



# Oregon

Kate Brown, Governor

## Public Employees Retirement System

Headquarters:  
11410 S.W. 68<sup>th</sup> Parkway, Tigard, OR  
Mailing Address:  
P.O. Box 23700  
Tigard, OR 97281-3700  
(503) 598-7377  
TTY (503) 603-7766  
[www.oregon.gov/pers](http://www.oregon.gov/pers)

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**TO:** Members of the Joint Committee on Ways and Means  
**FROM:** Steven Patrick Rodeman, Executive Director  
**SUBJECT:** Budget Note Report – Disaster Recovery and Business Continuity

As part of PERS 2015-17 Legislatively Adopted Budget, the agency was directed to conduct a detailed health check and risk assessment of the current state of its disaster recovery and business continuity environment, including the state of its current Disaster Recovery (DR) and Business Continuity (BC) plans.

PERS was asked to develop an associated prioritized action plan to correct all identified deficiencies and to ensure that its plans are in alignment with state policies, standards, and guidelines. PERS was directed to report to the Joint Committee on Ways and Means during the 2016 Legislative Session with its findings and prioritized action plan.

### **BACKGROUND**

Statewide focus on business continuity dropped in 2009 when the Enterprise Business Continuity Office was abolished due to budget cuts and ISO 22301 was issued in May 2012. While PERS had a staff member assigned as the BC Coordinator, a discrete BC program area did not exist. As of July 1, 2015, BC now resides in the newly established Risk and Security Section of the Compliance, Audit, and Risk Division. This Division was created to centralize the planning and accountability for risk assessment and management, based on objective compliance and auditing principles. For BC specifically, we have already begun to develop a formal program and will be creating a charter and updating policies to recognize and define that accountability.

The current BC Plan needs to be updated and refreshed. The last comprehensive review and approval was in 2010. Since then, PERS has installed an Outcome-Based Management System and several organizational development changes and departmental reorganizations have been accomplished that need to be incorporated into the plan.

Because of the extensive changes that have occurred since the BC Plan was originally created and approved, we recognize that extensive work will be needed to update the plan to reflect the changes to the agency's operations and incorporate the new guidance that has been issued. Those steps are outlined below.

In support of the agency's efforts in this area, we originally submitted Policy Package 105 in the 2015 regular session. The request was for \$1,581,200 to support the following activities:

- \$529,700 for the virtual desktop infrastructure build;
- \$170,500 for the single sign-on infrastructure build; and
- \$881,000 in capital outlays for DR/BC technology infrastructure that will be used to enhance planning and program development.

This funding was approved, but unscheduled, pending agreement among CFO, LFO, and OSCIO.

## **AGENCY ACTION**

Based on our initial analysis, the agency's efforts over the remainder of this biennium and the one following will focus on the following priorities:

1. Identify high risk areas that need immediate attention
2. Establish a discrete Business Continuity program
3. Determine and allocate adequate resources to maintain the BC program
4. Revise, test, and normalize a BC Plan in agency operations

### ***1. High risk areas that need immediate attention***

We know from previous risk assessments and business impact analyses that the most critical business function for PERS is to process the monthly pension roll. We must ensure that the 130,000+ benefit recipients continue to receive their monthly payments in the event of a PERS business disruption. Oregon's economy would suffer a significant disruption if the roughly \$330,000,000 in monthly distributions were not processed in an accurate, timely, and complete manner. We are currently documenting the pension roll process and developing strategies to ensure these payments will continue without interruption.

Another high risk that received immediate action is the system backup process. Systems were backed up weekly; however, at LFO's recommendation, backup tapes are now stored offsite daily.

### ***2. Establish a formal business continuity program***

One of the prerequisites to a BC Plan is to have a viable business continuity program lifecycle. We are currently reviewing business continuity management policies and developing a charter.

### ***3. Determine and allocate adequate resources to maintain the BC program***

After our initial analysis determined that more extensive work would be needed to update the BC Plan, we decided to advocate for a limited duration position to assist the business continuity analyst in putting a program in place and developing the plan. Also, the original resources requested in Policy Package 105 for virtual desktop, single sign-on, and DR/BC planning and capital investments will be expended as soon as agreement is reached among CFO, LFO, and OSCIO that sufficient planning has occurred to support rescheduling those funds. Once rescheduled, expenditures in these areas will, of course, follow standard procurement and approval policies (e.g., an Information Resource Request Review (IRR) for eligible hardware purchases).

### ***4. Revise, test, and normalize a BC Plan in agency operations***

An action plan to accomplish the following tasks in establishing a robust BC program is being developed over the balance of the biennium:

- Conduct a BC risk assessment and impact analysis.
- Develop strategies to support various scenarios, such as alternate worksite strategy and loss of workforce plan.
- Revise/develop the BC Plan, which includes sub-plans for incident response, crisis communication, business resumption, facilities management, and disaster recovery.
- Develop a training and awareness program.
- Test, update, and audit the BC Plan.