



Proceedings & Recommendations of the Working Group On Corporate Ratings & 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 are recorded to assure that key insights were captured but all comments are not-for-attribution.

EXECUTIVE SUMMARY

Businesses operate in a progressively uncertain environment with a diversity of risks. Rating agencies have begun to acknowledge that more and more a business' capacity to manage these risks has become an important component of its financial condition. In their credit ratings, ratings agencies are increasingly seeking to assess the enterprise risk management capacity of a company. While risks run the gamut in terms of type and source, operational risks (the risks to a firm's core business operations) can be some of the most significant. Operational risks can range from technology failures and supply chain interruptions to fires and floods. Interruption of business operations can result in loss of income and/or increased expenses which can impact the business's ability to pay its debt and other obligations. Since business preparedness programs address these risks and mitigate their impacts on the firm, it has been argued that preparedness programs enhance the creditworthiness of a firm and, in turn, the lack of such programs detracts from a firm's creditworthiness. The Private Sector Preparedness Program (PS-Prep) could provide an easy-to-acknowledge, third-party confirmation that organizational preparedness is in place in a company. Such information could be valuable for creditors and ratings agencies to consider in their decision making.

In recent years, the major ratings agencies have become increasingly focused on the range of risks that face a business. In 2008, a leading rating agency announced the inclusion of an analysis of enterprise risk management (ERM) in all of its corporate ratings analyses. ERM is a comprehensive approach to risk management which addresses all risks to the organization including market risk, credit risk, liquidity risk, product risk and operational risk.

As a component of the overall range of business risks, operational risk is an important and often substantial risk to the any firm. This is especially the case in an era of extended supply chains, just-in-time inventories and increased interdependencies. It is operational risk that is addressed in large part by business preparedness programs. InterCEP has for several years researched the potential value of business preparedness programs (operational risk management) in supporting creditworthiness. An assessment of business preparedness could potentially enable more informed financial decisions by both investors and creditors.^[1]

The PS-Prep Certification provides a standards-based, third party confirmed indicator of the operational risk management status of a firm. For rating agencies, the PS Prep Program holds the promise of providing an easy-to-acknowledge indication of strong operational risk management practices, a key area of overall ERM practice.

Nonetheless, it must be noted that acknowledgement by rating agencies of operational risk management (preparedness) through the PS-Prep Program is not a given. The entire ERM focus in the ratings process is still relatively recent and in development. There is no defined approach among rating agencies as to how ERM will be weighted and how it will influence overall corporate ratings. In the near term, a firm's ERM status may be more of an influence than a substantial determining factor in a credit rating. Key experts in this regard suggest that the assessment of overall ERM competence will likely be most relevant in the context of elevated risk/vulnerability for a particular firm. Furthermore, operational risk management (preparedness) is but a component of overall enterprise risk management. Yet, rating agency experts have indicated that conformity to an industry-based preparedness standard as confirmed in the PS-Prep Program would likely be seen as an indicator of an effective risk management culture in the firm overall.

KEY POINTS

EXISTING PRACTICES AND PRINCIPLES RELEVANT TO CORPORATE RATINGS, RESILIENCE AND ENTERPRISE RISK MANAGEMENT

^[1] Cf. www.nyu.edu/intercep/research/pubs/Crediting%20Preparedness%208.2.06.pdf

- In recent years, the major ratings agencies have become increasingly focused on business risks in general.
- In 2008, Standard & Poor's announced that it will incorporate enterprise risk management into its discussions with senior management of all companies that it rates.
- ERM is a broad framework for managing the full range of an enterprise's risks, looking at hazard risk, financial risk, strategic risk and operational risk¹. The PS-Prep Certification Program focuses on core elements of operational risk, inclusive of business continuity and emergency preparedness.

VALUE AND THE BUSINESS CASE FOR PS-PREP CERTIFICATION

- Many firms are already motivated by regulatory and competitive pressures to undertake preparedness, and for them certification of their efforts could facilitate receiving credit for their efforts, as well as other benefits.
- The PS-Prep Certification Program could provide valuable input to support rating agency analysis of qualitative aspects of managing operational risk. Rating agencies historically have focused on more quantitative factors. Since many of the other elements of enterprise risk management are difficult to assess, a well-documented confirmation of effective practice in one area may suggest competency in the others and therefore may have potential value to rating agencies in their wider assessment of overall ERM practice.
- Since operational risk is but one of several key risks that a firm must face, the relative value that a rating agency will place on validating effective operational risk management will likely vary from firm to firm, presumably based at least in part on the perceived vulnerability of the firm's operations.
- While there may be noticeable, stand-alone short-term benefits of ERM, business continuity programs and preparedness, the correlation between those benefits and PS-Prep certification, and the resulting business case for preparedness certification, will likely evolve over time.

CONSIDERATIONS FOR DESIGN AND IMPLEMENTATION OF PS-PREP CERTIFICATION PROGRAM

- Potential concerns from the rating agency perspective include the integrity/quality of the certification. It would benefit the rating agencies to become familiar with the processes behind accreditation and certification.
- From a rating agency perspective, it will be important for any assessment process to use consensus-based standards/metrics and a common assessment methodology that can be audited by others.
- There is precedent for using a third-party certification as input to ratings analysis.
- It will be important for the PS-Prep Certification Program to incorporate and acknowledge existing sector-specific best practices as well as reporting requirements, and, as specified by the legislation, to consider existing relevant certifications in order to avoid duplication of effort.

¹ Source: Risk Management Committee (May 2003) (PDF). [Overview of Enterprise Risk Management. Casualty Actuarial Society.](http://www.casact.org/research/erm/overview.pdf) pp.11–13. <http://www.casact.org/research/erm/overview.pdf>.

- After the standards have been designated, it is recommended that sector-specific implementation frameworks be developed for each of those standards to assist in consistency and to provide a standard process for certification by industry sector.
- An important interface of the PS-Prep Certification Program will be between the auditors representing the certification bodies and the audited firms seeking certification. Issues of audit credibility, audit confidentiality, on-going audit surveillance, appropriate auditor training and the type of audits (first, second or third-party) are important considerations.
- Considerations for firms operating internationally should be considered in the design and implementation of the PS-Prep Program.
- Key stakeholders that should be solicited on an ongoing basis for input on rating agency consideration of PS-Prep certification.

WORKING GROUP SUMMARY PROCEEDINGS TO DATE

A series of teleconference / 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 Working Group on Corporate Ratings & Resilience to discuss existing reporting requirements and how they might be acknowledged by the Voluntary Private Sector Preparedness (PS-Prep) Certification Program. In 2009, the 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.

With regard to the potential significance for rating agencies of the PS-Prep Certification Program, the PS-Prep Certification Program, discussion among participants of the Rating Agency Working Group has been framed by the following key questions:

- How do rating agencies currently acknowledge preparedness activities by corporations that they rate?
- How does the decision in May 2008 by Standard & Poor's (S&P) to include enterprise risk management (ERM) in the ratings process for non-financial firms potentially change the landscape?
- How should the PS-Prep Certification Program be designed and implemented in order to provide ratings analysts with relevant information on business preparedness?

InterCEP has identified general themes touched on during each of these the Working Group discussions. 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 CORPORATE RATINGS, RESILIENCE AND ENTERPRISE RISK MANAGEMENT

- **In recent years, the major ratings agencies have become increasingly focused on business risks in general.**
 - For example, Moody's has developed a specialized risk management practice which cuts across industry sectors. Moody's analyzes risk in terms of four distinct pillars: market risk, credit risk, liquidity risk, and operational risk. Business continuity and contingency planning are considered as part of the operational risk pillar. They also differentiate specific risk types in terms of frequency and severity. So for example, they would look at high-frequency, low-severity events, as well as low-frequency, high-severity events.

Moody's analysts also focus on geographic concentration or business line concentration to determine the extent to which those risk types can impact business.

- **In 2008, Standard & Poor's announced that it will incorporate enterprise risk management into its discussions with senior management of all companies that it rates.**
 - Historically, S&P has included analysis of ERM in their ratings of financial firms and, to a limited extent, with utilities and agribusiness companies.
 - In late 2007, S&P issued a Request for Comment regarding the potential of including consideration of enterprise risk management in the rating of non-financial companies. S&P's explicitly stated assumption is that a firm's future ability to meet financial obligations is enhanced by strong ERM. In other words, a company is less likely to default on debt if it has a strong ERM practice.
 - One of S&P's stated interests in evaluating ERM in the ratings process is to implement steps that will limit the frequency and severity of losses associated with operational risk management.
 - S&P announced on May 7, 2008 that it would proceed with inclusion of ERM in all corporate ratings analyses commencing with the third quarter of 2008. While separate ERM ratings will not be published for non-financial companies, ERM considerations are expected to be part of the opinions generated starting mid-year 2009.
 - One of the participants who had recently undergone a rating analyst's review reported that S&P's approach in evaluating ERM does not involve a "check-the-box", compliance-driven approach, but rather one incorporating open-ended questions during their conversations with management, focusing on the risk tolerance of the firm, the staff responsible for risk management, and board-level discussions on risk.

- **ERM is a broad framework for managing the full range of an enterprise's risks, looking at hazard risk, financial risk, strategic risk and operational risk². The PS-Prep Certification Program focuses on core elements of operational risk, inclusive of business continuity and emergency preparedness.**
 - ERM offers an opportunity to look across an enterprise to have a uniform process for addressing risk, uniting silos and historical disciplines into an integrated approach.
 - While ERM provides an all-inclusive, enterprise-wide approach to managing risks and opportunities, the focus of the PS-Prep Certification Program is on preparedness, disaster management, emergency management and business continuity. These disciplines are a subset of activities that arguably support the overall focus of ERM, but a subset that figures importantly into any operational risk management strategy.
 - Rating agencies in the past have focused primarily on financial risk, and now have recognized that the business risk profile of companies is much broader. The rating agencies however generally lack the time and resources to evaluate operational risks in depth, so the PS-Prep Certification has the potential to provide insight into the operational risk management of an organization and thereby support the broader analysis of an organization's enterprise risk management competency.
 - Some rating agency personnel have found commonality between their approach to rating companies and the accreditation and certification process and its standards.
 - The basic business of the credit rating agencies is to look forward in time and predict through a rating analysis a company's ability to repay debt. Impacts to a business' operations could lead to a loss of income which in turn could lead the potential inability to make payment on debt. A PS-Prep certification may provide the rating agencies with an indication of effective operational risk management, risk awareness, and be indicative of overall desirable risk management corporate culture.
 - Of course, while certification to a common set of standards is an indication of effective operational risk management, it is not a guarantee that the company will not fail financially or for other reasons.

² Source: Risk Management Committee (May 2003) (PDF). [Overview of Enterprise Risk Management. Casualty Actuarial Society](http://www.casact.org/research/erm/overview.pdf). pp.11–13. <http://www.casact.org/research/erm/overview.pdf>.

B. VALUE AND BUSINESS CASE FOR REPORTING / RATINGS ACKNOWLEDGEMENT OF PS- PREP CERTIFICATION

- **Many firms are already motivated by regulatory and competitive pressures to undertake preparedness, and for them certification of their efforts could facilitate receiving credit for their efforts, as well as other benefits.**
 - For example, financial services firms regulated by the Federal Financial Institution Examination Council (FFIEC) are required already to attempt to evaluate the emergency preparedness capability of vendors that provide critical support services. This is necessary since these financial services firms are required by regulation to resume their operations after a crisis within certain time periods and in order to do so they require the provision of supplies and services from these critical suppliers. Other firms in supply chains outside of financial services also find themselves responding to client demands for proof of certain levels of business continuity when the supplier is critical to the operations of the customer.
 - One participant suggested that once the PS-Prep Certification Program moves forward and companies start to become certified, there will be an enormous pressure for other companies to become certified. Companies which are able to declare they are certified will be at a competitive advantage, whereas those who cannot claim certification will be at competitive disadvantage.
 - Another participant acknowledged that getting non-financial institutions to embrace preparedness is very difficult, but suggested that rating agencies may be a very important motivator. For example, if S&P begins asking companies, “Are you certified?” then a larger number of companies may begin to consider the value of preparedness in a new light and those inquiries from rating agencies may provide an incentive for companies to pursue PS-Prep Certification.
 - Conversely, another participant expressed concern that PS-Prep Certification could create a higher level of expectation of the firm to respond during an incident. In addition, if it becomes an industry norm to pursue certification and a particular company has not, the rating agencies may want to initiate a discussion as to why certification had not been obtained.
 - Other potential benefits of PS-Prep Certification noted by participants included the ability to make assessments of risks and to intelligently pursue upside opportunities arising out of a better understanding of those risks, thereby assisting in sales of a certified company’s products.
 - For the wider audience beyond rating agencies, the PS-Prep Certification may be seen as a “publicly accepted acknowledgement of the capability to maintain the viability of the organization,” as an indication of the “reliability” of the firm and an indication of appropriate risk awareness and mitigation on the part of the firm.
- **The PS-Prep Certification Program could provide valuable input to support rating agency analysis of qualitative aspects of managing operational risk.**
 - Effective preparedness programs include a range of qualitative factors, including planning, management, communication, exercises, etc. Because ratings analysts have focused historically on quantitative information (e.g., from financial reporting), as they turn to focus on ERM, they may need to develop and expand existing methodologies to assess the various qualitative aspects of business management. In this regard, the PS-Prep Certification Program may provide rating analysts with a way to approach certain qualitative aspects of effective operational risk management.
 - Based on input from the Working Group, certification could potentially be perceived by a rating agency as reflective of a firm’s “business risk profile,” and “evidence of risk awareness” in the firm, as well as an indication that the organization is “risk tolerant, risk ready.”

- From the rating agency perspective, the relative weight placed on operational risk for any rating analysis process will depend on the specifics of that particular business and what their other risks exist from a broad, holistic perspective. To the extent a company has gone ahead on a voluntary basis to attempt certification of its preparedness efforts, this would likely be seen within the ratings process as an indication of a proactive stance toward risk and a positive risk management culture. However, the rating agency will likely be very careful in the level of emphasis placed on a preparedness certification when the program is still in an emerging state.
 - A related issue is the fact that assessing a preparedness program can involve extensive, on-site evaluation and analysis, and the rating agencies are not typically staffed to send teams of auditors out to companies to conduct on-site assessments of physical facilities and management processes. However, since the PS-Prep Certification Program would include the opportunity for an independent third party-audit, the certification could provide ratings analysts with an easy to consider third-party validated assessment of business preparedness programs.
 - Further, since much of the other elements of enterprise risk management are difficult to assess, a well-documented confirmation of effective practice in one area may suggest competency in the others and therefore may have potential value to rating agencies in their wider assessment of overall ERM practice.
- **Since operational risk is but one of several key risks that a firm must face. The relative value that a rating agency will place on validating effective operational risk management will likely vary from firm to firm, presumably based at least in part on the perceived vulnerability of the firm's operations.**
 - **While there may be noticeable, stand-alone short-term benefits of ERM, business continuity programs and preparedness, the correlation between those benefits and PS-Prep Certification, and the resulting business case for preparedness certification, will likely evolve over time.**
 - Firms with mature business continuity programs have found that it drives a culture of preparedness that permeates the organization. Risk management and preparedness thinking become part of day-to-day operations.
 - One participant noted that there will likely be a strong future correlation between firms with a PS-Prep Certification whose risk culture gives it an ability to attract and retain the best employees. Employees want to work for firms who are "prepared" and that takes actions to ensure that, beyond the company's survival, the company is also interested in ensuring an employee's family will be considered as part of its continuity and preparedness efforts.
 - It is unlikely in the short run that ERM will on a standalone basis have dramatic impact in moving a firm from one ranking to another. Rather, there will be a need to evaluate over time the value of ERM and arguably the PS-Prep Certification (with regard to the operational risk management component of ERM) in terms of showing real impact on outcomes for firms.

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

- **Potential concerns from the rating agency perspective include the integrity/quality of the certification. It would benefit the rating agencies to become familiar with the processes behind accreditation and certification.**
 - There is a concern that certification may engender a certain complacency on the part of both the rating agency and the firm. The rating agencies may potentially accept certification as an indication of operational risk management status of a firm and not pursue additional research.

- There is an additional concern that if “complacency” sets in, the efforts surrounding preparedness certification may “devolve” into a “check-the-box” approach.
 - The rating agencies will need to understand not only how certification is achieved, but also how a firm may lose its certification.
 - It was generally accepted by Working Group participants that having a preparedness certification would equate to being better prepared in the real world. A concern was noted however what happens on the timeline between when the certification is received and the next surveillance audit; e.g., would the certificate just become a plaque on the wall.
- **From a rating agency perspective, it will be important for any assessment process to use consensus-based standards/metrics and a common assessment methodology that can be audited by others.**
 - As noted above, ANAB will be the accrediting body for this program. This organization works with international standards that govern how audits should be conducted by certification bodies. These standards cover issues including documentation, tracking, measurement, etc. Thus, the PS-Prep Certification Program will likely employ process standards that assure that assessments will be undertaken in a consistent, consensus-based, and time-tested manner.
 - The accreditation and certification standards used by ANAB to administer the program and the standards to be designated by DHS for the PS-Prep Certification Program will be ‘standards’ as used in the terminology of Standards Development Organizations (SDO). This means the standard will be a product of a consensus-based process with transparency, proportional representation, and opportunity for comment with a requirement to respond to all comments. This process develops a standard which must be auditable and remains “evergreen” through a dedicated committee that keeps the standard reflective of current best practices through ongoing revisions every three to five years.
- **There is precedent for using a third-party certification as input to ratings analysis.**
 - The Insurance Marketplace Standards Association (IMSA) is a market conduct and compliance organization serving the life insurance marketplace. IMSA qualification is conferred upon life insurance companies that meet IMSA standards, and one participant noted that this qualification is taken into consideration by analysts as one component of the ratings process.
 - If a company has obtained that certification, it serves them well in the ratings process. By contrast, if that certification is lost, it may not be an automatic trigger for the rating to go down, but it triggers additional follow-up questions for the analyst in the ratings process.
- **It will be important for the PS-Prep Certification Program to incorporate and acknowledge existing sector-specific best practices as well as reporting requirements, and, as specified by the legislation, to consider existing relevant certifications in order to avoid duplication of effort.**
 - For example, in the area of health care, The Joint Commission on the Accreditation of Healthcare Organizations (JCAHO) sets standards for healthcare organizations and issues accreditation to organizations that meet those standards. JCAHO conducts periodic on-site surveys to verify that accredited organizations comply with Joint Commission standards. JCAHO recently added six points to its certification standard that specifically addresses business continuity and disaster recovery programming as part of the certification process.
 - Other examples cited by participants include the FFIEC reporting requirement for the financial services industry and the various standards and guidelines that apply to organizations that handle hazardous materials.
 - Participants affirmed the notion that wherever these existing, sector-specific reporting requirements include elements of emergency preparedness and business continuity, those elements should be accounted for within the PS-Prep Certification Program.

- While the financial services sector and other critical infrastructure sectors are already well regulated, one participant noted that the PS-Prep Certification Program offers a fresh look and an opportunity to evolve practices and improve processes in long-standing, well-established preparedness and resilience programs.
- In order to be part of a certification program, it is likely that the standard(s) to be designated as part of the PS-Prep Certification Program must meet the structural formal definition of what a “standard” entails, one component of which to be “auditable.”
- **After the standards have been designated, it is recommended that sector-specific implementation frameworks be developed for each of those standards to assist in consistency and to provide a standard process for certification by industry sector.**
 - Sector-specific implementation frameworks developed for each designated standard will ensure standardization through the auditing and certification processes. These types of frameworks could provide a level of transparency by assisting in identifying existing regulations, practices, guidelines and sector-specific efforts so as to give credit and to avoid redundancy in the process.
- **An important interface of the PS-Prep Certification Program will be between the auditors representing the certification bodies and the audited firms seeking certification. Issues of audit credibility, audit confidentiality, on-going audit surveillance, appropriate auditor training and the type of audits (first, second or third-party) are important considerations.**
 - Confidentiality of audit findings is governed by the contract between the certification body, its auditors or subcontracted auditors, and the audited firm
 - Audit activities will be governed by the rules set up by ANAB, but in general auditors should be expected to have audit experience, subject matter expertise, industry expertise and knowledge of the specific standard and functional element being audited.
 - Three general types of audits exist. They vary by for whom the audit is conducted (the audit “client”) and for what purpose the audit is being conducted. First-party audits are conducted “in-house”, typically for the purposes of determining conformance to a standard (a “gap analysis”) or for self-declaration of conformance. A second-party audit involves an audit of an organization by another where a financial or business relationship exists (for example, a critical supplier). A third-party audit is conducted by an auditor on an objective, unbiased basis, free from conflict of interest where there is no financial or other business relationship between the auditor/certification body and the firm being audited. Third party audits are most often conducted for the purposes of certification or for the purposes of an independent evaluation free of bias. For the most effective audit, the qualifications of the auditor and audit team remain the same for each of the three types of audits.
 - Participants noted concerns on second-party audits and questioned whether in a real world scenario, whether they would be viable because of issues surrounding potential liability where one firm “puts its stamp of approval on another and something goes wrong.” Another issue raised was whether a second-party analysis might “turn a blind eye” to problematic concerns with sole source providers who also dominate market share.
 - Program elements were suggested for companies to consider that stressed continual improvement in the time periods between their on-going surveillance audits. These included annual senior management letters certifying senior management reviews; review, updating and testing of plans; testing for unpredictable scenarios; looking for material changes in the nature of the organization’s business; and using “systems thinking” that goes beyond basic preparedness.
- **Considerations for firms operating internationally should be considered in the design and implementation of the PS-Prep Program.**
 - ANAB is the accreditation body in the United States for certification of management systems, including quality management systems, environmental management systems, and management systems for those areas covered under the PS-Prep Certification

Program: preparedness, emergency management, disaster management, and business continuity.

- ANAB has convened a committee of experts to assist with the design of the accreditation rules for certification bodies to participate in the PS-Prep Program. Those rules will follow an international standard, ISO-IEC 17021 and the specific goals created by the ANAB committee of experts. Therefore, for companies seeking certification, they should expect that a consistent set of rules for certifiers will exist and that certifying bodies based outside of the United States could be accredited to issue PS-Prep Certifications.
- **Stakeholders that should be solicited for input on rating agency consideration of PS-Prep certification include:**
 - Representatives from major rating agencies (S&P's, Moody's, A.M. Best, etc.).
 - Corporate leaders who interface directly with the rating agency analysts. This would include Chief Financial Officers and Chief Risk Officers, etc.
 - People who have been involved with the JCAHO effort.
 - Representatives from organizations which speak on behalf of the financial industry.
 - Representatives from professional associations for auditors.

INTERCEP'S ACTIVITIES

InterCEP is committed to supporting the 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 Rating Agency Working Group include:

- After the standards have been designated, develop sector-specific implementation frameworks for each of those standards to assist in consistency in implementation and to provide a standard process for certification by industry sector; perhaps starting with critical infrastructure sectors.
- Work with business continuity and emergency management professionals in conjunction with their counterparts in corporate finance and corporate risk to evaluate whether, and if so to what extent, business preparedness can positively impact a firm's credit rating.
- Further educate rating agencies on the key process elements of the PS-Prep Accreditation and Certification Program.
- Develop an informational and educational piece for senior management on general historical experience around voluntary certification programs and the specifics of the PS-Prep program elements, perhaps including the business case for preparedness certification. In addition, key

talking points could be developed for senior management discussions with rating agency personnel, insurance, risk and other board level committees.

- Identify specific issues for consideration in the development and ongoing operation of the Voluntary Private Sector Preparedness Certification Program including how it might best be structured and operated to be of value to rating analysts.
- Revise and update InterCEP's white paper "Crediting Preparedness"³ to reflect recent changes in rating agency practice as well as more recent data supporting the business case for preparedness.

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 shaping an 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.

SUMMARY OF KEY POINTS FROM THE WHITE PAPER "CREDITING PREPAREDNESS"

The following reflect key points from the white paper, "Crediting Preparedness" authored by William Raisch, MBA, Director, and Matt Statler, Ph.D., Associate Director of New York University's International Center for Enterprise Preparedness and released on August 2, 2006. Note that since the document was drafted there have been important developments in this arena; in particular reference is only made to the standard NFPA 1600 as other general standards currently in discussion had not yet been developed or were not in prominent use in the United States. The document in its entirety is available in the research section of the InterCEP website at:

<http://www.nyu.edu/intercep/research/pubs/Crediting%20Preparedness%208.2.06.pdf>

³ Cf.. www.nyu.edu/intercep/research/pubs/Crediting%20Preparedness%208.2.06.pdf

Executive Summary

Businesses operate in an increasingly uncertain global environment with growing operational risks from a diversity of sources ranging from technology failures and supply chain interruptions to natural disasters and pandemics. A business' capacity to manage these risks has become an increasingly important component of its financial condition. In the interest of enabling more informed financial decisions by both investors and creditors, rating agencies should include an assessment of corporate preparedness in the rating process.

Key Points

- Rating Agencies Assess Business Risk: The role of the rating agency is to analyze a company's financial condition, business practices & its risks and to issue ratings and other assessments that enable creditors and investors to make informed decisions.
- Operational Risk is Increasing: Operational risk is an increasingly important element of a company's overall risks as the business environment changes. The growing impact of operational risk (which reflects all risk except market, credit & liquidity risk) has been underscored by a diversity of recent findings and events including:
 - Accelerating globalization with accompanying off-shoring and out-sourcing resulting in a wider corporate footprint and vulnerability.
 - The recent drastic re-evaluation of loss projections by the reinsurance industry reflecting an assessment of increased risk of disaster on a wide scale
- Operational Risk Impacts Creditworthiness: The impact of an operational crisis can affect a firm's overall financial status, including its ability to repay debt and meet other obligations. Fires, hurricanes, workplace violence, major power disruptions and reputational crises are but a few hazards which could dramatically impact the financial capacity of a firm.
- Preparedness Programs Key to Minimizing Impact of Operational Risk: Effective management response and corporate preparedness programs can significantly mitigate the impact of operational risk events and affect corporate recovery.
 - There are significant developments in securities regulation, among insurance industry rating agencies, and among private sector companies that demonstrate the relevance of preparedness to a firm's capacity to repay debt and deliver value to stakeholders.
- Rating Agency Underwriting Should Assess Preparedness Programs with Greater Focus: Current rating agency underwriting practices do not sufficiently assess operational risk and corporate preparedness programs to address it.
- Consensus Standard Exists to Assess Corporate Preparedness: There is an existing consensus-based tool to assess corporate preparedness. It is the Disaster/Emergency Management & Business Continuity Standard (NFPA 1600), a voluntary standard endorsed by the U.S. Department of Homeland Security and the Federal 9/11 Commission and under consideration by ISO (the international standards organization).

The Standard offers a set of criteria that can readily be used to assess corporate preparedness.

- Addressing Corporate Preparedness has Multiple Benefits: Specific and higher profile inclusion of corporate preparedness in rating agency underwriting processes would yield multiple benefits.
 - First, by acknowledging the importance of preparedness for operational risks, it would provide creditors and investors with more comprehensive and accurate assessment of creditworthiness;
 - Second, it would allow investors and creditors to identify those industry-leading firms that have already learned lessons from 9/11, Katrina and other catastrophic events, and proactively undertaken key preparedness measures;
 - And finally, by introducing a competitive dimension to preparedness through specific acknowledgement in the underwriting process, it would provide an incentive for firms to develop more robust preparedness programs and consequently improve the overall resilience of the global marketplace.

OVERVIEW OF THE 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 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 reached out 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 the 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 to Held to Discuss & Solicit Input on PS-Prep Certification Program, hosted by InterCEP (Fall 2007):** Several hundred organizations participated nationally in a series of thirteen online forums 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 participated 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.⁴ 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 PS-Prep Certification 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 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 on 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

⁴ 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 Subcommittee. 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 voluntary PS-Prep 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 PS-Prep Certification Program Formally Announced by Homeland Security:** On July 30, 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 voluntary Private Sector Preparedness Certification Program, ANAB. These proceedings are informing initial planning activity for the program. These proceeding 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 proceeding 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 are 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.