

# TSI Says . . .

## Treasury Operations Backup and Disaster Recovery Planning

How well prepared is your treasury operations group to handle an unanticipated business interruption? Many treasuries are backed up for only the most fundamental transactions, and then solely at their primary site. They lack the ability to transfer their full range of daily processes to another person or site.

There are three levels of treasury operations backup: personnel, technology and location. A good disaster recovery plan encompasses all three, and should be tested periodically to identify shortcomings.

**Personnel:** A primary employee is suddenly unavailable

- the designated backup should be trained and frequently refreshed
- all daily procedures should be outlined
- infrequent or special procedures must be documented
- system administrator functions must be backed up
- approval hierarchy and separation of responsibility must still exist under backup

**Technology:** A major hardware or software failure at the company or bank

- information and transaction activities must have alternate ways of getting done
- all user / initiators throughout the company should understand backup arrangements
- proper authorizations must be in place for manual bank transactions
- electronic files should be backed up daily, with processes to update them once failure is remedied

**Location:** An emergency, utility or network problem renders the primary site inoperable

- if staff move to a backup location, there should be coverage until they arrive
- if not, fully trained backups must be available off-site - consider all issues listed under personnel
- the backup location should be on a different power grid
- current and fully functional software should be accessible at the backup site
- otherwise, alternate mechanisms must be in place - consider all issues listed under technology

Treasurers need to assess their plans in these areas, mandate periodic tests, and strengthen preparation against the unforeseen. Treasury Strategies can help, and can serve as part of the backup / disaster recovery program.

*Treasury Strategies consults on global treasury management, payment systems, treasury performance and organization, and short-term liquidity.*

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