

DECEMBER 2013

PANDEMIC PLANNING-

WHAT IS EXPECTED?

Pandemic planning is a critical and necessary part of a financial institution's business continuity plan. In early 2008, the Federal Financial Institutions Examination Council (FFIEC) issued the [Interagency Statement on Pandemic Planning](#) in response to the threat of avian flu. The Statement addresses how institutions should plan for a possible pandemic and provides a framework for financial institutions to develop or update their pandemic preparedness plans. All institutions regulated by the OCC, Federal Reserve, FDIC, OTS, and NCUA must have plans in place that describe how they will manage a pandemic situation.

What is a Pandemic?

As defined by the [Occupational Safety & Health Administration](#) (OSHA), "Pandemic influenza refers to a worldwide outbreak of influenza among people when a new strain of the virus emerges that has the ability to infect humans and to spread from person to person." Pandemic plans differ from other business continuity plans in that they must deal with a broader impact in both scale and duration. A pandemic would affect both customers, employees (it is estimated that up to 40% of employees may be absent at the peak of a serious pandemic) and the general community, and has the potential to last months.

Create Planning Process

As recommended by the U.S. Department of Homeland Security, the [pandemic planning process](#) for small businesses should include:

- Identification of a workplace coordinator
- Examination of policies for leave, telework and compensation
- Determine responsibility for implementation
- Identification of essential employees, business functions and inputs
- Communication and expectation setting with employees
- Preparation of business continuity plans
- Establish an emergency communications plan

The U.S. Department of Health and Human Services facilitates the creation of a planning process by providing a [Business Pandemic Influenza Planning Checklist](#).

Assess the Risks

Planning for pandemic risks should be incorporated into an institution's existing Business Impact Analysis (BIA) and/or Business Continuity Plan (BCP). This assessment should include:

- Prioritization of essential business functions and processes
- Identification of the impact a pandemic may have on those functions and on resources, including estimates of downtime that may occur
- Legal and regulatory requirements for those functions and processes
- Identification of the impact on customers – who would be most affected?
- Assessment of cross-training for key positions and processes
- Evaluation of the operating plans of critical suppliers and service providers during a pandemic, including possible backup plans
- Development of a gap analysis that compares existing processes and procedures with what is needed to mitigate the severity of potential disruptions
- Analysis of remote access requirements to determine if there is adequate capacity to handle the increased load on such resources during a pandemic

Plan Components

The program must consider the impact on the entire organization, not just its systems and technology. The pandemic plan should include the following principal components:

1. *Preventive program* – A preventive program is used to reduce the likelihood of the institution's operations being significantly impacted. It should include monitoring outbreaks, educating and providing hygiene training to employees, and coordinating with critical providers and suppliers.

2. *Documented strategy* – A documented strategy allows for scaling the program’s efforts consistent with the stage of an outbreak, and for recovery efforts.
3. *Continuity of critical operations* – Continuity of critical operations is a “comprehensive framework of facilities, systems, or procedures” that protects critical functions during long periods of employee unavailability. This includes redirecting customers to electronic services or alternative sites. Possible actions by public health officials should also be considered here. The Statement contains several government resources to assist in this effort.
4. *Testing program* – A testing program ensures that the plan is effective and that critical functions can continue.
5. *Oversight program* – The oversight program ensures that the institution’s policies, procedures, and standards have been updated to reflect changes in the institution’s condition and operations, and possible pandemic threats.

The plan must be designed to reflect the institution’s size, complexity, and activities. The Board of Directors must have authority over and approve the plan, while senior management is responsible for devoting sufficient resources to develop the plan, translating it into specific policies and procedures, communicating the plan throughout the organization, and ensuring that the plan is regularly tested and updated.

Additional guidance in developing the components of a pandemic plan can be found with the U.S. Department of Health and Human Services (HHS) in Appendix 4 of their guide, [Community Strategy for Pandemic Influenza Mitigation](#).

Identify Triggering Events

When should the plan be put into action? The official definition of such a “triggering event” is when “an environmental change takes place that requires management to implement its response plans based on the pandemic alert status.” This change could be a notification from a public health authority or other official. When there is a threat, management should monitor news outlets and relevant websites, and identify key contacts for information. Planned actions should a triggering event occur should be communicated to employees and critical suppliers and service providers.

Coordinate Efforts

Communication with outside parties is critical to providing support before, during, and after a pandemic event. Along with an institution’s customers, these parties include critical correspondents, media representatives, governmental agencies (including local public health and emergency management teams), authorities that can take official actions (such as closing buildings), and regulators. The plan should provide for monitoring of official alert systems so the institution can quickly escalate responses to match the stages of an outbreak. Again, additional guidance in coordinating efforts with the community can be found in Appendix 4 of The U.S. Department of Health and Human Services’ (HHS) guide, [Community Strategy for Pandemic Influenza Mitigation](#).

Protect Employee

OSHA classifies financial institutions as workplaces with “[Medium Exposure Risk for Pandemic Influenza](#).” It has outlined controls and protective equipment for employees in this category. More specifically to financial institutions, consideration should be given to staff controls in the event large numbers are unavailable for long periods, such as:

- Modifications to normal worksite and absenteeism policies that can be enacted during a pandemic, including flexible work hours and telecommuting
- Other ways to work remotely, including teleconferencing, video conferencing, and instant messaging
- Conducting operations from alternative sites
- Social distancing, and encouraging employees to avoid crowded places and public transportation

The U.S. Department of Homeland Security provides [additional detail on protective steps](#) businesses can take for their employees. Additionally, The Center for Disease Control and Prevention offers “[A Communication Toolkit for Business and Employers](#)” that contains extensive communication templates.

Test Your Program

The pandemic program should include the following forms of testing, with reporting of results (including recommendations and updates) to management:

- Stress testing of electronic channels such as online banking, ATMs, telephone banking, and call centers to determine if adequate capacities exist to meet increased demand
- Telecommuting simulations (“coordinated work at home days”) for essential employees to verify that remote access capabilities are sufficient and will function as expected
- Testing of internal and external communications processes, including employee call-tree testing
- Testing the effectiveness of critical operations when there is an escalated employee absence rate
- Participation in community, regional, and industry-wide exercises

Review Your Program Regularly

Finally, once the pandemic program has been tested, it should be reviewed annually, preferably in the late summer, before flu season approaches. Documentation of this review should be filed and approved by the institution’s Board of Directors. Testing can occur on the same frequency as business continuity plans unless substantial changes occur in the institution’s facilities, technology, workforce or markets. In these cases, the program should be reviewed, modified and tested reasonably soon after these changes stabilize.

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