Health and Human Services (HHS), HIPAA includes a Security Rule 164.308(a)(7) that requires firms that handle health-related information to have administrative

- safeguards including contingency plans, disaster recovery plans, and data backup plans; physical safeguards including access controls and contingency operations; and technical safeguards including emergency access procedures.
- **Maturity Models:** Maturity models (including those developed by the Financial Services Technology Consortium (FSTC) and the Virtual Corporation) provide a means of differentiating levels of proficiency in practice, and allow for management decision-making about how to improve practice over time. For example, a non-critical business unit may require only Level 1 maturity for its business continuity program, while a critical unit involving hazardous materials may require the highest Level 5 maturity. While not regulatory or reporting requirements per se, maturity models could potentially be considered by the certification program in some regard.
 - **Environmental Regulatory Reporting:** Environmental reporting requirements may additionally be considered where appropriate.
 - **Federal Deposit Insurance Corporation (FDIC):** It was reported that the FDIC has certain preparedness and continuity guidance for targeted financial services firms.
 - **Quality Management and Environmental Management Voluntary Certifications (ISO 9000 & ISO 14000 and revisions):** These voluntary certifications address conformity with key international management system standards.
 - **The Sarbanes-Oxley Act of 2002 also known as the Public Company Accounting Reform and Investor Protection Act of 2002:** Sarbanes-Oxley, Sarbox or SOX establishes new or enhanced standards for all U.S. publicly traded boards of directors, management, and public accounting firms. It does not apply to privately held companies.
 - **U.S. Centers for Disease Control (CDC) and Pandemic Flu Preparedness Guidelines & Reporting:** It has been reported that some states are requiring some organizations to develop plans based on the CDC recommendations for pandemic flu preparedness. There has also been federal and industry focus on this area, especially in the financial services industry which has undertaken industry-wide exercises in this regard.

B. VALUE AND THE BUSINESS CASE FOR PS-PREP CERTIFICATION

- **Facilitating reporting to shareholders and other stakeholders should be considered:** Parallels to the Global Reporting Initiative (GRI) which addresses sustainability should be explored. Potentially the development of a set of guidelines for preparedness/resilience reporting should be considered.
- **The history of ISO 9000 and 14000, and more recently BS 25999, provides a useful roadmap for how to structure, implement, and audit for a voluntary certification program, as well as data on making the business case for voluntary certification.**
 - The business case for voluntary certification may ultimately be driven by how the PS-Prep certification is utilized in the supply chain.
 - For one firm recently undertaking BS 25999 certification, business continuity and emergency response is seen as a competitive advantage, even though it required significant internal resources to achieve.
 - The same firm reported choosing BS25999 as “it is global” and they are a global enterprise; the standard was viewed as more “mature” as it related to the firm’s viewpoint of business continuity and disaster recovery; and it was certifiable.
- **Drivers for evolution of the PS-Prep Program may likely come from early adopters who see public awareness of their certification status as a competitive advantage. Other drivers may include inclusion of the preparedness certification as a requirement of the procurement process.**
 - One participant noted “It is a strategic imperative and a competitive advantage to have resilient capabilities.”
 - One firm reported taking the “Force Majeure” clause out of their suppliers’ contracts and emphasized that with good business continuity programs, the suppliers should be able to withstand and survive such events.

- **Supply chain partner reporting on resilience may be a major consideration going forward.**
This is the focus of a dedicated Working Group hosted at InterCEP.

C. CONSIDERATIONS FOR DESIGN AND IMPLEMENTATION OF PS-PREP CERTIFICATION PROGRAM

- **Participants acknowledged the importance of making sure that the voluntary certification program incorporates recognition of existing regulatory and voluntary reporting requirements that address emergency preparedness and business continuity.**
 - Many businesses already report their efforts to develop and improve business continuity and emergency preparedness capabilities, whether based on regulatory requirements, voluntarily in accordance with existing practices, or in the context of second-party audits that take place between and among supply chain partners.
 - As stipulated in the legislation, the voluntary certification program should where appropriate integrate and recognize such ongoing efforts.
 - From an efficiency standpoint, the certification process should “piggy-back” on any relevant assessment or auditing process undertaken for existing reporting.
 - Participants also acknowledged the importance of promoting professional development and competency of their internal staff as confirmed by professional certifications from organizations such as the Business Continuity Institute (BCI) and the Disaster Recovery Institute International (DRII). It was suggested that personnel certifications by such organizations should be considered in the PS-Prep certification audit.
- **The certification program should consider recognition of efforts undertaken by firms to report preparedness efforts in the contexts of insurance underwriting, rating agency analysis, supply chain resilience and legal documentation.**
 - The primary orientation of InterCEP’s other four Working Groups (Insurance, Legal, Supply Chain and Rating Agency) is to explore how the certification program might be designed to provide information relevant to the development of business incentives in each of these areas. However, it is relevant to consider how, conversely, existing efforts in those areas may be taken as inputs to the certification process. Just as existing reporting efforts may need to be integrated into the certification audit process, so too existing efforts to present evidence of preparedness to underwriters, lawyers, ratings analysts, and second-party auditors in supply chain relationships may also be integrated.
- **Reporting and documentation on conformity to relevant existing preparedness and continuity standards and other guidance should be evaluated for potential recognition by the certification program even if the specific standard may not be a designated core standard of the program.**
 - Examples of potentially relevant standards were identified by representatives from RIMS, ASIS, NFPA and DRII, who worked together on an initiative sponsored by the Alfred P. Sloan Foundation to develop a “Framework for Voluntary Preparedness.”¹ The document provides a crosswalk that emphasizes the commonalities that exist between a number of existing standards and other guidance, including:
 - NFPA 1600: 2007 – Standard on Disaster/Emergency Management and Business Continuity Programs
 - BS 25999-2: 2007 – Business Continuity Management – Part 2: Specification
 - CSA Z1600: Standard on Emergency Management and Business Continuity Programs
 - TR19: 2005 – Technical Reference for Business Continuity Management (BCM)
 - ISO Publicly Available Specification (PAS) 22399: 2007 – Societal Security: Guidelines for Incident Preparedness and Operational Continuity Management.

¹ Op cit.

- ASIS International – Organizational Resilience: Preparedness and Continuity Management Best Practices Standard.
 - DRI/BCI – Professional Practices for Business Continuity Planners.
- Working group participants also referenced yet another preparedness standard from Singapore, SS507: 2004, which covers business continuity/disaster recovery (BC/DR) service providers.
- **One of the challenges in the business continuity, emergency management and disaster management fields is the diversity of terminology for similar concepts or core elements.**
- **Participants discussed the potential value of a comprehensive list of preparedness-related reporting frameworks and regulations, guidelines and practices. Optimally, these would be cross-walked or mapped to a common set of core criteria.**
 - If specific, existing preparedness reporting requirements, voluntary and regulatory, are to be credited or recognized by the PS-Prep Program, the following actions were suggested:
 - The content of the reporting or other activity could be mapped to the designated standards by considering basic core elements of the target criteria and the Sloan Framework;
 - Once mapped, additional elements could be added such as:
 - is the reporting independently verified – e.g., by a bank examiner, and
 - what evidence is available to verify this reporting practice?
 - The mapping document would optimally be developed initially with critical infrastructure sectors and their coordinating councils, industry representatives, and others. The guidance would apply existing requirements and best practices already in use for each sector and match them up with either generic core elements of the standards or a specific standard itself.
 - This mapping document should ultimately be vetted with ANAB; auditors would need to be educated as to its use as a resource to “inform” auditors during the assessment process.
- **Existing and related self-assessment and self reporting efforts should be considered in any conformity assessment process:** These may include elements of the Open for Business Program of the Institute for Business & Home Safety as well as the American Red Cross Ready Program. Additionally, activity involved in first party attestation to the PS-Prep Program, essentially self-assessment, should be integrated where appropriate into any second or third party certification efforts.
- **A key aspect of crediting existing reporting efforts is tied to the need for guidance and training provided to auditors as they conduct assessment activities for third party certification efforts so that a consistent interpretation is made. In addition, the identification of generic target criteria for classifying reporting activities would be of value.**
 - Generic target criteria for classifying reporting activities might include indicators as to the purpose and objective of reporting; the subject of reporting; whether the reporting is an update to existing information or new information based on a change; how much information is being reported; and to whom the report is being made. These target criteria could be provided to audit firms after approval by ANAB.
 - Criteria should be developed to indicate which existing business reports would pass the “evidence test” for audit activities without the need for other follow-up verification.
 - The audit process should follow generally-accepted practice outlined in the relevant international standards ISO 17021 and ISO 19011.
- **Suggestions from various Working Group participants for the design of the PS-Prep Program also included the following:**
 - Maintain the flexibility to use different certification bodies
 - Investigate the utilization of a spiral or pilot approach to initiate program.

- Consider multiple levels of preparedness certification (e.g., bronze, gold and platinum) mirroring a maturity model approach.
- Establish a process to acknowledge the professional certification of business continuity staff in the process.
- Evaluate initiating the program with second party and self-declaration options, then progressing to third party certifications after the program has worked out any initial issues.

INTERCEP'S ACTIVITIES

InterCEP is committed to supporting the Business Reporting Working Group by undertaking the following activities:

- Produce high-level summary proceedings of Working Group meetings, to be drafted by InterCEP, then vetted with participants, and finally distributed for stakeholder consideration;
- Develop greater awareness within the general business community of the voluntary business preparedness certification program;
- Produce research output that presents knowledge generated by the Working Group relevant to the design and implementation of the voluntary business preparedness accreditation and certification program;
- Develop an online clearinghouse of documentation relevant to the voluntary business preparedness accreditation and certification program.

SETTING THE WORKING GROUP AGENDA MOVING FORWARD

Next steps possibly to be undertaken by InterCEP with the support and involvement of members of the Business Reporting Working Group include:

- Develop a comprehensive list of relevant, existing reporting requirements, regulations and industry activities etc. that address emergency preparedness that could be potentially credited or otherwise integrated into the certification program. Key components of this next step may include:
 - Reaching out to sector-specific industry/trade associations to identify relevant reporting and regulatory practices.
 - Reaching out to DHS critical infrastructure sector coordinating councils.
 - Reaching out to all relevant discipline-specific professional associations (e.g., ASIS, RIMS, IAEM, ISMA, DRII, ACP, NEMA, etc.) as a way to inform and mobilize their members.
 - Reaching out to regional public-private partnerships and other associations of risk oriented professionals (e.g., the Great Lakes Business Recovery Group (GLBRG), Chicago First, Business Executives for National Security (BENS), Contingency Planning and Recovery Management (CPARM), the Southeast Business Recovery Exchange (SEBRE), the Contingency Planning Association of the Carolinas (CPAC), Business Continuity Professionals of the Carolinas (BCPC), etc.)
- Relate this list to the designated standard(s) of the certification program and/or alternatively to the set of common preparedness elements identified in the Sloan Framework for Voluntary Preparedness.
- Develop a recommendation for a methodology to credit conformity with components of this list in receiving certification under the program.

With respect to each of these possible next steps, InterCEP seeks feedback and indications of interest from Working Group participants and readers of this document in response to the following questions:

- Do you think these next steps would have value?

- Do you have any information relevant to these next steps?
- Would you like to get involved and help craft these next steps?

In general, InterCEP is committed to facilitating the agenda for the Working Group, including additional next steps and other action items, based on the feedback gathered from participants in response to these additional questions:

- Who else should be at this table?
- In what forums should this discussion be taking place?
- Who/what are the most relevant individuals, job titles, organizations, associations, etc.?
- What concrete next steps can be taken to acknowledge, integrate, and credit existing efforts?
- Additional next steps – what are we missing?
- What meeting formats are most appropriate to maximize participation and productivity?
- How regularly should Working Group meetings be scheduled?

InterCEP encourages readers of this document and other stakeholders to contact us on an ongoing basis with questions, comments and suggestions regarding the Working Group agenda, as well as in reference to the broader process of developing and implementing the certification program. InterCEP's efforts to support this process are undertaken independent of any government agency or accrediting body with the financial support of the Alfred P. Sloan Foundation.

OVERVIEW OF THE NEW LAW ESTABLISHING A PRIVATE SECTOR PREPAREDNESS ACCREDITATION & CERTIFICATION PROGRAM

“The Implementing Recommendations of the 9/11 Commission Act of 2007” (Public Law 110-53 – Title IX, Section 524) was signed into law on August 3, 2007. Section 524 calls for the creation of a voluntary business preparedness accreditation and certification program. The legislation stipulates that the program should:

- Provide a method to independently certify the emergency preparedness of private sector organizations, including disaster/emergency management and business continuity programs;
- Be administered outside of government by third party organizations with experience / expertise in managing and implementing voluntary accreditation and certification programs;
- Be voluntary;
- Designate one or more preparedness standards. NFPA 1600 is referenced as an example;
- Integrate/recognize existing industry efforts, standards, practices and reporting in this area;
- Give special consideration to small businesses; and
- Protect proprietary and confidential information of companies.

DEPARTMENT OF HOMELAND SECURITY'S RESPONSIBILITIES UNDER THE LAW & SUMMARY OF CURRENT STATUS, as of December 1, 2009

The legislation also assigns the following specific responsibilities to the U.S. Department of Homeland Security (DHS):

- DHS is to designate one or more organizations to act as the accrediting body to develop and oversee the certification process, and to accredit qualified third parties to carry out the certification program;
 - In July, 2008, DHS designated ANAB as the accrediting body, the same organization that has been administering private sector certifications in the United States in such areas as

quality management systems (ISO 9000) and environmental management systems (ISO 14000) for over twenty years.

- DHS is to separately designate one or more existing standards for assessing private sector preparedness;
 - Over the course of late 2007, 2008 and 2009, DHS outreached to the private sector seeking input into their planning for the new program.
 - On December 24, 2008, DHS released an announcement in the Federal Register which discussed the essential elements of the program, described the consultation that has taken place to date and will take place with the private sector, and further announced that it seeks additional recommendations in a number of areas, including the private sector preparedness standards that DHS should adopt, both initially and over time. The announcement included for comment tentative target criteria to be used in determining which standards to designate. These criteria closely paralleled those in the Sloan Report.
 - On January 13 and February 23, 2009, DHS held two stakeholder meetings in Washington DC open to the public to engage in dialogue with DHS leadership and program managers regarding the Voluntary Private Sector Preparedness Accreditation and Certification Program (PS-Prep). Announced topics included the adoption of private sector preparedness standards; comments regarding a maturity model process improvement approach; small business participation and concerns; comments regarding the business case; and comments regarding the accreditation process and certification process.
 - DHS has yet to designate one or more standards, however three standards have been proposed.
- DHS is to provide information and promote the business case for voluntary compliance with preparedness standards;
 - DHS is currently undertaking research efforts in this regard and InterCEP is assisting based on its historical research on the business case for resilience.
- Monitor the effectiveness of program on an ongoing basis.
 - A committee has been established within DHS to coordinate activity on the PS-Prep Program consisting of representatives from FEMA, the DHS Private Sector Office, Science & Technology Directorate and the Office of Infrastructure Protection.

CURRENT STATUS & TIMELINE OF ACTIVITY

As of December 1, 2009, key activities in the development of the Private Sector Preparedness (PS-Prep) Program development process include the following. Note this timeline is not all inclusive and focuses on government, accrediting body and Center activity.

- **Legislation Enacted Calling for the Creation of Private Sector Preparedness Accreditation Program (August 3, 2007).** Public Law 110-53 signed into law.
- **DHS Begins Outreach Efforts (Fall 2007).**
- **13 Online Forums Held to Discuss & Solicit Input on New Program, hosted by InterCEP (Fall 2007):** Several hundred organizations participated nationally in a series of thirteen online forums. These were held both to provide a platform for exchange of information on the evolving program and to begin to solicit input from key stakeholders on how the program should be developed. Each of these forums addressed a different facet of the prospective program. InterCEP hosted these forums and subsequently summarized their findings and communicated them to key stakeholders including the U.S. Department of Homeland Security (DHS) which is responsible for initiating the program. <http://www.nyu.edu/intercep/events/20081010-415.html>

- **Meeting of Key Private Sector Associations & Leading Companies Held to Discuss Program, Hosted by Sloan Foundation (October 23, 2007):** The Alfred P. Sloan Foundation, a leader in supporting preparedness initiatives and a primary funder of InterCEP, convened a forum of key stakeholders to discuss the evolving program and investigate cooperative approaches. InterCEP collaborated in this effort. Consensus was reached at this forum that “flexibility within a framework” of existing preparedness guidance should be promoted and that there was substantial commonality of core elements among existing preparedness standards and guidance. The forum members included representatives from four major industry associations (ASIS, DRII, NFPA, and RIMS), who later collaborated to develop a framework to identify relationships between existing private sector preparedness approaches. A report outlining their findings was released entitled “Framework for Voluntary Preparedness.”
- **Stakeholders Outreach Meeting Held at InterCEP with Support of Sloan Foundation (December 10-11, 2007):** More than fifty representatives from industry associations and private sector firms met with DHS and other government officials in this Sloan sponsored forum on the National Voluntary Private Sector Certification Program, facilitated by InterCEP at NYU. A summary of proceedings was developed which identified several key points of wide agreement around the design and operation of a certification program, the designation of an accreditation body, the selection of preparedness standards, and the business case for preparedness. A key next step identified in this regard was the development of working groups dedicated to specific incentive areas, such as insurance, supply chain, rating agencies, etc., which could assemble key stakeholders around each incentive area and act to promote the advancement of that incentive through the certification program.
- **Multi-Disciplinary Report Released Finding Common Core Elements of Preparedness Practice across Disciplines (January 2008):** A ‘Framework for Voluntary Preparedness’ encompassing multiple preparedness standards and other guidance was developed by key organizations (RIMS, DRII, ASIS, NFPA) with the support of the Alfred P. Sloan Foundation.² The “Sloan Report” argues for flexibility within a framework in terms of preparedness standards and related certification activity. It underscores the commonality of core elements of practice across various disciplines of risk management including security, business continuity, enterprise risk management and emergency management. A copy of the full document is available at: http://www.nyu.edu/intercep/document-clearinghouse/alfred_p_sloan_foundation_fram.html
- **Five Working Groups Established to Inform the Development & Implementation of New Program with Focus on Bottom-Line Incentives/Economic Impacts, hosted by InterCEP (March 2008):** The Center seeks to serve as a catalyst and collaborator with the goal to work with other organizations to promote both awareness of the new program and input into its development. To that end, the Center began hosting a series of working groups in order to expand and focus stakeholder involvement in the ongoing development of the program. These working groups built upon the momentum established in various forums in the fall of 2007 but promote more focused discussion and input around targeted topics. The overall objectives guiding these groups have been initially set at (1) to identify existing practices and principles in specific topical areas relevant to private sector preparedness; (2) in light of these practices and principles, to identify issues, opportunities and potential strategies relevant to the design and implementation of the voluntary business preparedness certification program; and, (3) to gather these outputs generated by working group participants and communicate them to program stakeholders including where appropriate DHS, accrediting and certifying bodies.

InterCEP’s research suggests that the success of the accreditation and certification program will depend largely on the extent to which the program addresses operational needs of

² Cf. “Framework for Voluntary Preparedness – Briefing Regarding Private Sector Approaches to H.R. 1 and public Law 110-53 ‘Implementing Recommendations of the 9/11 Commission Act of 2007’ Title IX” prepared by representatives of ASIS International, DRII, NFPA, and RIMS. Available at www.sloan.org

organizations and to which bottom-line incentives can be forwarded through the program. Working groups were therefore organized around topics that correspond to key elements of potential business value. Additional information is available at: <http://www.nyu.edu/intercep/events/20080219-296.html> Initial online forums were held as follows:

March 7, 2008: Legal Working Group
March 14, 2008: Supply Chain Working Group
March 18, 2008: Insurance Working Group
March 27, 2008: Rating Agency Working Group
March 28, 2008: Business Reporting Working Group

- **InterCEP Testifies to Congress on the Private Sector Preparedness Certification Program and Insights from Working Group Activity (May 14, 2008):** InterCEP Director Bill Raisch testified before the U.S. House of Representative's Homeland Security Subcommittee on Transportation Security & Infrastructure Protection. The hearing focused on partnering with the private sector to secure critical infrastructure. Mr. Raisch delivered testimony on private sector resiliency, and in particular on the new voluntary certification program for business preparedness and findings from private sector input. Additional information and testimony available at: <http://www.nyu.edu/intercep/events/20080524-389.html>
- **Accrediting Body for New Certification Program Formally Announced by Homeland Security:** On July 30, 2008 the U.S. Department of Homeland Security announced that "it has signed an agreement with the non-governmental ANSI-ASQ National Accreditation Board (ANAB) to establish and oversee the development and implementation of the accreditation and certification requirements for the Voluntary Private Sector Preparedness Accreditation and Certification Program." Specifically, ANAB is to "develop and oversee the certification process, manage the accreditation, and accredit qualified third parties to carry out the certification in accordance with the accepted procedures of the program."
 - InterCEP anticipates that ANAB will set out the basic structure, processes and quality control for the accreditation program and will be responsible for "accrediting" the organizations that will undertake the actual certification efforts. These accredited organizations will in turn audit individual companies and if appropriate "certify" the companies that conform to the designated preparedness standard(s).
 - ANAB has for many years played a similar role as the accrediting body for the voluntary private sector certification programs addressing quality management (ISO 9001), environmental management (ISO 14001), information security management (ISO 27001) and numerous other industry requirements. As such, ANAB has had significant business interface and is expected to be sensitive to the concerns and needs of business. ANAB is headquartered in Milwaukee, Wis. and is a certified member of the International Accreditation Forum. ANAB is the only accreditation organization for process/management system certifiers based in the United States. The full release is available at: <http://www.fema.gov/news/newsrelease.fema?id=45280>
- **Initial InterCEP Working Group Proceedings Released and Provided to Accrediting Body & U.S. Homeland Security (July/August 2008):** Proceedings of Working Groups were released generally and provided directly to both the U.S. Department of Homeland Security (DHS) and the accrediting body for the new Voluntary Private Sector Preparedness Certification Program, ANAB. These proceedings are informing initial planning activity for the program. These proceedings reflect issues and recommendations identified in earlier forums held on the new program by the various Working Groups. These proceedings were distributed in draft form to registered Working Group participants for comment. InterCEP then prepared the proceedings for public release. The Working Groups are being hosted by InterCEP to facilitate input on the design and implementation of the new certification program and to assure that the program

reflects the concerns and needs of the private sector. Information on the Working Groups and the proceedings is posted on the InterCEP website at <http://www.nyu.edu/intercep/certification/>

- **U.S. Department of Homeland Security Lays Out Initial Direction for Voluntary Certification Program (July 30, 2008):** DHS set out its initial direction for the certification program in a media release. Selected excerpted points follow:
 - *Program Management Structure:* FEMA Administrator R. David Paulison has been named the designated officer responsible for the program on an overall basis. In this role, the administrator will chair the Private Sector Preparedness Council comprised of Department leadership from the Science & Technology Directorate, Office of Infrastructure Protection, and Private Sector Office; all of which will advise on the development of the program.
 - *Accreditation Body:* As previously discussed (above), DHS has established an accrediting body by designating the ANSI-ASQ National Accreditation Board (ANAB) to develop and oversee the certification process
 - *Preparedness Standards:* Per the legislation, DHS is to designate one or more standards for assessing private sector preparedness. The department has stated that “in developing and implementing the program, DHS will consider preparedness standards, business continuity standards, and best practices established under other provisions of Federal law, regulations, and as established by sector-specific agencies. DHS will coordinate with other preparedness and business continuity programs in other Federal agencies.”
 - *Request for Comment:* DHS announces an outreach to a diversity of private sector stakeholders including soliciting “public comment through a coming Federal Register Notice” with the stated goal by DHS of obtaining input on the following:
 - The scope of the Program;
 - The desired content of the voluntary “preparedness” standards to be designated;
 - Existing standards that should be evaluated and selected in this process;
 - Target criteria that should be the foundation for evaluation of comprehensive voluntary preparedness standards to be developed in the future; and
 - Views concerning standards and approaches for small businesses.
 - DHS further states that “after the receipt, review, and adjudication of public comments, DHS will select target criteria to evaluate preparedness standards for use in the Program. DHS will coordinate with standards development organizations (SDOs) in the update of their current preparedness standards and the development of new standards. DHS will work with private sector stakeholders and the critical infrastructure and key resources (CIKR) sectors to determine what sector-specific additions, guidance, or other expansion of the selected standards or target criteria are appropriate and desirable.”
 - *Business Case:* As per the legislation, the department additionally “will provide information and promote the business case for voluntary compliance with preparedness standards.”
 - *Program Monitoring:* An ongoing program monitoring function will be established for the program to “ensure its effectiveness, to include the operations and management of any of the accreditation and certification bodies and the standards designated. The annual review will also provide recommendations for improvements and adjustments to the program as necessary and appropriate.”
 - *Public Listing of Certified Companies:* Per the requirements of the legislation, DHS will also “maintain and make public a listing of any private sector entity certified as being in compliance with the program, if that private sector entity consents to such a listing.”
 - *Small Business Considerations:* The DHS announcement also cited the need that “small business concerns be taken into consideration, including any need for separate guidance, recommendations, or best practices, as necessary and appropriate.” The Department also indicated that it is considering “in coordination with the Ready Campaign (www.ready.gov) ... the option of developing a self-assessment preparedness tool [and that] compliance for small business may be in the form of a formal self-declaration of conformity.”

- For additional information, see the DHS release:
<http://www.fema.gov/news/newsrelease.fema?id=45287>
- **Follow-on Forums for the InterCEP Working Groups Held (October – November 2008)** In response to recent activity by DHS and the newly designated accrediting body, online forums for each Working Group were held. These conference call / web sessions allowed for wide access for the consideration of the recent announcements by DHS. Additional information is available at: <http://www.nyu.edu/intercep/events/20081010-415.html>
- **Federal Register Notice of Information & Request for Recommendations on Private Sector Preparedness Accreditation & Certification Program (December 29, 2008)** The notice both provided information on DHS activity as well as invited recommendations from the private sector on program development. The announcement included target criteria, i.e., “a draft list of possible elements that can be included in private sector preparedness standards and which may be used by the designated officer in evaluating standards for adoption in the program.” Additional information available at: http://www.nyu.edu/intercep/document-clearinghouse/federal_register_notice_reques.html
- **DHS Holds Two Public Meetings on Private Sector Preparedness Program (January 13 and February 23, 2009):** Two stakeholder meetings, open to the public, were held “to engage in dialogue with Department of Homeland Security (DHS) leadership and program managers regarding the Voluntary Private Sector Preparedness Accreditation and Certification Program (PS-Prep). The first was held on January 13, 2009 at U.S. Chamber of Commerce in Washington D.C. The second public meeting was held on February 23, 2009 at the headquarters of the American Red Cross in Washington, DC. InterCEP presented at both these events based on input from the Working Group activity on the program. Additional information available at: http://www.nyu.edu/intercep/document-clearinghouse/first_of_two_public_meetings_o.html
- **Announcement & Request for Interest to Participate in National Roundtables on Enabling Bottom-Line Impacts for Business Resilience through Certification, hosted by InterCEP (February 11, 2009)** InterCEP announced a series of National Roundtables on Enabling Bottom-Line Impacts for Business Resilience through Certification. These roundtables, supported by the Alfred P. Sloan Foundation, are to build on continuing InterCEP Working Group activities and focus on five main economic and potential incentive areas that could be advanced through the new Voluntary Private Sector Preparedness Certification Program, currently in development by the U.S. Department of Homeland Security. Additional information available at: <http://www.nyu.edu/intercep/events/20090211-424.html>
- **InterCEP Testifies Again to Congress on New Private Sector Preparedness Certification Program (March 11, 2009)** InterCEP Director Bill Raisch was requested to provide an update on the Private Sector Preparedness Program activity by the House Homeland Security Subcommittee on Transportation Security and Infrastructure Protection. The hearing focused on the recent Mumbai attacks and their role as a “wake-up call to the private sector.” Raisch provided ongoing insights from related Working Group activity as well as recommendations to forward the PS-Prep program. Additional information available at: <http://www.nyu.edu/intercep/events/20090319-427.html>
- **National Roundtables on Enabling Bottom-Line Impacts for Business Resilience through Certification, hosted by InterCEP (March-June, 2009)** InterCEP held a series of National Roundtables on Enabling Bottom-Line Impacts for Business Resilience through Certification. These roundtables, supported by the Alfred P. Sloan Foundation, focused on continuing InterCEP Working Group activities in five main economic and potential incentive areas that could be advanced through the new Voluntary Private Sector Preparedness Certification Program, currently in development by the U.S. Department of Homeland Security:

March 30, 2009: Supply Chain Working Group
April 15, 2009: Business Reporting Working Group
May 12, 2009: Rating Agency Working Group
June 2, 2009: Insurance Working Group
June 8, 2009: Legal Working Group

DHS representatives participated in all five National Roundtables held by NYU's InterCEP in the as well as a diversity of earlier online web forums. ANAB has also attended some of these forums and informed its development activities as a result.

- **Announcement and Request for Comment on Three Proposed Standards:** On October 15, 2009, DHS Secretary Napolitano announced a posting in the Federal Register, stating DHS's intention to designate three specific standards and soliciting any comments on the proposed standards, recommendations of additional standards or comments on other programmatic aspects of the PS-Prep Program. The three standards proposed were:
 - ASIS International SPC.1-2009 *Organizational Resilience: Security Preparedness, and Continuity Management System*.
 - British Standards Institution 25999 *Business Continuity Management: Part 1 (2006) and Part 2 (2007)*.
 - National Fire Protection Association 1600:2007 *Standard on Disaster / Emergency Management and Business Continuity Program*.
- **Announcement of Public Outreach Meetings and Extension of Comment Period:** On November 4, 2009, DHS announced a series of public meetings to discuss the PS-Prep program in ten cities across the country. The comment period on the Federal Register Notice was extended to January 15, 2010.