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Implementation of a Business Continuity Framework in an Australian Public Service Organisation

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Implementation of a Business Continuity framework in an Australian Public Service Organisation

The Challenge

ComSuper is a superannuation administration provider for a number of schemes serving former and current public servants; current, discharged and retired service personnel; and their dependents. Among other critical services, ComSuper pays over \$5 billion in superannuation income stream payments annually.

Failure to deliver these services would compromise important relationships and cause reputational and political damage, and could ultimately compromise the viability of ComSuper as an organisation. Even more importantly, hundreds of thousands of vulnerable Australians could be left without income and suffer extreme hardship.

In 2009, ComSuper did not have effective business continuity arrangements in place to ensure that these services would be delivered in the event of a major or catastrophic failure of its systems and/or premises. This was identified through audit activities, culminating in an adverse audit finding reported in Parliament.

The presenting problem was twofold - a real possibility of actual public harm in the event of a disruptive incident, and present-day political embarrassment and pressure to resolve the threat quickly. To solve these problems, it was necessary to deliver both a meaningful and robust capability, and strong assurance and stakeholder management in parallel.

Underlying Causes and Effects

To understand how the problem occurred and the complexities of reaching a solution, it is helpful to consider some background. A number of historical and political factors lay beneath the problem. In particular, a long-standing political uncertainty about whether ComSuper would continue to deliver these services, resulting in poor investment in IT infrastructure. It was very unlikely that ComSuper's legacy systems (which were no longer supported by vendors, and in some cases could not even be licensed again) could be rebuilt. This rendered any serious continuity planning to the level of theory. As a result, corporate ownership of continuity planning was historically poor. The senior executives now charged with oversight of the solution needed to accept long-term ownership of the solution, and had a vested interest in developing a capability that would be sustainable within finite resources when political interest had faded.

Another factor was a poor internal understanding of business processes and dependencies. ComSuper has a high quality Business Atlas and Knowledge Repository of procedures; however, links between processes are not fully documented and sometimes not even well-known informally. This is a byproduct of ComSuper's complex transactional model, which is defined by legislated scheme rules that go back many decades. This factor contributed to the problem and also added complexity to the process of reaching a solution. It was necessary to invest some time identifying unknowns, despite the scheduling constraints at work. This was difficult for senior staff to accept initially, because they were not close enough to the operational environment to make an informed assessment of the fine detail that was required. This highlights the importance of a role-driven relationship between the executive sponsor and the project team - the granular knowledge of the project team necessarily informs the strategic perspective of the sponsor.

The Context

The audit finding, issued by the Australian National Audit Office (ANAO), was a Category “B” finding. This type of finding is reported in Parliament. If not addressed, it can result in long-term reputational damage to the agency, its senior staff, and its Minister.

At around the same time, the Superannuation Administration Reform Program (SAR) commenced. This program was a response to an independent review, which aimed to resolve the question of ComSuper’s future. A political decision had been reached that ComSuper would continue to operate, with some reforms. In light of the Category B finding, SAR identified disaster recovery as one of its reform projects. This project was an “umbrella” project that consisted of developing a business-focused capability (the primary focus of this case study) and also IT infrastructure to support the capability. The SAR Program was overseen by ComSuper’s portfolio (central) agency, the Department of Finance and Deregulation (DoFD).

As a result of these pressures, the level of oversight was much higher than would normally be the case for a corporate governance project. Both SAR and ComSuper ran project steering committees, and both SAR and ComSuper commissioned auditor assurance activities. The Executive Sponsors engaged with both steering committees, an Audit Committee, the ANAO, and the executive and audit committees for two different Trustee Boards charged with responsibility for scheme members’ interests. Assurance was also sought by a regulator and an insurance partner.

The Strategy

ComSuper's strategy was:

- To understand the level of capability that was required to ensure delivery in a real disruption, and meet it.
 - To understand the agency’s current operations, technical dependencies, drivers, and impacts with well-documented and validated data collection.
 - To scale the model down into one that could function with a significantly reduced workforce and accommodation for an agreed period of time.

- To understand the level of capability that was required to address the concerns of stakeholders, and respond appropriately.
 - To manage internal and external stakeholders by understanding their drivers and anticipating their requirements.
 - To anticipate the evidence that would be required by auditors and assurance advisors from the beginning.

The distinction between the practical need and the perceptions of stakeholders is an important one. Some practical aspects of the capability were identified at the outset by subject matter experts, but not questioned by stakeholders until very late in the project. Had the Executive Sponsors been guided solely by reputation concerns, those aspects would not have been delivered and the project would have failed to meet its goals.

ComSuper's brief was to deliver not only a capability, which could be specified with some level of certainty at the outset, but also a reputational outcome (eliminate the adverse audit finding and satisfy external stakeholders who were concerned because of the finding). The reputational deliverable was not so easily specified, and the parameters changed enormously over time. In a sense, the scope was simply to “assure all ComSuper's stakeholders” - a scope that by definition broke all the rules of management.

This created many challenges for the Executive and project teams. Agility was essential. However, uncontrolled and unquestioned change was not acceptable. Information and stakeholder demands were filtered and some demands were questioned, while others were accepted with resourcing requests to match.

Some struggled with this necessarily agile approach to management, seeking to prevent change rather than control it. In one case, a vendor was new to public sector and could not relate to a reputational deliverable and the agility required to deliver it. Some effort was made to coach the vendor in operating in a public sector environment, but this became too much of a drain on internal resources. The contract was renegotiated and the vendor's role redefined to be task-focused and reactive, while management of the related outputs was brought back in-house.

The ordinary, operation-level process of data collection about ComSuper's internal operations yielded unexpected strategic insights. We are accustomed, in the public sector environment, to iterative data collection and analysis due to the complexity of the context. However, this project was severely time-constrained. As a result, the specifications of the capability were defined in a single round of workshops. Due to well-designed data collection with built-in quality assurance steps, these workshops were extremely successful, and were very well-received by staff. The strategic lesson here is that iterative consultation processes should not be accepted as the norm. Innovative consultation processes may achieve their goals in a single pass, resulting in significant time and cost savings.

A challenge for the Executive (who are charged with ongoing ownership of the plans) was in learning to manage in a disruption. Managing in a disruption is quite different to managing day-to-day. Management in a disruption involves greater moment-by-moment analysis of the situation, and less discretion in the choice of response. As a result, it was crucial for the Executive to learn to trust and follow the written manual - an exhaustive document consisting of over fifty sub-plans. Despite the time constraints on the project, the Executive correctly identified the importance of usability in a real world situation, and requested a major redesign. This was an example of the Executive keeping a strong focus on real-world public interest needs, which could easily have been obscured by the more immediate stakeholder pressures. (This observation should not be taken to suggest that stakeholder pressures were detached from public interest needs - stakeholders were seeking the same ultimate goal of real-world capability, and in many respects their requests were thorough and detailed. However, external stakeholders were necessarily less familiar with the very granular details of what a real world capability would look like for ComSuper).

Another challenge related to developing strategic partnerships for emergency accommodation. ComSuper initially experienced difficulty in identifying a willing partner. There was an assumption that several other departments might be willing to assist, because they too would be seriously disadvantaged if ComSuper could not deliver its services. (In a real disruption, furthermore, it is likely that these same departments would offer assistance on direction from their ministers). However, negotiations revolved around the question of what ComSuper could do to reciprocate. As a small organisation with limited real estate, ComSuper could not bring a lot to the negotiating table with these much larger organisations. The critical, and incorrect, assumption at work was that other organisations would treat the negotiations strategically with a view to a major disruption (a situation where normal business rules do not apply) and not as a standard one-for-one transaction. ComSuper amended its approach and reached a reciprocal Memorandum of Understanding with another agency as a result.

As well as delivering its reputational goals, ComSuper sought to embed its new capability in a way that was accountable and sustainable over time. This required subject matter expertise, business knowledge, and effective governance. An ownership-and-facilitation model was implemented,

where plans are owned by the business area, reinforced by an executive-level governance body, and monitored through quarterly signoffs as part of a broader system of compliance controls. However, maintenance and assurance activities are proactively facilitated by the business continuity area, who provide prompting, guidance, advice in support of signoffs, and followup. To impose obligations without the resources to meet them, sets business areas up to fail. Corporate Governance wanted to set business areas up to succeed.

Although this case study is focused on the Business Recovery strand, the parallel Information Technology (IT) work bears a brief mention simply for its sheer size and complexity. This program of work signified a reconstruction of almost all aspects of the IT environment. ComSuper IT Infrastructure had historically consisted of many specialised and hardware-based systems. A decision was made to re-architect the IT Infrastructure to meet disaster recovery and other needs, using virtualisation to streamline the overall ICT environment. Among other benefits, the new approach reduced ComSuper's reliance on specialised solutions and reduced ICT spend.

The Outcome

As a result of this program of work, ComSuper has a sustainable and tested business continuity plan covering the whole life of a serious disruption. The agency has achieved an integrated understanding of its business processes and how they interact. External concerns have been satisfied and a meaningful capability has been achieved.

Implementation of the solution has significantly improved ComSuper's business risk profile and its reputational standing. Indicators of this improvement include the following:

- ComSuper's Strategic Risk Assessment re-rated its business continuity arrangements from Unacceptable in 2009-10 to Acceptable in 2010-11.
- The Comcover Benchmarking Survey, conducted by ComSuper's insurers, assessed ComSuper's business continuity arrangements as Basic in 2010. In the same survey in 2011, ComSuper was the highest scoring agency in multiple peer categories.
- The Category B audit finding in the area of business continuity in 2008-9 was downgraded to a much less politically-sensitive Category C finding in 2009-10. The finding could not be completely eliminated because the improvements were not in place for the whole financial year. However, ComSuper has now met the testing requirements of the 2009-10 audit and expects the Category C finding to be resolved completely in 2010-11.
- The IT disaster recovery elements of the capability (managed as a separate project) were also delivered and tested successfully. These include a second data centre offsite, and a newly-commissioned fibre optic link between offsite data and the emergency accommodation site.

The solution has also provided significant agency-wide and whole-of-Government benefits that will continue into the longer term. These include:

- The Memorandum of Understanding for reciprocal emergency accommodation benefits both agencies. Benefits include:
 - Development of key relationships between Security, Property, IT, and Business Continuity staff from both agencies. This provides opportunities for further mutual support and cooperation.

- ComSuper is now equipped with an end-to-end plan for managing a total loss of site. This enables ComSuper to confidently assert that its staff can continue to process contributions and member income payments in the event of a high impact disruption.
 - ComSuper's partner agency in the MoU now has the benefit of additional site redundancy and has indicated an intention to review its Business Continuity Plans to take advantage of this improved capability.
- Successful integration of the business continuity project and the parallel IT disaster recovery project (achieved in part through close engagement between the two Executive Sponsors) has delivered a longer-term sustainability in areas of intersection between business and IT. The Business Continuity area is not only well-equipped to support IT in developing infrastructure that meets the continuity needs of business, but now has the relationships and the technical understanding to do so effectively.
 - Lessons learned from the project were socialised using extensive handover documents and presentations to managerial staff, so that other business activities can benefit from the experiences of managers and sponsors.

The lessons learned from this program of work have been captured in depth and will continue to support ComSuper's activities of all kinds going forward.

Deslea Selmes is an Australian public servant and CAPAM member. Her professional interests include project management and project and corporate governance. She was the project manager of the Business Recovery Project. Her team was recognised with an Australia Day Achievement Medallion for delivering industry standard business continuity capability at ComSuper.

Teaching Summary and Discussion Questions

ComSuper is a superannuation administration provider for public servants, military personnel, and their dependents, paying over \$5 billion in superannuation income payments annually. Failure to deliver could compromise important relationships, and leave hundreds of thousands of vulnerable Australians without income.

In 2009, ComSuper did not have effective business continuity arrangements in place to ensure that these services would be delivered in the event of a major disruption. The presenting problem was twofold - a real threat of public harm in the event of a disruptive incident, and a negative audit finding that was potentially politically damaging.

In response, there was a mandate to implement a sustainable blueprint to rebuild ComSuper in the event of a serious disruption, while managing reputational issues and assurance requirements in parallel. The broader context was characterised by poor IT systems, numerous external stakeholders and regulators, poor corporate ownership of continuity capability, and a poor internal understanding of business processes and dependencies.

ComSuper senior management sought to understand and respond effectively to both the expressed concerns of stakeholders arising from reputational impacts, and the actual capability requirements of a real-world disruption. These two goals were aligned, but they were not identical. They had different points of emphasis and different levels of detail. Stakeholder concerns also carry a sense of immediacy whereas a real-world major disruption is a rare event.

A business continuity capability solution was delivered and implemented to a high standard, and the politically sensitive audit finding was resolved. ComSuper now has a sustainable and tested business

continuity plan covering the life of a serious disruption, and has underlying arrangements for accommodation and IT system redundancy. The agency has achieved an integrated understanding of its business processes and how they interact. External concerns have been satisfied and a meaningful capability has been achieved.

1. In this case study, the Executive Sponsors and other key players had to balance the demands of a reputational/political requirement and a practical need. The two demands were broadly aligned, but not identical. Discuss the impact of this factor, particularly with regard to resource management, and the strategies you might use to keep both demands in balance.
2. In negotiating the accommodation agreement, ComSuper found that negotiations were based on contractual notions of trade, even though all participants would be adversely affected in the event of a disruption.
 - a. Why might public sector agencies draw on individual rather than shared interests in a negotiation of this nature? What are the cultural or political influences that create this dynamic?
 - b. If you were negotiating this agreement, how might you reframe the negotiation into tackling a shared problem together?
3. This case had constantly-changing parameters, driven by legitimate political pressures. Changes originated from actual political demands, from assumptions about political expectations, and from dependency relationships detected by the project team.
 - a. How would you distinguish between changes to be accepted, and changes that should be questioned?
 - b. How would you go about those deliberations in an environment of extreme pressure, as well as large inflows of relevant and irrelevant data?
4. This case resulted in a capability that was necessarily owned by line areas, but required corporate support in the form of subject matter expertise and centralised analysis.
 - a. In your organisation, is governance and corporate-wide capability treated culturally as an integrated part of “the real job,” or a separate deliverable?
 - b. Do you think your organisation’s formal approach aligns with the culture? If not, which would you try to change – the formal approach, or the culture? Why?