

ANNUAL BUSINESS CONTINUITY REVIEW CHECKLIST

This document provides list of issues to address when annually reviewing a firm's business continuity plan. It is not an exhaustive list of considerations as each firm's business, circumstances, and needs are unique and must be addressed accordingly.

Inventory

Before conducting tests and reviews with respect to the business continuity plan, an adviser should take inventory as follows:

1. Review the list of team members responsible for carrying out the firm's business continuity plan to ensure that the appropriate persons are identified and that their contact information and responsibilities have been properly updated.
2. Review the list of all firm employees and contractors to ensure that their contact information is up to date.
3. Review the list of alternate personnel that will take over specific functions from key employees should one or more of the key employees become unavailable due to a business disruption to ensure that mission critical functions can continue to be performed. Ensure their contact information is up to date.
4. Review the contact information for any critical third party service providers and alternate service providers (e.g., custodians, broker-dealers, fund administrators, banks, technology service providers (such as cloud service providers), attorneys, accountants, and utility providers (such as electricity, phone, and internet service providers) to ensure that their contact information is up to date.
5. Take inventory of the adviser's critical information (e.g., firm financial information, client information, login credentials, trading records, contracts, employee files, etc.) and where such information is located. Backups of critical information should be placed in multiple locations.
6. Take inventory of firm hardware (e.g., work stations, servers, network hardware, etc.) and ensure that backups of the critical hardware are available from the principal office and/or from alternate locations.
7. Take inventory of software (e.g., portfolio management software, email, word processing, financial planning software) to ensure that backup copies of the software are accessible from the principal office and from backup locations and that the licenses remain in full force and effect.
8. Ensure that any electric generators, if any, are properly accounted for and are functioning properly.
9. Ensure that all insurance coverage (e.g., errors and omissions, general commercial liability, property and casualty, worker's compensation, key man, and cybersecurity insurance, as applicable) is up to date and provides sufficient coverage for the most likely business disruptions.
10. Review agreements for each alternative offsite location to ensure they continue to be in full force and effect.

Testing and Reviews

Once the firm has conducted an inventory of business continuity planning resources, the firm should conduct tests and reviews as follows:

1. Test the firm's emergency preparedness and evacuation plan through scenario testing that mimics the most likely business disruptions.
2. Test the firm's communication plan (with employees, clients, and service providers) to ensure that the plan can work effectively in the event of a business disruption.
3. Test to ensure that any information phone line into which employees and/or clients can dial into in the event of a business disruption is properly functioning.
4. Test to ensure that all backup hardware (including backup servers) is functioning properly. Consider having service providers conduct such tests.
5. Test to ensure that all backup software is functioning properly.
6. Review key service providers' business continuity plans and tests conducted on such plans (e.g., SSAE 16).
7. Ensure that each employee has been properly trained to follow firm protocol, including contacting the firm and handling their individual responsibilities in the event of a business disruption. This can be accomplished by requiring employees to execute an acknowledgment indicating that they have received training from the firm and reviewing such acknowledgments periodically.
8. Visit each alternate location to ensure that it is secure and remains accessible in the event of a business disruption.
9. Ensure that all required hardware and software from each alternate location is in good working order.
10. Ensure that access to web and phone connectivity, firm systems, data, and service providers continues to be accessible from alternate office locations.
11. Ensure that backup data (whether electronic or hard copy) at the alternate locations continues to be up to date to allow for critical functions to be performed.
12. To the extent that firm employees are permitted to work from home, confirm that each employee has conducted a test to ensure that he/she can connect to the firm's systems and has access to all of the data required for the employee to work remotely.
13. Ensure that each employee has a copy of the business continuity plan available to them at home to follow in the event of a business disruption.

Business Continuity Plan Updates

In addition to conducting tests and reviews relating to the effectiveness of the business continuity plan, an adviser should also review the business continuity plan itself to ensure that it is updated as necessary.

1. Review whether any regulatory guidance has been released during the past year to determine if any modifications are required to be made to the business continuity plan.

2. Review whether any new business disruption threats should be considered and whether such considerations require revisions to the business continuity plan.
3. Review the firm's business to determine whether any changes to operations, services, personnel, etc. require revisions to the business continuity plan.
4. Update the business continuity plan as necessary and provide updates to all personnel.

Disclaimer:

The foregoing information is provided for informational purposes only and does not constitute legal advice. Readers should consult an attorney if they require advice regarding their particular circumstances.

This document is courtesy of Richard Chen of Richard L. Chen PLLC (www.richardlchen.com), a law firm serving the investment advisory community. Please contact Richard at rich@richardlchen.com with any questions.