

# Business Continuity for Finance and Accounting Department

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Why it matters and how to establish a  
business continuity management system  
for disaster preparation and recovery?

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# Executive Summary

Finance and Accounts departments form the mainstay of any business. Their shift to the technologies, such as – networks, dedicated software, and cloud computing, has given them more power and purpose. Various technologies come together to automate processes with least chances of errors and that too at a rapid pace. However, because of the enormous dependency on technology, any disruption can upset the operations of these departments and even the business.

To keep operations on the right track, figuring out these possible disruptions in advance is essential. Business continuity plan considers the possibilities (which could be human-made or natural) that can disturb the operations along with a strategy to mitigate their effects.

Consider various factors, such as the possibility of disaster, affected process, criticality of the process, possible downtime, and more to form a reliable plan for various levels of disasters. For example, some accounting processes can prove to be fatal for business if disrupted even for a minute while some others do not impact even after days of unavailability. It implies critical processes need more focus on the planning.

Implementing a business continuity plan for an accounting department requires time and expenses. Cloud computing can be an effective solution for businesses that are unable to invest time and expenses in developing an in-house continuity plan for Accounts and Finance departments.

# Introduction to Business Continuity

Various reasons can cause disturbances in the business operations, such as – natural disasters, hardware breakdown, power outage, etc. Depending on the type and the scale of the disturbance, the impact on the business can vary from negligible to catastrophic because any disruption in the services can lead to a loss in many ways, including – clients, earnings, billable hours, quality of service delivered, etc.

*Studies show that two out of five businesses that experience a disaster go out of business within five years.*

Sustainability and performance of the business, in the long run, depends on its ability to forestall a disaster and to minimize its impact. This ability depends on Business Continuity implemented in a firm or department.

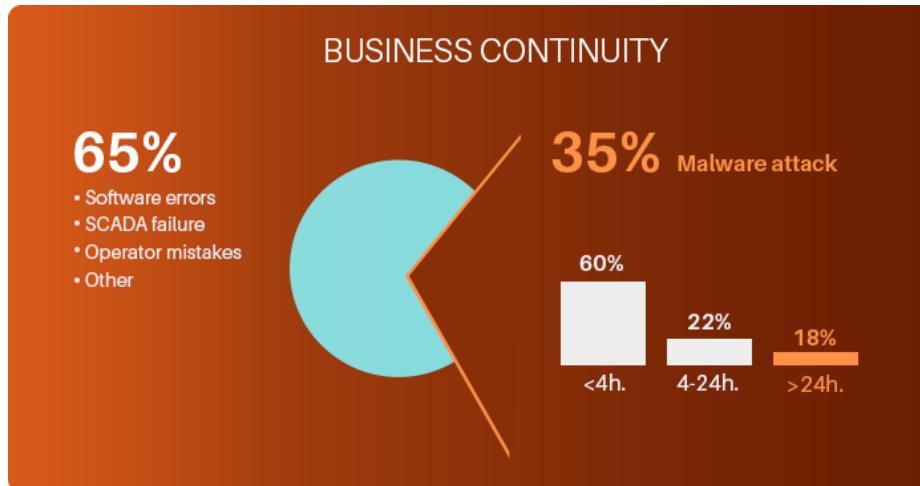
*Business Continuity is a strategy to overcome the possible incidents of disruption in the operations and to reinstate the normal operations. The strategy is aimed to keep the downtime and the losses to the minimum.*

In the modern-day business environment, various business processes require continuous performance. Adding to that, there has been a significant rise in the events such as natural disasters, cyberattacks, etc., that can interrupt the functions of any business department and hence, inflicting a negative impact on the performance. Therefore, a planned approach is required to mitigate when any such disaster strikes.

# Criticality of Departmental Processes and Need for Continuity

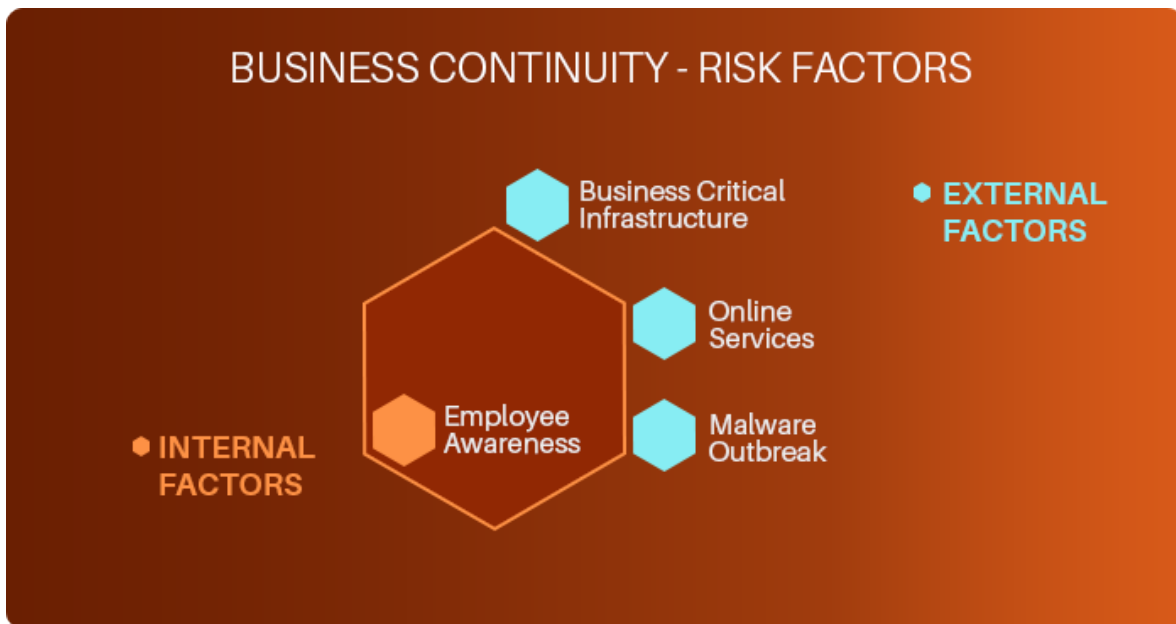
Accounts and Finance departments have a crucial role to play in the overall performance of any business, irrespective of its size or nature. From analyzing the past performance to driving rational decisions for the future, accounting helps businesses throughout. Role of the accounting department may vary a little for different businesses, but its importance is indispensable.

To an extent, the business performance can be considered a factor directly proportional to the performance of the accounting department. Factors that construct the performance of the department is an organization of the accounting department, which includes defining the roles of team members, streamlining of information and sharing among them, and communication between them.



Most of the organizational factors of accounting operations have shifted their reliance on technology solutions in the recent years. There are dedicated software programs to take care of various processes, such as – credit card processing, payroll, Point of Sale, accounts payable and so on. Eventually, a set of software forms the streamlined accounting department.

For obvious reasons, Accounts and Finance departments are also responsible for operations in other departments. Sales, marketing, and administration are the ones directly dependent, while some other departments are indirectly dependent. In the faced-paced business environment, any slack in the operations of Finance and Accounts can cause losses to a catastrophic level.



# Step to Deploy Business Continuity Plan

Business continuity plan must be documented and accessible to all the concerned parties. Deployment and implementation of the plan should be assigned as a duty for a team. A common practice to choose Business Continuity and Disaster Recovery (BR&DR) team for Finance and Accounts department requires at least one member from each department and IT along with members from the directly concerned teams, which could be Sales, Marketing, and so on.

Team members should be aware of their roles and responsibilities in successfully planning and implementing business continuity:

## A. Identify the types and severity of risks

To identify the risks in the department, you can start by identifying critical assets (such as – employees, vendors, contractors, infra facilities, hardware, software, documents, and so on), key departmental processes, vital dependencies, and the impact of potential accounting/finance interruptions.

After identifying the critical resources of your department, begin with the identification of threats that may impact these resources. For simplicity, you can categorize them. Human-made, natural, business and IT are some of the standard categories to start listing the risks. Their severity and chances of occurrence are other parameters to consider.

Smooth operations of the business rely on various factors, such as – availability of power, security of the premises, and so on. Depending on the locations of your firm's branches, the frequency and impact of the disaster can vary.

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The most recommended practice to tactically proceed with this step is by making a risk matrix table. Below is an example of a risk matrix table:

Likelihood of Occurrence → Type of Disaster ↓	Rare	Unlikely	Possible	Likely	Frequent
Natural			Flood	Cyclones	
Humanmade		Terrorist attacks	Fire		
Business		HVAC failure	Cyber attack		Accidental data deletion
IT	Software corruption	Network failure	Device damage	Power outage	

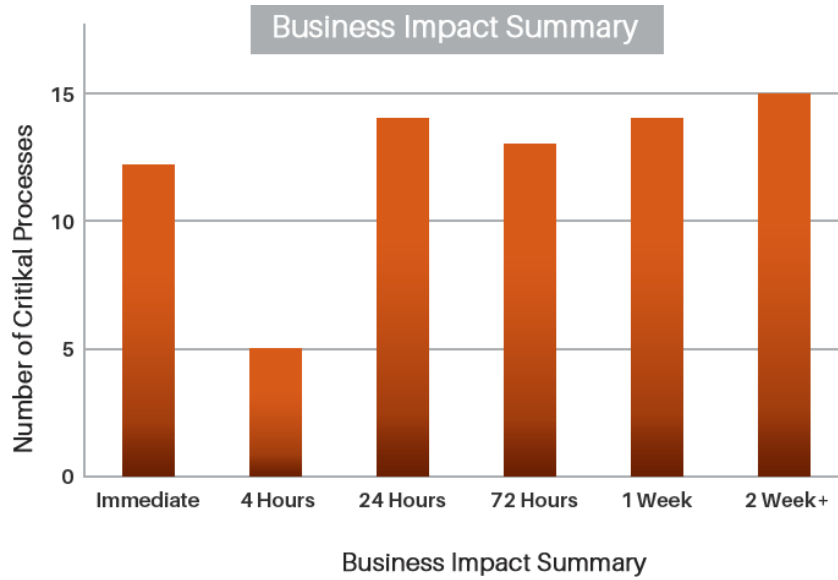
### B. Define how these risks affect processes of the department

**Consider a case scenario:** if one of the printers faces any issue for 20 minutes, it may not be a big issue for most firms, but if the internet connection goes down for the same amount of time, it can cause mayhem at work. It exhibits that different risks have different levels of impact on the business and processes.

Once you have figured the severity of the risks, consider the impacts of identified risks on various departmental processes. There are multiple methods that you can include to calculate the effect, such as - time loss, monetary loss, and disturbance in service (from irrelevant to catastrophic). All these methods are essential, and if you are ignoring any of them, chances are your continuity plan may not be well-thought.



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Process	Dependency	RTO	Time Impact	Monetary Loss	Customer Impact
Cash Processes	Network, QuickBooks POS, QuickBooks	Immediate	Low	1-10k	High
Credits and Collections	Network, Bank App, Card App	Immediate	Low	10-100k	High
Payroll and Benefits	Network, QuickBooks, TSheet	1 Day	High	Low	Low
Tax Processes	Network, Lacerte	1 Week	High	Low	Low
Financial Reporting	Network, QuickBooks	1 Week	Medium	>100K	Low
Financial Analysis	Network, QuickBooks	1 Week	Medium	Low	Low
Budgeting and Planning	Network, QuickBooks, ERP, CRM	1 Week	Medium	Low	Low

		Impact				
		Insignificant	Minor	Moderate	Major	Catastrophic
Risk Evaluation: Risk Rating	Likelihood	Almost Certain				
	Likely			<ul style="list-style-type: none"> <li>• Network failure</li> </ul>		
	Possible		<ul style="list-style-type: none"> <li>• Infrastructure failure</li> <li>• Facility failure</li> </ul>	<ul style="list-style-type: none"> <li>• Data theft</li> <li>• Absence of key staff</li> <li>• Loss of key supplies</li> <li>• Fire</li> <li>• Power failure</li> </ul>	<ul style="list-style-type: none"> <li>• Pandemic outbreak</li> </ul>	
	Unlikely		<ul style="list-style-type: none"> <li>• Flood</li> <li>• Workforce injury</li> <li>• Physical security breach</li> </ul>			
	Rare			<ul style="list-style-type: none"> <li>• Regulatory violation</li> </ul>		

### C. Formulate and deploy methods to mitigate these risks

A business continuity plan can be segmented into two parts: Preparedness for the disaster and Recovery after the disaster.

‘Preparedness for the disaster’ focuses on avoiding the disaster or reducing the influence on the critical operations, while ‘Recovery after the disaster’ focuses on the practices to reinstate the processes that have been disturbed by the disaster.

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Here are some of the methods you can deploy in your Accounts and Finance departments for preparedness for the disaster:

**Physical Setup:** For smooth business operations, physical and environmental safety is essential. Keep a secure and stable information-processing facility and an office location that provides proper physical and environmental protections.

The site where you have your employees working or your important documents (such as authorizations from government authorities, insurance documents, etc.) stored must be secured against disasters.

**Communication and Other Critical Systems:** Redundancy is the critical methods for maintaining continuity in communications and critical systems. Depending on the various methods applied to determine the risk impact and its criticality, define the acceptable downtime for the process and accordingly deploy the redundancy (like - multiple internet services) that can live up to them.

**Data Protection:** Implement the data-protection strategies and carry out regular backups of critical data, software applications, and configurations. It is highly recommended to maintain the backup on an offsite location to reduce the impact of a disaster on a particular site.

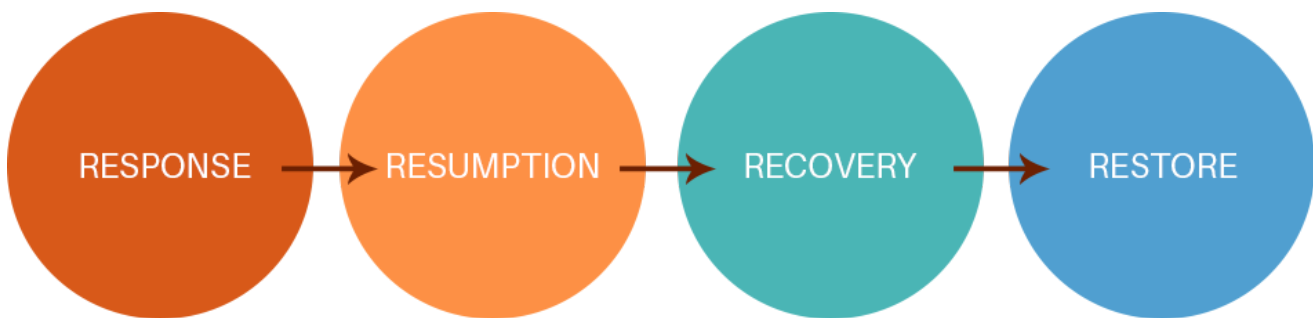
An important aspect that requires the attention with data protection is securing it from unwanted users who could be inside or outside the department. Implement a reliable data protection plan that includes control of accessibility, sharing, and management of the data.

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**Maintain Multiple Third-party Dependencies:** It could be vendors, payment gateways, card information storage or some other process that is maintained by a third-party. Opting for different vendors with the critical services ensures that single-point failure during the disaster will have a lower effect on the operations.

To reinstate operations after the disaster, you can deploy the following methods in your Accounts and Finance department:

Business continuity after the occurrence of a disturbance can rely on a four-step plan:



**Response:** BR&DC team should respond to analyze the impact of the disaster and execute the possible continuity plan. Pay attention to the cause of disaster and inspect if there is a possibility of another such occurrence soon.

**Resumption:** For the impacted resources, choose the redundant ones and backed up data to resume the critical operations in the least time frame.

**Recovery:** Services may be resumed after the disturbance using some temporary solutions, which may not survive for the long duration. Be proactive towards the recovery of long-term solutions.

**Restore:** Restoring step focusses on the continuation of the normalized service for the departments.

### D. Continuous improvement for continuous performance

As the technologies and methods of operating change with accounting and finances, the firm should be able to adapt their business continuity plan accordingly. Instead of waiting for the disaster to strike, the plan should be tested regularly by conducting mock tests and drills.

To test and evaluate the business continuity plan, follow these steps:

#### **Define different types and frequency of exercises:**

This document has earlier mentioned the risks are numerous. To test the plan for all of them in the one attempt can be dangerous and exhaustive. Therefore, the exercises should be categorized and conducted at a defined frequency.

#### **Use exercise results to evaluate the effectiveness of the plan:**

Build a layout of the evaluation procedure to calculate the effectiveness of the plan. Pay attention to ensure that the evaluation score of drills/tests should be continuously improving.

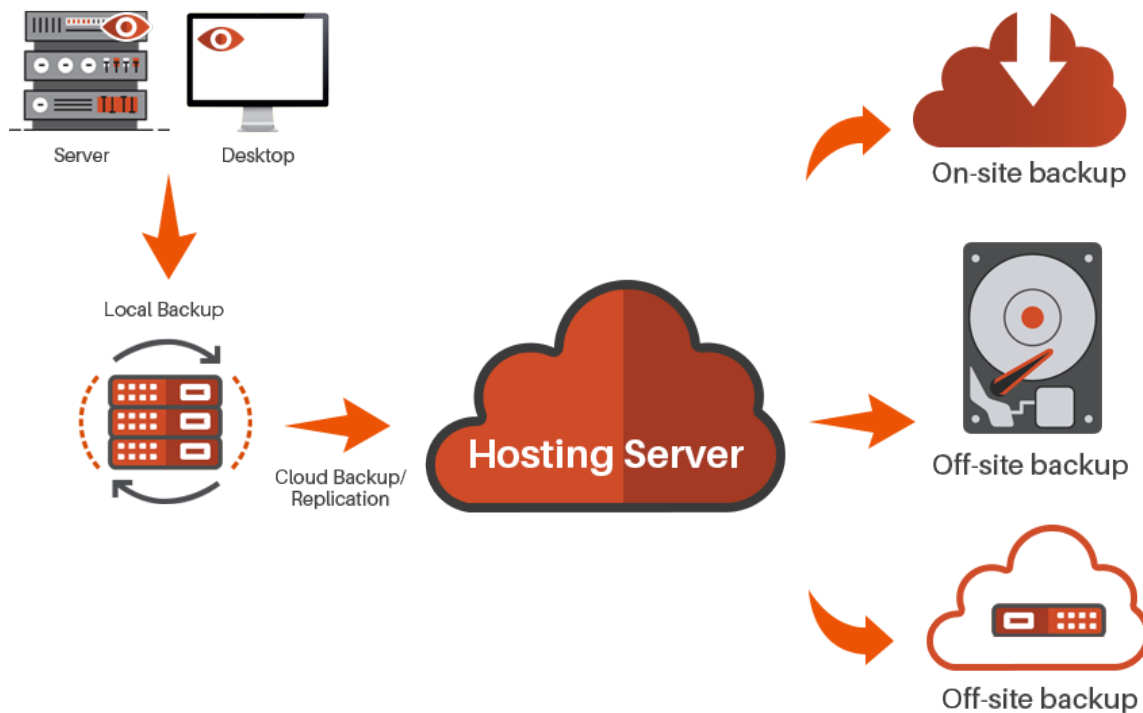
# Role of Cloud in Business Continuity

Most processes and assets in the Accounts and Finance departments are technology-based, centered around the computers. As increasing number computing operations are moving to the cloud from the local machine, you can consider the same solution for accounting and finance processes.

Use of cloud for business continuity plan for help in:

## Data Protection

A cloud hosting service can be used for data backup. Most of the cloud service providers offer automatic backup service, which not only saves the manual efforts but also ensures that data is backed up on a remote server. It is recommended to select a cloud service provider that maintains robust security with the backup.



### Device Independence

Along with using the cloud for backup storage, you can use it to host data and applications on which your finance and accounting processes depend. As cloud operations are independent of the local device, your accounting staff will be able to access it over any devices with the internet connection. It means even if the accountant's workstation is damaged, they can start working over any other device without any delay in actions.

### Flexible and Adjustable Structure

Disasters can disturb the operations and cloud gives you a solution that can adjust for your ad-hoc requirements. You can quickly add new users to work on the cloud-based applications so that your accounting team can keep on working even when the IT infrastructure has taken a beating.

# Standards to Consider with Business Continuity Plan: ISO 22301

For business continuity management, The International Organization for Standardization has Standard ISO 22301:2012 in action. This standard maintains that Business Continuity Management System (BCMS) is in coherence with quality, environmental, information security, and information technology standards of ISO. The standard was developed by ISO/TC 223 and was published in May 2012.

It recommends the Plan-Do-Check-Act (PDCA) model for the business continuity management system, where:

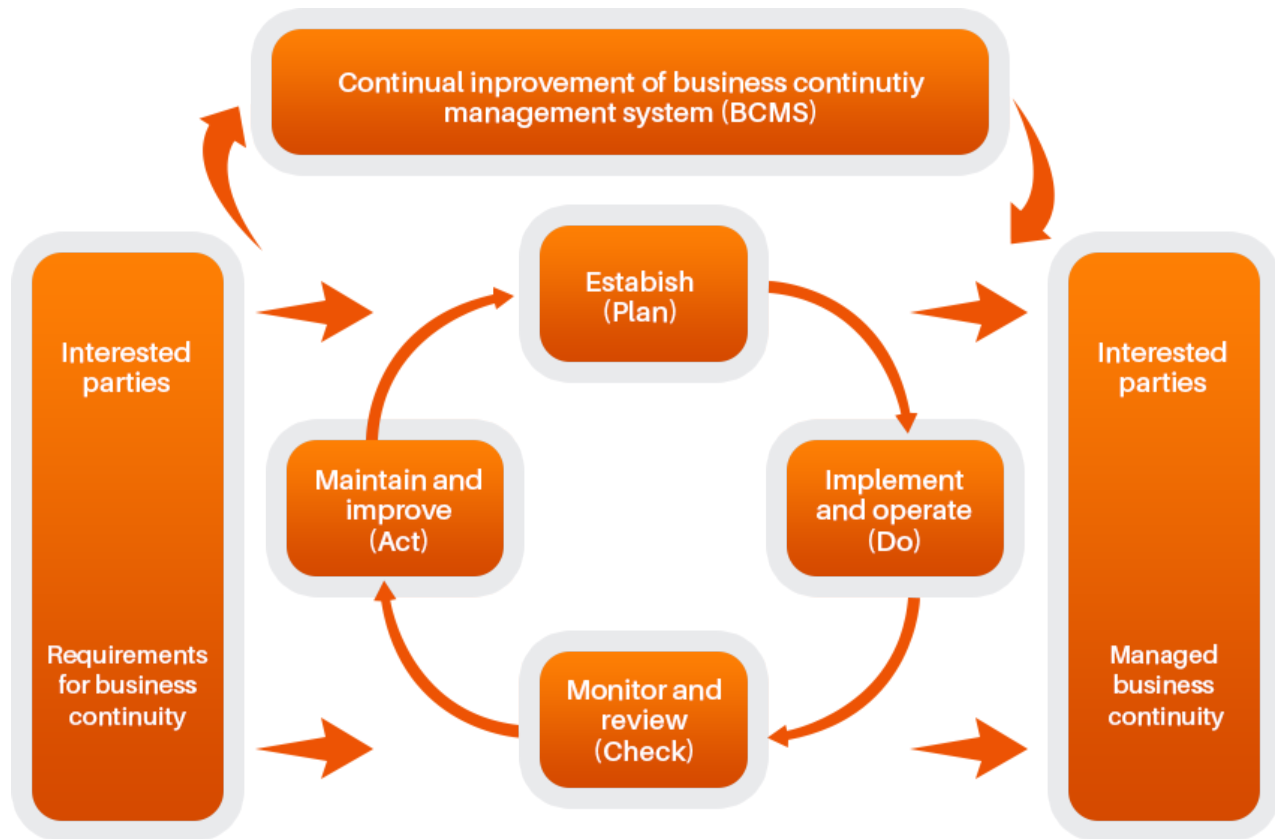
**Plan** refers to the formulating policies, objectives, targets and procedures involving the business continuation.

**Do** refers to the implementation of the plan.

**Check** refers to the testing and evaluation of a business continuity management system.

**Act** refers to the execution of the corrective actions based on the testing and evaluation of the system





**ISO/TS 22330:2018**, the latest guidance to ISO 22301, has published the technical specification on business continuity along with the people aspects. The guidelines include the updates on the preparedness, respond, recover and restore segments of the business continuity management plan in order to control the impact of any unwanted incident. The focus of the update towards the importance of the development of knowledge and skills among the workforce to implementing an effective business continuity management.

## References

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## About Author



Nishant Kadian curates technical content for Ace Cloud Hosting. He has a keen interest in technologies, such as – cloud computing, cloud-based VDI, accounting and finance applications, and more, that support the various processes for business. Working since 2015 with Ace Cloud Hosting, he has published various whitepaper in these domains. Some of his previously published white papers are:

- [Actionable Insights on Gaining More Clients and Maximizing Client Retention for CPAs](#)
- [Cloud Accounting Security: A Ground Reality Comparison With Local Hosting](#)
- [Why Cloud-Based Accounting Matters to Everyone?](#)
- [How CPAs Can Take Up Personalized Financial Planning?](#)

# About Ace Cloud Hosting

Ace Cloud Hosting, headquartered in the US, is a leading provider of managed hosting services. The company has a global customer base for its services that include:

- Application hosting of business apps (ERP, CRM, office suite, POS, email exchange), accounting software (QuickBooks, Sage), and Tax software (Drake, Lacerte, ATX, ProSeries)
  - VDI hosting
  - Managed server hosting
  - Private server hosting
- and many others

Ace Cloud Hosting has partnered with leading data centers in Phoenix, Houston, Dallas, and Chicago to power its services with a guaranteed uptime of 99.999%. As a mark of its customer-centric services, the company offers built-in Disaster Recovery and Business Continuity (DR&BC) feature along with 24x7 support availability over chat, email, and phone.

Ace Cloud Hosting is an Intuit Authorized Commercial Host for QuickBooks and a QuickBooks Solution Provider. They are also the winners of Great User Experience Award 2018 by FinancesOnline and User Favorite Award at Accountex USA 2016.



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