CORONAVIRUS: RISK-RESPONSE CHECKLIST

Coronavirus has caused widespread disruption in businesses, markets and communities. In the face of the pandemic, business managers are taking precautionary measures and formulating action plans to mitigate risks and their impact on business operations, while at the same time meeting the needs of their customers and other stakeholders.

To assist organisations, BDO has developed a risk-response checklist, outlying guidance measures to consider when deploying business continuity planning.

BDO understands a single set of procedures or responses might not fit all organisations or each company's situation. We recommend that you contact **COVID19@bdo.com.au** for specific advice.

IMPACT ON SUSTAINABILITY
CHECKLIST

- Has your organisation identified scenarios that may impact business operations and conducted a risk assessment?
  - From a people perspective? (consider employees and other people at the centre of your operations)
  - From a materials perspective? (supply chain availability)
  - From a financial perspective? (cash flow forecasting, debt facility covenant review)
- If yes, have potential impacts been mitigated and measures formulated?
- Has the pace of expenditure been reviewed in relation to the company's expansion plans and existing development projects?
- Has the allocation of resources been re-prioritised to unaffected business lines?
- Have business transformation opportunities been explored and identified for new market development and to meet customer needs?
- Have measures been identified for controlling budgets and making cost savings? E.g. assess the possibility of outsourcing certain business processes in a cost-effective way.
- Have discussions been held with financiers to revise terms, ensure adequate finance is available or obtain exemptions from relevant covenants?
- Have alternative solutions been identified if forced to suspend operations at the business premise?
- Have key personnel risks been identified? If an employee who maintains a critical function becomes sick, have you trained a replacement to fill that role?

KEY CONSIDERATIONS AND PLANNING TRIGGERS

When responding, businesses should consider the following possible planning triggers:

- Determine whether it has a developed, rehearsed capability to detect, assess, respond to, and recover from, corporate crisis events, including those triggered by COVID-19. This includes a set of tested techniques for crisis detection, notification (e.g. to regulators), escalation (e.g. to Executives and Boards), information sharing (e.g. to customers and staff), collective decision-making and debriefing mechanisms

- Review costs and identify ways to negotiate better terms with suppliers, eliminate unnecessary fixed or variable costs, and create a prioritised list of costs that can be eliminated if necessary

- Examine opportunities to restructure or refinance debt arrangements to take advantage of cheaper rates or longer terms, to avoid the risk of insolvency threats

- Examine opportunities to adapt their product and service customer proposition during a pandemic event to maximise profitability and relevance during an outbreak that affects traditional retail

- Engage with their clients to warn them of the likely consequences should a lockdown occur and the measures being taken to reduce the impacts.

IMPACT ON SUPPLY CHAIN
CHECKLIST

Has your organisation identified potential impacts on your supply chain – have you considered how you can mitigate these if they eventuate?

Have considerations been made to re-prioritise the production line to respond to market impacts associated with the threat? E.g. increase safety stock levels and stockpile essential supplies and resources.

Have alternative domestic or international suppliers been pre-qualified and outsourced in case primary suppliers can no longer provide support?

Have contingency measures been formulated that anticipate possible failures in the supply chain? E.g. examine the capacity of other suppliers in other geographical areas, change the production mix, plan for new delivery methods to reach customers.

Do suppliers have documented plans for business unit continuity and information technology disaster recovery?

Have considerations been made that take into account the absence of critical staff over an extended period?

Have actions for business recovery been developed? .

KEY CONSIDERATIONS AND PLANNING TRIGGERS

When responding, businesses should consider the following possible planning triggers:

- Determine where the supply chain risks are (e.g. upstream or downstream)

- What is the risk to business sustainability? (i.e. how long can the business operate without supply of x)

- Examine the supply chain risk in terms of:
  - Market risk (supply and demand mismatch)
  - Human risk (labour force availability)
  - Financial risk (effect to profitability)
  - Production risk (chance of failure).
- Consideration should be given to finding and approving new suppliers, finding alternative modes of transport, identifying which of those options are available, and selling products on that basis.

IMPACT ON HEALTH AND SAFETY
CHECKLIST

Have employees been reminded about the importance of maintaining personal hygiene in the workplace?

Has an employee communication plan been developed and information been disseminated on precautions to stop the spread of the virus?

Have health and safety processes been considered?

Have staff members been identified to authorise the enactment of your business continuity plan?

Are records of staff travel being kept and employees' exposure monitored?

Is the organisation considering seating arrangements in the workplace so that a safe distance can be maintained between employees?

Are home office working policies and capabilities being reviewed and evaluated?

Have sufficient and accessible infection control supplies (e.g. hand sanitisers) been provided?

Is sick leave being monitored and symptoms reported on?

Has a platform or communication channel (e.g. SMS hotline) been developed to communicate information to employees?

Have employee contact processes been rehearsed?

Have insurances been discussed/reviewed with your insurers?

Do you have plans to isolate and protect critical staff and teams during an extended, localised response that are unable to work remotely but are key to keeping the business running?

KEY CONSIDERATIONS AND PLANNING TRIGGERS

When responding, businesses should consider the following possible planning triggers:

- Whether their operations (e.g. manufacture, financial services processing) do not permit the ability to work remotely (e.g. from home)

- During a widespread and sustained pandemic scenario, businesses need to isolate and protect these critical teams for a period of time. They may need to use a range of strategies including 'split teams' separated by geographical sites

- Notice of a 'lockdown' or 'self-quarantine' may come unexpectedly therefore, the ability to alert employees quickly may be required.

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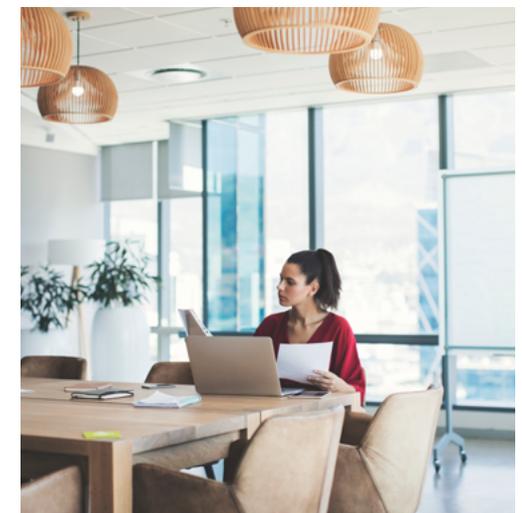
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Our history gives us a thorough understanding of the local marketplace, and the knowledge required to provide real value and specialist advice to local businesses.

Today, across our ten offices in Australia we have 1,756 people, including 203 Partners, providing a full range of audit, tax and advisory services.

IMPACT ON TECHNOLOGY
CHECKLIST

- Have security settings been assessed for remote connections and are individual access mechanisms in place? Has multi-factor authentication been adopted for employees who are logging into the company network?
- Have communications and information technology infrastructures been reviewed to support employee telecommuting and remote customer access?
- Are you monitoring the use of unauthorised computers (especially for companies that have adopted a Bring-Your-Own-Device policy) and their access to the network?
- Do you know the location of important documentation and information? Is it easily accessible if your office poses a risk?
- Have you reviewed the data backup policy and the frequency and adequacy of backup practice?
- Will your organisation be relying on an email system only for remote working?
- Have you considered bandwidth and data usage requirements for staff using home networks?
- Have you rehearsed and checked whether all employees can access the information they require remotely.

KEY CONSIDERATIONS AND PLANNING TRIGGERS

When responding, businesses should consider the following possible planning triggers:

- Residential/home technology supporting remote connections could pose both a security and bandwidth issue
- Some critical personnel may have never developed or tested their ability to perform critical functions at home
- Staff may require access to specific infrastructure (e.g. applications, files, devices) that have not been considered in a remote working environment
- If email is going to be the primary means of communication / collaboration, then consideration needs to be given to what happens if it fails
- Cyber criminals and other adversaries may take advantage of businesses during this crisis and target the vulnerabilities associated with remote connection.

For more information about your organisation's risk-response checklist or your approach to business continuity planning, please contact us at **COVID19@bdo.com.au** and we will direct your enquiry to one of our specialists.