

2010



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The Blue Print Concept

A word from Randy Karnes

In 2010 CU*Answers declared that it was going to work with credit unions to “Start Businesses in Our Network”. It starts by creating the vision that “our network” is referring to all of the *participants*. The word community is getting a lot of use today, almost too much, but that is what our network is; a community of opportunity. A place where a million members do their business, where thousands of talented credit union professionals add their efforts, and a place where hundreds of organizations vest their operations. Our community is one rich with solutions, resources, and aspirations.

The issue is that those opportunities and solutions are not always perfectly matched within a single organization. Teams throughout the network find themselves daily in situations where they have excess capacity in one area, and real shortages in others. Any given member of one credit union might find that they are lacking a solution with their home credit union that might be served by one of the network’s credit unions. Any given staff member might be thinking how much more they could offer if they could just do more with more credit unions. Somewhere within the network is a CEO wondering how to get more return on their investment in capacity and capabilities built into their team. There is the opportunity for a new kind of commerce in our network should the participants just formulize and extend themselves to each other. More than a desire to cooperate, more than an informal exchange of hope, more than a “we should do this effort” – we need to Start Businesses!

It might all start with a template? It might all start with a simple example of a business in motion? It might all pick up some speed with a couple of trusted resources? It might catch fire with the right Blue Prints!

To that end, CU*Answers has developed a series of Blue Prints related to our Network Business Units led by the Xtend Team. These blue prints are the beginning of several projects and have several expected outcomes or goals. First, to be a guide for CU*Answer network participants to utilize in starting their own collaborative businesses within our community. Second, to enlist other companies in considering both the strengths and the weaknesses of our business designs so we can improve them, document the units and record the digital intelligence about what we do. Third, to start the creative competition within our community that will employ more people, offer more solutions, push for more innovation, and ultimately leave no opportunity unanswered no matter where it comes from or who answers the call.

So let’s get to it – turn a template into a business. Launch a business to turn opportunity into a return for you and your members. Lift a network of participants beyond what any stand alone firm or player could do on their own.

Considerations for Starting an Auditing Business

A word from Jim Vilker

Overview:

Recently I was asked if I were ever to start up a company like Audit Link what are the first considerations that would come to mind. First, I believe that a business centered on compliance and auditing is the easiest to get off the ground in a collaborative model. Considering the “Blue Print” and the sample business plan that follow have already been digested, would this be enough for a credit union to go into business? My answer is no—there are a number of other questions or gut checks that must be performed prior to jumping in. The following are some of those considerations and key points that must be addressed prior to starting this path.

Identification of regional players and their intents

- What are their needs related to compliance and auditing? This Blue Print outlines the needs being addressed by the existing Audit Link division of CU*Answers. Does this model fit and if not what effect will that have on resource requirements and the income and expense pro formas?
 - Is the upfront compliance work included (Tier One)?
 - Is the daily work required (Tier Two)?
 - What may be ongoing revenue streams?, such as ongoing compliance related advice and activities.
- Is the group organized and motivated enough to engage to the degree where they would sign a letter of intent? The pro forma, pricing structure, and potential capital requirements can only be developed once this phase has been complete.
- What is the inventory of existing resources to be used, to be developed, to be certified? When can these bodies be ready to hit the ground running?

What is the expected business model desired

- What association with CU*Answers Audit Link is preferred?
 - An extended division of CU*Answers Audit Link, with revenue/expense sharing capabilities, but some type of local governance built in. This would alleviate the new regional player from building redundant systems, including billing and accounting services, bonding, subscription, technology, etc. This would also allow for the spreading of daily activity between organizations.
 - A new CUSO owned by the regional players utilizing CU*Answers Audit Link as a consultant to get the business up and running. In this model CMS would act as the owner of the template and business design, and the credit union would simply want to model their new business off of this one. The new CUSO would hire CMS to train their staff on performing audit link reviews, act as an ongoing point of reference, and in cases where the daily work will not be done by the CUSO, act as the sales agent to move the daily work into Xtend.
- What is the expected management structure of the new division, and who will oversee the daily operations?
 - A credit union
 - A new CUSO

- CU*Answers Audit Link
- What are the expectations relative to the formalization of strategic partnerships?
 - Contracts
 - Service agreements
 - Licensing and support agreements

What is the desired governance model

- Dependent upon the corporate structure, who will drive the business forward and what would be their primary responsibilities?
 - A local credit union CEO
 - A representative of the regional group
 - A paid staff member

What are the requirements of the project manager

- Who is responsible for formulating a plan and determining milestones for successful execution?
 - CU*Answers Audit Link division head
 - Local credit union employee
 - Newly paid staff member

How do I get started

1. Identify the population of the potential credit unions in the area to propose new CUSO tool.
2. With the assistance of CMS Audit Link, formulate a plan based upon 75%, 50%, 25% participation of the group. Assume you will be providing:
 - Tier one support (upfront compliance reviews)
 - Tier two support (daily work)
 - Tier three support (on-going compliance advice)
 - Tier four ad-hoc such as ACH and BSA audits

Consider what third party relationships will be required to execute on the above services. In some cases Xtend SRS will be used to complete daily work until adequate expertise can be hired or is made affordable by the amount of credit union participation. Assume that it will take two to three upfront contacts with Jim Vilker to train the upfront contacts. Rate on these will be \$3k per contact plus expenses. The additional \$500 takes into consideration that there will be additional time requirements for the training. Also contact Bob Frizzle to assist in determining upfront costs associated with starting the CUSO. Also consider the following first year expenses.

- Bond and errors and omissions
 - Attorney fees for CUSO formation and client agreements
 - Web site
 - Certifications for staff
 - Subscriptions to compliance web sites and publications
3. Identify lead compliance officer, including résumé
 4. Based upon the above, develop a pricing model and capital plan for the new CUSO.
 5. Formulate a town-hall meeting and be ready to present the plan. Include CMS Audit Link as a presenter.
 6. Based upon level of interest, prepare the final pro-forma capitalization plan and send to interested parties.
 7. Formulate another conference and garner letters of intent

8. Develop project plan including:
 - Corporate formation
 - Scheduling up-front contacts
 - Scheduling resources or garnering third parties to complete daily work
9. Utilizing Bob Frizzle, complete incorporation tasks, draft client agreements, and develop BOD governance model.
10. Utilizing Bob Frizzle, set up the accounting and billing methodology. In some cases the new CUSO may want to buy these services from Bob's team.
11. Form new CUSO and sell shares for initial capitalization

Preparing a Business Plan

As the first in our series of Blue Prints, we will explore starting and running an effective auditing service.

Compliance can be a monumental hurdle. Having used Audit Link since the beginning WDMCU saw an opportunity to tackle this process of review, verification and validation without hiring an internal auditor. We have found that what appears to be an expensive luxury is in fact an inexpensive necessity.

-David Keim, CEO Western Districts Members Credit Union

There are many components you need to consider when building your own Audit Link business to assist other credit unions with the auditing of their financial processing. Some of these items include creating a division of labor, a marketing plan and an operational plan. Careful consideration of these aspects of the business is key to its success.

To assist with things you should consider when forming your own organization, the business plan of Audit Link is included in this booklet on the following pages. This is followed by more granular items you will need to consider when forming your organization.

The following business plan was created by **Audit Link**

Executive Summary

The rumbling of “why don’t we form a compliance and auditing division” for our partners has now become a roar. This burden is no longer something that most of our clients can simply dole out to staff and hope collectively they have covered all the bases. Regulators and auditors are placing an elevated focus on this area of operations and these regulatory requirements are spilling into the day to day activities at an alarming rate. While our partners are trying to focus on their member needs, compliance and auditing tasks are absorbing valuable resources at a pace that is simply unacceptable. These CEO’s and industry experts have recognized for years that the one area where credit unions can truly collaborate is in the compliance and auditing arena. Thus the idea of Audit Link is being proposed.

What resources does it take to put together a top notch audit and compliance program? First it takes someone with experience and knowledge in this area from a regulator and auditor perspective, from an inside activity perspective, and from a technology tools perspective. Second it takes a robust technology platform which captures member and staff activity in a way that can be easily reviewed and analyzed. Combine these two attributes and you have a powerful service offering for our marketplace.

Audit Link is being proposed as a collaborative effort between Xtend and CU*Answers for the initial operational rollouts. We do anticipate that our cuasterisk.com partners will either participate with the initial service team or use this template and create their own direct operational services for their networks. As you will see in the business plan there are many areas where collectively we can conquer the compliance and auditing beast. The mantra is that Audit Link is being developed around the principal that it will provide a centralized focus of the auditing and compliance area of credit union operations giving CEOs the confidence that the periodic monitoring is being completed.

From a high level Audit Link is designed to offer our partners a well rounded stable of services. What sets this model apart from all others is that the review is then put into practice by evaluating it against core platform configurations. The service is also designed to ease the credit union’s daily work load relating to auditing member and staff transactional activity. Daily monitoring will be completed by our SRS Audit Link team and the sum of activities will be reported to the credit union CEO in a concise management report of operations. Couple these services with the strong educational resources of our collective CUSOs and this collaborative offering will hit the market with strong value statement.

The plan outlined within the body of this document fully describes the service, marketing and sales, financial analysis, and resource requirements. It is an exciting collaborative and one our partners will find extremely beneficial.

Division Description

Audit link is in the business of supplying a compliance review service and providing the day to day auditing tasks for credit unions currently on the CU*BASE platform. It will be a cooperative effort between CU*Answers and Xtend and potentially other partners in the network including CU*NW and CU*South. The main goals of the company are:

To provide a focused approach to the auditing and compliance functions of our partners

To ease the growing regulatory burden currently placed upon our industry by regulatory bodies

To assist CU*Answers in getting in the business of auditing to extend its reach in the market

To develop a division that can help enhance the CU*BASE platform based upon effective auditing processes

To develop a focus group and interactive web site to share policies, procedures, and current concerns of auditor and regulatory bodies

The industry has dictated that the number one area where credit unions can collaborate is in the auditing and compliance arena. However, it has also been stated that it would virtually be impossible if these collaborators do not share a similar technology backbone. We are lucky enough to have the will of our partners married with the CU*BASE platform to truly create a collaborative which industry leaders have been speaking about Service Detail

The program will consist of three interrelated business activities.

The first area of this initiative will revolve around what we will actually be doing for the credit union throughout the day, month, and quarter. This is where the credit union would see the bulk of the work being done. These are the tasks associated with the daily monitoring of member and staff activity which either trigger regulatory action or management reaction to internal controls. Daily e-mails will be sent to the credit union outlining the findings and audit requirements. Also, the body of this work would be summarized in a monthly executive report and presented to management.

The second area involves the credit union management team deciding to use specific ad-hoc services. These services are higher end tasks which consist of annual reviews, training, and more sophisticated audit functions. Because the complexity varies greatly between credit unions they would need to be bid on a case by case basis.

The third and final area includes what it will take to complete offering. This would include the development of the audit community consisting of a web site, an interactive blog, a policy archival area for credit unions to share, and a set of best practices to be shared by the entire collective. The recent investment in Passageways was supported by the need for a very interactive environment.

Policy and Configuration Review

This initial review of credit union policies, practices, and system configurations address many regulations and internal best practices. This session is vital as it sets the stage for the periodic work which will be the foundation for our audit team moving forward. This is a working session and requires preparation as well as time with the credit unions management team to review existing policies and procedures. Based on those findings, a portion of the time will then be dedicated to tweaking the system configurations and identifying where additional training may be required. During this phase we will:

- Review regulation D monitoring and verify that the proper transaction types have been coded
- Review Regulation D account types and compare them to the FR2900
- Review BSA configurations and policies
- Provide training to staff BSA and internal policies regarding CIP
- Review retention policies and procedures in accordance with BSA and make recommendations for change if necessary
- Review TIS disclosures and compare them to configurations on share and saving products. Reconfigure forms if necessary
- Review denial notices for compliance with the Equal Credit Opportunity Act and follow up with loan staff on procedures for producing the notices
- Review default hold configurations and make recommendations regarding policy on Regulation CC, Expedited Funds Availability Act
- Review configurations for statement generation and make recommendations in accordance with Regulation E, Electronic Funds Transfers
- Review statement disclosures and make recommendations in accordance with Regulation E and Regulation Z, Truth in Lending
- Review policies and procedures regarding Consumer Privacy and make recommendations for change and monitor annual disclosures in all media sources
- Review procedures on lending and use of Equal Credit Opportunity Act codes and make recommendations for change
- Review procedures on lending regarding pre-paid finance charges in regards to Regulation Z and the Real Estate Settlement and procedures act. Make recommendations for change if required
- Review employee security configuration and make recommendations for change

Doing the Work

The following is a list of tasks which will be performed for the credit union on a periodic basis. Many of these tasks revolve around BSA and insider related activities. In many instances these activities are spread across multiple employees in the credit union and lack a central audit focus. The value of allowing our team to monitor these activities is to centralize the focus and provide a consistent reporting methodology to the management team. The majority of the work listed below would be completed by entry level personnel.

1. Daily

- Review BSA reports and verify that the CTR's have been filed and are filled out correctly.
- Review Regulation D and list violations on run sheet
- Review activity on dormant accounts and verify transactions
- Review file maintenance
- Review wire transfer logs for activity and make recommendations for filing SAR's
- Transaction reversals involving cash or check on member accounts
- Stale dated check review with recommendations for action

2. Weekly

- Review wire transfer log and verify that all information is being maintained
- Review activity on employee accounts and report suspicious activity to Management

3. Bi-weekly

- Run OFAC report and perform investigation on any hits.
- Run BSA report for the prior week and search for evidence of structuring. Make recommendations for filing an SAR report.

4. Monthly

- Prepare Executive Summary
- Review Check register and list stale dated checks and money orders

Ad Hoc

These areas describe other services which can be provided on an as needed basis.

- Review of annual policy requirements
- Legal review of policies
- Examination exit interview
- Loan review
- New member audit
- Staff training on ECOA and loan interview process
- Additional staff training on BSA and credit Union CIP policy
- Staff training on data security and member privacy
- Disaster recovery review and recommendations for updates
- Suspense and settlement reconciliation review

Marketing Plan

Overview

The current demand by our clients has been growing during the last few years spurred by the increasing regulatory burdens placed on our clients. Marketing this service will be organic in nature and will be developed using a focus group as a spring board. The focus group is scheduled to meet in early January. The estimated participation is unknown at this time. Overall the need exists and partners are asking for the service. The bottom line will revolve around the pricing and the value statement we bring to the market place. Also, CU*NW is very committed as their Board of Directors has given Greg a green light to move ahead and hire a local resource. Dovetailing this initiative into theirs will be critical relative to the overall income potential.

The growth potential and opportunity for the first year will be dependent upon when the division hits the ground. The expectation is that a beta would exist for a period of two months during which time the processes associated with the service will be rounded out. Once we are out of beta we will be prepared to add four new clients a month.

As stated prior, the only barriers to the service offering will be price. The original review stag price will be difficult to change as it is anticipated to take almost a full week to complete this phase originally. However, the price associated with the periodic tasks may have some room for change dependent upon the resource requirements to complete them and training requirements to bring new people up to speed.

Product Features and Benefits

The main features from the credit union perspective include the following:

1. Provides a single focus to an area of credit union operations which is generally dispersed across many individuals
2. Provides credit union CEOs with a monthly executive summary of all audit activity with a high level overview describing the work performed. Accompanying this high level summary is a complete copy of all reports and member and staff activity reviewed
3. Creates a natural arms length review of the credit union member and staff transactional activity.
4. Provides extended resources for the credit union specific compliance related issues
5. Identifies additional training requirements for staff and provides those needs through the CU*Answers University curriculum
6. Allows the credit union to internalize the process using proven tools and techniques

Operational Plan

There are three main operational functions in this division that parallel the phased approach of the service offering.

To get the ball rolling Jim Vilker will request a copy of the credit union policies and procedures for review prior to the initial face to face contact. Once the review has been completed the “getting to know the credit union” meeting will be scheduled. The deliverables resulting from this contact will include:

1. Recommendations for policy change in accordance with regulations or examiner findings
1. Recommendations for additional staff training and work with Laura Welch-Vilker to set up a curriculum and allow access to CU*Answers campus.
2. Review of CU*BASE configurations and recommend changes while at the credit union
3. Wrap up, review ad hoc services, and explain what deliverables will be forthcoming.

Daily and Periodic Production

For each one on the items listed below a run sheet will be created. The run sheet it will list the employee doing the work, comments regarding the review, and who was contacted at the credit union if necessary. Attached to each run sheet will be a copy of the report reviewed. For items such as stale dated checks and wire transfer logs, a screen print will be made and attached to the run sheet.

Daily

- Review BSA reports and verify that the CTRs & SARs have been filled out correctly.
- Review Regulation D violation report and list accounts with violations
- Review activity on dormant accounts and request verification of transactions
- Review file maintenance logs and list account changes for specific fields
- Transaction reversals involving cash or check on member accounts

Weekly

- Review wire transfer log and verify that all information is being maintained.
- Review activity on employee accounts and report suspicious activity to Management

Bi-Weekly

- Run BSA report for the prior week and search for evidence of structuring. Make recommendations for filing a SAR

- Run OFAC report and notify client of any new matches Monthly

Monthly

- Prepare Executive Summary
- Review Check register and list stale dated checks and money orders

Quality Control

An effective quality control system must be established based upon the sensitivity of the data being reviewed. The quality control will be managed using two techniques:

1. On a weekly basis reports such as file maintenance and activity on employee accounts will have random secondary reviews by either a member of the management team or another employee completing the same tasks for other credit unions.
2. All reports used throughout the month will be sent to the credit union in an electronic format with a request to review a random sample as well.

Beyond the techniques listed above training will be provided to those actually doing the work and meetings will be held to address questionable activities found in the reviews. Procedures will be put in place that address these issues and appropriate responses will be recommended.

Location

To begin it is anticipated that the main location for this service will be the headquarters of CU*Answers in Grand Rapids. Business design and management will be handled out of this office. As CU*NW begins to acquire clients and additional resources their office will also house personnel to handle the northwest client base.

Physical requirements:

- A cube per employee anticipated to only be 1 in Grand Rapids until 6 clients are garnered.
- A cube or office for one employee at CU*NW
- A PC for each employee doing the daily work and a laptop for those in the field. A total of one PC in Grand Rapids and one PC and one laptop with docking station at CU*NW

Legal Environment

In reviewing the legal requirements there are two separate areas that must be discussed. The first relating to the insurance, bonding, and any trademark requirements. The second area relates to the partnering with an attorney(s) to assist in the creation or review of credit union policies.

At this time we are reviewing our existing insurance and bond for SRS bookkeeping service with CUNA Mutual. A brochure was submitted to underwriting and reviewed to determine if our existing professional liability insurance through Xtend will be sufficient. CUNA has agreed to insure us for this service under our existing coverage.

The client contract is currently in production and is expected to be in the hands of our corporate attorney by the second week of January.

It would be very beneficial to partner with a credit union attorney to assist in policy development and reviews. A standard, auditable set of policies would be beneficial to give the field staff a base to work from. Also, in some cases the credit union may wish to acquire an attorney's opinion of their policies and would feel more comfortable.

There are a number of services throughout the country that do sell compliant standardized policies and publish guidelines for internal auditing. Sheshunoff appears to offer the best of these services. We have since purchased the NAFCU compliance expert service and are currently reviewing the site. First blush is this service is right on for meeting our needs.

Personnel

Out of the box there will be a requirement for one and a half employees. But that won't last long, and it will be important that people see the SRS employee as directly committed to Audit Link. While the backup personnel can be leveraged against SRS Bookkeeping, we believe that direct employee expense must be considered very early in the process. Based on the early responses to the offering, covering these expenses should not be an issue.

Jim Vilker will serve as the division manager. His duties will include:

- Communicating with senior management on resource requirements and fulfillment of goals and objectives as outlined in this plan
- Training internal personnel who will be completing the daily and other periodic work
- Coordinating with Scott Collins, President of Xtend on resource sharing, pricing, billing, and marketing
- Developing internal procedures and guidelines
- Coordinating on the development of the web site as well as keeping it current and relevant

- Working with CU*Answers training coordinator on scheduling training for credit union employees

SRS Audit Link Staff

This employee(s) will be completing the daily work and assisting in the development and production of the monthly reports and executive summaries. This employee is anticipated to be paid under the same guidelines as existing SRS personnel. Currently that amount is \$35,000/yr including salary and benefits.

Where and how will we find the right employee? The answer as always is to draw from our existing pool of client service representatives if possible. Knowledge of our client base and software would allow us to hit the road running. However, additional training will be required.

Training methods and requirements will be established as we go. We will use existing training resources through our campus with Harland as well as existing personnel who have internal credit union experience such as Barb Cooper, Laura Welch-Vilker, Beth Skinner, and Martha Ford. These people will assist in training our new hire on the risk triggers associated with the review of daily reports.

A job description has been completed by Katie Smigiel and is attached to this plan.

Services Offered by Audit Link

The following page contains a list of tasks which Audit Link performs on a periodic basis. Many of these tasks revolve around BSA and insider related activities. In many instances these activities are spread across multiple employees in the credit union and lack a central audit focus. The value of allowing our team to monitor these activities is to centralize the focus and provide a consistent reporting methodology to the management team. Your organization may consider offering all of these services or just a few of them.

These activities include:

DAILY

- ✓ Review BSA reports and verify that the CTR's have been filed and are filled out correctly
- ✓ Review BSA Exempt status list and make recommendations for re-filing the annual exemptions
- ✓ Review Regulation D violation report and document violations on run sheet
- ✓ Review activity on dormant accounts and verify transactions
- ✓ Review file maintenance logs and document findings on run sheet
- ✓ Review wire transfer logs for activity and make recommendations for filing SAR's
- ✓ Transaction reversals involving cash or check on member accounts
- ✓ Stale dated check review with recommendations for action

WEEKLY

- ✓ Review wire transfer log and verify that all information is being maintained
- ✓ Review activity on employee accounts and report suspicious activity to Management

BI-WEEKLY

- ✓ Run BSA report for the prior week and search for evidence of structuring. Make recommendations for filing a SAR report
- ✓ Run OFAC report and do investigation on any hits

MONTHLY

- ✓ Prepare Executive Summary

ANNUALLY

- ✓ Review of annual policy requirements – *Additional fee; price to be determined*

AD HOC

- ✓ Legal review of policies
- ✓ Examination exit interview
- ✓ Loan review
- ✓ New member audit
- ✓ Staff training on ECOA and loan interview process
- ✓ Additional staff training on BSA and credit Union CIP policy
- ✓ Staff training on data security and member privacy
- ✓ Disaster recovery review and recommendations for updates
- ✓ Suspense and settlement reconciliation review

Pricing Philosophy

Upfront Contact

The original review by Audit Link is typically \$2,500 plus T&E. This is based on a 2-3 day on-site visit in which Audit Link and credit union staff review the policies and update the associated configurations on CU*BASE. The final phase consists of a management letter outlining any recommendations for policy change, personnel training, and documented list of all configuration changes.

Weekly

Estimated pricing is \$200/week. However, the services offered at this price vary by credit union size. Though smaller credit unions may get full service at this cost, larger credit unions may settle on fewer tasks at this price. Individual pricing per task (BSA, dormancy, OFAC monitoring, etc.) is in development to provide credit unions with more options when requesting Audit Link services.

Ad Hoc and Annual Reviews

The cost for the items listed below are determined based upon the scope of the task requested.

Anticipated tasks include:

- Annual Policy Review
- Legal review of policies
- Examination exit interview
- Loan review
- New member audit
- Staff training on ECOA and loan interview process
- Additional staff training on BSA and credit union CIP policy
- Staff training on data security and member privacy
- Quarterly settlement and suspense reconciliation review
- Verify cash accounts

Xtend Audit Link Services Agreement Template

Exhibit A
to
Xtend, Inc. Audit Link Services Agreement

CREDIT UNION: **SUCCESS CREDIT UNION**

EFFECTIVE DATE: _____, 2010

SERVICES:

Original Review Services

Original Review Services consist of:

- (i) initial review of Customer policies, practices, and CU*BASE system configurations to address various regulations and internal best practices;
- (ii) two to three-day on-site Meeting with Customer's management team in review of Customer's existing policies and procedures;
- (iii) Management letter outlining any recommendations for policy changes and additional personnel training, and documented list of all configurations changes.

Areas typically reviewed include:

- Regulation D monitoring and verifying that the proper transaction types have been coded.
- Review Regulation D accounts types and compare to the FR2900.
- Review BSA configurations and policies.
- Provide training to staff on BSA and internal policies regarding CIP.
- Review retention policies and procedures in accordance with BSA and make recommendations for changes as needed.
- Review Truth in Savings disclosures and compare to configurations on share and saving products. Reconfigure forms if necessary.
- Review adverse action notices for compliance with the Equal Credit Opportunity Act and follow up with loan staff on procedures for producing the notices.
- Review default hold configurations and make recommendations regarding policy on Regulation CC (Expedited Funds Availability Act).
- Review configurations for statement generation and make recommendations for changes in accordance with Regulation E (Electronic Fund Transfers Act).
- Review statement disclosures and make recommendations for changes in accordance with Regulation E and Regulation Z (Truth-in-Lending Act).
- Review policies and procedures regarding Consumer Privacy; make recommendations for changes as needed; monitor annual disclosures in all media sources.
- Review procedures on lending and use of Equal Credit Opportunity Act codes and make recommendations for changes as needed.

- Review procedures on lending regarding pre-paid finance charges in regards to Regulation Z and the Real Estate Settlement Procedures Act. Make recommendations for changes as needed.
- Review employee security configuration and make recommendations for changes as needed.

Periodic Monitoring Services

The actually periodic tasks performed by Xtend will depend on the rules of engagement workflow defined and documented during the “Original Review Services” process and agreed upon by both Customer and Xtend.

Daily Review

When applicable, the following tasks will be performed on a daily basis:

- Review BSA reports and verify that the CTR’s have been filed and are filled out correctly.
- Review BSA Exempt status list and make recommendations for re-filing the annual exemptions.
- Review Regulation D violation report and contact members.
- Review activity on dormant accounts and verify transactions.
- Review file maintenance logs and verify random selections of activity against physical documents.
- Review wire transfer logs for activity and make recommendations for filing SAR’s.
- Transaction reversals involving cash or check on member accounts.
- Stale dated check review with recommendations for action.

Weekly Review

When applicable, the following tasks will be performed on a weekly basis:

- Run BSA Report for the prior week and search for evidence of structuring. Make recommendations for filing SAR reports as needed.
- Review wire transfer log and verify that all information is being maintained.
- Review activity on employee accounts and report suspicious activity to Management.
- Run OFAC report and perform investigation on any hits.

Monthly Review

The following task will be performed on a monthly basis:

- Prepare and deliver Executive Summary.

Ad Hoc and Annual Review Services

The following services are available to Customer as requested:

- Annual policy review
- Examination exit interview

- Loan review
- New member audit
- Staff training on ECOA and loan interview process
- Additional staff training on BSA and Credit Union CIP policy
- Staff training on data security and member privacy
- Quarterly settlement and suspense reconciliation review
- Verification of cash counts

PRICING:

Original Review

\$2,500 plus T&E

Travel and Expenses to be invoiced at actual cost, but not to exceed the Domestic Per Diem Rates as specified by the US General Services Administration (published at www.gsa.gov) in effect at the time of the Review.

Periodic Monitoring

\$200.00/week

Periodic Monitoring fee to be invoiced monthly.

Ad Hoc and Annual Review Services

t.b.d.

Fees for Ad Hoc and Annual Review Services determined based upon the scope of the specific service requested, and more fully described in a separate proposal for the specific service(s) requested.

XTEND, INC.

By: _____
 Scott Collins
 Its: President

SUCCESS CREDIT UNION

By: _____
 Its: _____

Developing an Audit Team

In Audit Link the team was originally made of two individuals. In both cases these individuals had compliance and internal auditing experience in credit unions. Remember, the business design called for not only a consultant to evaluate the credit unions compliance with specific regulations but also called for an individual that has the ability to complete daily auditing work on a consistent and dependable basis. In light of that the following recommendations will be broken down into those two areas. These recommendations assume the financial matters associated with the division will be handled by the credit union or CFO of one of the credit union partners.

The individual filling the roll as the upfront consultant MUST have experience in credit union compliance. If there were an ultimate example of this it would be an individual who at one point in their career worked as an examiner for a regulatory agency. CPA firms also have compliance divisions which offer regulatory consulting to the industry as well. In many cases, larger credit unions have compliance officers working for them with a healthy background of schooling, have the CIA or NCCO, or have attended compliance schools on an annual basis. In addition to the strong experience listed above, the individual must have the capability to speak to credit union executives, convince them that some areas of the operations may need better auditing process, and in some cases argue the findings in a manner which does not upset those who are paying for the service. Excellent writing skills are also required as the findings of these reviews must be well documented. The final requirement this individual must possess is the aptitude to understand software and the way it processes data. Fifty percent of the consulting relates to the use of the CU*BASE system, its configurations, reports, and on demand inquiry functions.

The individual responsible for completing the daily work must also have a few unique characteristics. Most importantly the individual must be curious and in a professional sense always require proof of the reasons something happened the way it happened. Without sounding too jaded, this individual must believe that every member and employee is out to steal from the credit union and never be put in a position where they believe the statement "trust me". The individual must also have a keen eye for detail as the majority of the work is reviewing logs of activity. The individual must also have the capability to navigate the CU*BASE software easily and have a high aptitude for learning software applications. Finally, the individual must have excellent communication skills as in many cases a direct call to an executive team member of the credit union is required to report findings which require immediate attention.

Job Description: Audit Associate

POSITION SUMMARY

The individual filling this position will be responsible for the monitoring of transaction activity and employee activity of several credit unions. Periodic tasks are listed within the essential job functions. Attention to detail is vital as is the ability to communicate the findings of the periodic reviews to credit union executives.

ESSENTIAL JOB FUNCTIONS

1. Review daily BSA reports and verify that the CTR's have been filed and are filled out correctly
2. Review daily BSA exempt status list and make recommendations for re-filing the annual exemptions
3. Review daily Regulation D violation report and contact members
4. Review activity on dormant accounts and verify transactions
5. Review daily file maintenance logs and verify random selections of activity against physical documents
6. Review daily wire transfer logs for activity and make recommendations for filing SAR's
7. Transaction reversals involving cash or check on member accounts
8. Stale dated check review with recommendations for action
9. Run weekly BSA report for the prior week and search for evidence of structuring. Make recommendations for filing a SAR report
10. Review weekly wire transfer log and verify that all information is being maintained
11. Review activity on employee accounts and report suspicious activity to Management on a weekly basis.
12. Run OFAC report every week and do investigation on any hits
13. Prepare Monthly Executive Summary
14. Review Quarterly FIDM report
15. Search for hits on the FINCEN report every month
16. Review of annual policy requirements
17. Any other tasks assigned by management

JOB SPECIFICATIONS

1. Financial institution experience required
2. Secondary education is a plus
3. Must be highly attentive to detail
4. Research skills are required
5. Ability to learn and memorize quickly
6. History of dependability is required
7. Must have good writing skills
8. Current working knowledge of MS Word, Excel, and Outlook is required
9. Ability to communicate with credit union management
10. Must be energetic, self-starter, self-motivator and a doer
11. Must be comfortable asking questions when uncertain
12. Continued education will be required while employed and may require travel

- 13. Must be Bondable
- 14. Travel may be required, less than 10%

JOB SKILLS

XYZ Company is committed to working with its employees to reasonably accommodate them with the physical aspects of the position. The following list outlines the physical considerations that are normally encountered in this job.

Vision: Close vision, distance vision, peripheral vision, depth perception and the ability to adjust focus.

Speech/Hearing: Articulate speech and hearing to normal range.

Manual Dexterity: Manual and finger dexterity and hand-eye coordination.

Physical Mobility: Full-range of body motion. Ability to travel by automobile. Ability to work flexible hours.

WORK ENVIRONMENT & PHYSICAL ACTIVITIES

Job requires some physical effort, but is basically a desk assignment. The job calls for a high degree of mental concentration to interpret and act upon a wide range of situations. The job requires a degree of attention to details. Work schedule requires the ability to work flexible hours.

Notice: This job description is not intended to be, nor should be construed as a contract for employment. XYZ Company makes no guarantee of permanent employment. This job description is to be used as a guideline to give the employee an understanding of what XYZ Company has defined this position to be.

XYZ Company is willing to accommodate disabilities to the extent a financial service organization can without impacting financial control or member service. XYZ Company is an Equal Opportunity Employer. M/F/D/V

Employee Signature	Date
Supervisor Signature	Date
Human Resources Signature	Date

Daily and Weekly Practices

This section of this booklet will cover the daily, weekly and monthly tasks that Audit Link performs for its clients. While providing the steps taken by Audit Link staff, the following guidelines do not provide detailed information on how each function is used. Refer to online help and documentation for detailed instructions on CU*BASE tools.

We recommend you use the following calendar to create Outlook reminders for the monthly tasks. Be sure to process the weekend tasks on the following Monday.

Following is a calendar with a list of tasks that should be performed on each day.

Recommended daily and weekly practices include the following:

- Structures – series of structured transactions to avoid BSA monitoring
- Wires
- Employee
- OFAC
- CK Register
- Daily Tasks

SUN	MON	TUES	WED	THUR	FRI	SAT
	1 -Structures -Wires -Daily tasks (Fri & Sat)	2 Daily tasks	3 -Employee -Daily tasks	4 -Daily tasks	5 -Daily tasks	6
7	8 -Wires -Daily tasks (Fri & Sat)	9 -Daily tasks	10 -Employee -Daily tasks	11 -Daily tasks	12 -OFAC -Daily tasks	13
14	15 -Wires -Daily tasks (Fri & Sat)	16 -Structures -Daily tasks	17 -Employee -Daily tasks	18 -Daily tasks	19 -Daily tasks	20
21	22 -Wires -Daily tasks (Fri & Sat)	23 -Daily tasks	24 -Employee -Daily tasks	25 -Daily tasks	26 -OFAC -Daily tasks	27
28	29 -Wires -Daily tasks (Fri & Sat)	30 -Daily tasks	31 -CK register -Employee -Daily tasks			

Your Responsibilities versus Credit Union Responsibilities

A well thought out and documented division of responsibilities is crucial to an effective relationship with your client.

The following gives an overview of Audit Link's responsibilities versus the responsibilities of the credit unions they service so that you can consider them when laying out the requirements for your organization:

What Audit Link does	What CU does
BSA Daily	
<ul style="list-style-type: none"> • Pull LBKSC3 (CU*Spy) report • Review each acct for suspicious activity • Suggest SARS when needed • Request CTR copies for review • Enter each acct on the Run Sheet • Highlight accts that need review by CU • Complete verifications at MNAUDT #1 	<ul style="list-style-type: none"> • Review accts listed on run sheet emphasizing on highlighted accounts • Faxes or uploads CTRs or SARs when needed for review
BSA Bi-Weekly	
<ul style="list-style-type: none"> • Runs BSA/SAR (MNAUDT #2) report • Reviews transactions BSA transactions over the past 30 days • Specifically looking for structured transactions • List and structures or suspicious activity on Run Sheet suggesting review 	<ul style="list-style-type: none"> • Review accts listed on Run Sheet
Dormant Accounts- Daily	
<ul style="list-style-type: none"> • Pulls PDRMTR (CU*Spy) • Review all activity on dormant accounts • List accounts on Run Sheet • Highlight accts that need signatures verified by CU 	<ul style="list-style-type: none"> • Review accts listed on run sheet emphasizing on highlighted accounts
File Maintenance -Daily	
<ul style="list-style-type: none"> • Pulls LELOG2 (CU*Spy) report • Reviews report for the following fields: <ul style="list-style-type: none"> ○ No Mail, wrong address ○ Interest rate change ○ Maturity date change ○ Next due date change ○ Review date change ○ Payment change ○ Delinquency control change 	<ul style="list-style-type: none"> • Review at least 25% of file maintenance changes (example; pulling loan file and verifying data and signature)

<ul style="list-style-type: none"> ○ Payment frequency change ○ Address change ○ SSN change ○ Last name change ○ Loan applications deleted ● List all changes on above fields on Run Sheet 	
Teller Reversals Including Cash -Daily	
<ul style="list-style-type: none"> ● Run the LTRREG1 (MNRPTC #9) report ● Review all reversals verifying funds were reapplied on account ● List all reversals on Run Sheet ● Highlight accts for review by CU when funds were not reapplied 	<ul style="list-style-type: none"> ● Review accts listed on run sheet and emphasizing on highlighted accounts
Wire Transfer Log -Weekly	
<ul style="list-style-type: none"> ● View Wire Transfer Log (MNMISC#20) ● Review all outgoing completed wires for adequate data ● Enter accts on Run Sheet ● Highlight accts that need review by CU 	<ul style="list-style-type: none"> ● Fill in missing data on wire
Employee/Insider Review -Weekly	
<ul style="list-style-type: none"> ● Run Insider/Employee Reports (MNAUDT #17) which includes: <ul style="list-style-type: none"> ○ Teller Audit Key Review ○ File Maintenance Review ○ Account Status Review ○ Transaction Activity Review ● Review employee accounts for abnormal transactions, delinquency and negative balances, unusual payroll postings, funds carried over, summaries of deposits and withdrawals, loan changes and more. ● Enter employee accounts that need review ● Contact CEO or designated CU employee suggesting review of employee accounts listed on the Run Sheet 	<ul style="list-style-type: none"> ● CEO or designated CU employee reviews accounts

OFAC –Bi-Weekly	
<ul style="list-style-type: none"> • Run batch OFAC scan on entire membership (MNAUDT #3) • Compare new OFAC report to prior OFAC report looking for new matches • List any new OFAC matches on Run Sheet and contact designated CU employee 	<ul style="list-style-type: none"> • Follows CU procedure for a new OFAC match
Stale Dated Checks - Monthly	
<ul style="list-style-type: none"> • Pulls Check Register (MNACCK #11) dating either from conversion date or 4 years prior to current date • List all stale dated checks on Run Sheet 	<ul style="list-style-type: none"> • Review checks and money orders on Run Sheet

Best Practices

Best Practice #1: Monitoring BSA Reports

We recommend following this practice to be on the lookout for members who are conducting abnormal or suspicious activity.

Using this practice you will watch for:

**Large transactions compared to member history*

**Large transactions on a minor's account*

**Loans being paid off with cash shortly after the open date*

**Transactions being structured around a CTR filing*

**Transactions for a similar amount withdrawn and deposited in a pattern time frame*

In a Nutshell:

On a daily basis, view the prior day's transactions to determine if transactions are abnormal or suspicious. Use the CU*SPY Daily Report LBKSC3 (Bank Secrecy Act Cash Reporting by SSN) or MNAUDT #1-Work Daily BSA Activity. On a bi-weekly basis, run MNAUDT #2-Print BSA/SAR Report on all members to review accounts for structured transactions. Also use this tool to run on one specific member when investigating an account.

**** In addition these reports will point out when a CTR should have been filed and will also help you determine when a SAR should be filed.**

What to Watch For

With this process review accounts that have transactions over \$3,000. Look for transactions that are anomalous compared to the member's history. Bi-weekly, watch for structured transactions that are avoiding the Currency Transaction Report (CTR) from being filed.

Basic Step by Step

Daily

1. Access the reports to show accounts with BSA transactions.
2. Review these accounts for atypical activity.
3. Enter BSA Verification Audit Tracker comments.

Bi-weekly

1. Review the BSA/SAR Report for structures and any individual accounts for BSA activity.

Before You Begin:

Before you begin, recommend to the credit union that they configure the BSA Monitoring settings with the settings found in the image below so that the LBKSC3 is monitoring for correct activity. These settings are configured in the General Configuration 1 Menu (MNCNFC) #14-Bank Secrecy Monitoring Cfg.

General Configuration 1 Menu (MNCNFC) #14-Bank Secrecy Act Monitoring Cfg

Session 0 CU*BASE GOLD - Bank Secrecy Selection Criteria

Bank Secrecy Selection Criteria UPDATE

Transaction Types to Track- Money In	Individual (MI)	Organizational (MO)
Cash in	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Inhouse drafts	<input type="checkbox"/>	<input type="checkbox"/>
Outside checks	<input type="checkbox"/>	<input type="checkbox"/>
Deposits / Payments	<input type="checkbox"/>	<input type="checkbox"/>
Miscellaneous receipts	<input type="checkbox"/>	<input type="checkbox"/>
Funds carried forward	<input type="checkbox"/>	<input type="checkbox"/>

Transaction Types to Track- Money Out	Individual (MI)	Organizational (MO)
Cash out	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Withdrawals/Disbursements	<input type="checkbox"/>	<input type="checkbox"/>
Money orders	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Miscellaneous advances	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Corporate checks	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Funds forwarded	<input type="checkbox"/>	<input type="checkbox"/>

Report separate transaction amounts equal to or over (whole dollars)
CTR flag for separate amounts equal to or over (whole dollars)
 Teller alert if single transaction equals or exceeds this amount
Calculation method

FR (1694) 9/17/09 11:59:45 [Learn About This Feature](#)

Audit Link Recommended Settings:

- Select Cash In, Cash Out, Money Orders, Miscellaneous Advances, and Corporate Checks for both Individual and Organization.
- Report separate transactions equal to or over \$3,000
- CTR Flag for separate amount equal to or over, select \$10,000 or \$10,001
- Check “Teller alert if transaction equals or exceed this amount”
- Set Calculation Method to “Separate \$\$ in from \$\$ out”

Step by Step Instructions:

For Daily Monitoring

1. Two reports showing accounts with BSA transactions are available for review. Use either the CU*SPY report LBKSC3 or MNAUDT #1-Work Daily BSA Activity to see a list of accounts with BSA activity for the prior day.
2. Monitor these accounts for atypical activity. Analyze each account, looking for suspicious activity or irregular transactions. (See What to Watch for below.)
3. After analyzing the accounts, enter your findings into a BSA Verification Tracker (on the member's Audit Tracker) by following these directions:
 - Use the Auditing Menu (MNAUDT) #1-Work Daily BSA Activity.
 - Select (highlight) the appropriate individual.
 - Click the "Verified" option.
 - An Audit Tracker conversation will open.
 - Document your findings (positive or negative) in the Tracker conversation.
 - Press F5-Save/Continue to complete the Tracker.
 - The Tracker conversation will be permanently recorded in the member's Audit Tracker.

**** Remember that Trackers are permanently retained and cannot be changed once completed.**

Example of Report

9/16/09 1:25.95		CREDIT UNION GROUP				LBKSC3		PAGE 1	
RUN ON 9/17/09		BANK SECRECY ACT CASH REPORTING BY SSN NUMBER FOR				9/16/09		USER	
SOC. SEC. #	MEMBER NAME	ACCOUNT BASE	TRANS AMOUNT	TRANS TIME	TRANS TYPE	TELLER ID	SB ID	TOTAL AMT	MESSAGE
	EUGENE	E						50000.00	EXCEEDS \$10,001
	EUGENE	E 7	50000.00	11:50.36	CORP CHECK	18			
	WILLIAM							4000.00	
	WILLIAM	1	4000.00	14:55.06	CASH IN	17			
	JAMES	M						6770.28	
	JAMES	M 1	6770.28	14:23.03	CORP CHECK	17			
	KATIE	M						3524.35	
	KATIE	M 7	3524.35	13:04.42	CORP CHECK	50	NE		
	VAN	E						4000.00	

What to Watch for:

- Large transactions compared to member history
- Large transactions on a minor's account
- Loans being paid off with cash shortly after the open date
- Transactions being structured around a CTR filing
- Transactions for a similar amount withdrawn and deposited in a pattern time frame

Biweekly Monitoring

To review BSA activity for structures, use the Auditing Functions Menu (MNAUDT) #2-Print BSA/SAR Report to print a report on all members. Alternatively, this can be used as needed to investigate one individual's activity.

Session 0 CU*BASE GOLD - Bank Secrecy Act Report Selection

Bank Secrecy Act Report Selection

Report Options	Response
Month/year to process	Aug 2009 [MMYY] Optional
Date range - from	Jul 15, 2009 [MMDDYY] Optional
Date range - to	Aug 15, 2009 [MMDDYY] Optional
SSN/TIN	[] Optional
<input type="checkbox"/> Export report to file	

Job queue
Copies 1
Printer P1

Cancel F7

FR (566) 9/17/09 12:01:55 [Learn About This Feature](#)

Audit Link Recommendations Include:

- Review this report twice a month, each time including the previous four weeks of activity. Audit Link recommends reviewing transactions on the first and the 16th of each month.
- To run the report for all members, simply enter dates for review. (If you decide to review transactions over two months, for example May 15-June 15, make sure the Month/Year to process date is the same as the last month. The example above would require that you enter June 2009 (0609) in the first field.
- Leave SSN/TIN blank to pull BSA activity on everyone or enter a SSN to review one individual.

Example of Report

9/16/09 1:25.35		CREDIT UNION GROUP						LBKSC3	PAGE	1
RUN ON 9/17/09		BANK SECRECY ACT	CASH REPORTING BY SSN NUMBER FOR	9/16/09		TELLER SB		TOTAL	USER	
SOC. SEC. #	MEMBER NAME	ACCOUNT BASE	TRANS AMOUNT	TRANS TIME	TRANS TYPE	ID	ID	AMT	MESSAGE	
	EUGENE	E						50000.00	EXCEEDS \$10,001	
	EUGENE	E	7	50000.00	11:50.36	CORP CHECK	18			
	WILLIAM		1	4000.00	14:55.06	CASH IN	17	4000.00		
	JAMES	M						6770.28		
	JAMES	M	1	6770.28	14:23.03	CORP CHECK	17			
	KATIE	M						3524.35		
	KATIE	M	7	3524.35	13:04.42	CORP CHECK	50	NE		
	VAN	E						4000.00		
	WILSON	E	4	4000.00	12:09.33	CASH BACK	31			
			5012988	5000.00	10:54.03	CORP CHECK	13	5000.00		

What to Watch for:

Look for transactions, which when combined together, would require you to file a CTR. For example, Mr. Member deposits \$4,000 every day over the course of 4 days. He has just deposited \$16,000, but no CTR was filed because he structured the transactions. Mr. Member has avoided the CTR, but now that we know what he's doing, he'll be getting a SAR filed instead!

Best Practice #2: Monitoring Activity on Dormant Accounts

We recommend following this practice to be on the lookout for members who are conducting abnormal or suspicious activity on a dormant account.

Using this practice you will watch for:

**Large transactions compared to member history*

**Withdrawals from dormant accounts that may be fraudulent*

In a Nutshell:

On a daily basis, view the prior day's transactions to determine if transactions are abnormal or suspicious. Use the CU*SPY Daily Report PDRMTR (Activity on Dormant Accounts), or you can use MNAUDT #5 – Work Dormant Members.

What to Watch For

This report will provide all dormant accounts that have had transactions post. Expect impropriety when reviewing the transactions as fraudulent activity often occurs on dormant accounts. Keep in mind the member could be a victim of identity theft or have a deceitful relative. These accounts often fall prey to dishonest credit union employees in a scheme for stealing funds.

Basic Step by Step

Daily

1. Access the report to show dormant accounts with activity.
2. Review these accounts for atypical activity.
3. Verify Signatures on receipts to ensure the member was the actual patron.
4. Update the dormant status of the account by using MNAUDT #5 – Work Dormant Members.

Before You Begin:

Before you begin, review how the credit union has configured their dormant membership processing in General Configuration 1 Menu (MNCNFA) #11-Dormant/Escheat Configuration. This will control when accounts will appear on the PDRMTR report. Dormancy exclusions may vary depending on the services offered by the credit union, and fee configuration is set up based on credit union preference.

General Configuration 1 Menu (MNCNFA #11-Dormant/Escheat Configuration)

Session 0 CU*BASE GOLD - Dormant Membership Processing Configuration

Dormant Membership Processing Configuration

UPDATE

Activate dormancy after: 13 months
Activate escheat flag after: 60 months
Freeze indicator for dormant members: 1 = Withdrawals and disbursements not allowed
Generate dormancy predictor file (DIWARN): 1 months before declaring dormant

Dormancy Exclusions

OTB/card types Credit (OTB/online) Loan Savings ATM Debit
 Exclude from dormancy if activity in household
 Monitor for activity on multiple memberships (same SSN)

Service Charges

Apply dormant fee
Dormant fee amount: 10.00
Fee general ledger account: 870.00
Frequency: M = Monthly
Fee transaction description: DORMANT FEE
 Exclude IRA accounts from fees

Fee Waivers

Low age: 18
High age: 65
Aggregate savings: 10,000.00
Waive for OTB/card types: Credit (OTB/online) Loan Savings ATM Debit

WARNING: Changing these values may not automatically adjust dormancy/escheat status for existing members. For help or more information, click "Learn About This Feature" below.

TR (1747) 6/21/10 10:54:45 [Learn About This Feature](#)

Audit Link Recommended Settings:

- This configuration is set up per the credit unions parameters. Before configuration a consultation with Audit Link is suggested.
- While the dormancy period is determined by the credit union (for example 12 months), escheat is regulated by the state. Refer to state regulations when configuring the number of months after which to activate the escheat flag.

Work Dormant Members – MNAUDT #5

Session 0 CU*BASE GOLD - Dormant Membership Inquiry/Maintenance

Network Links

Dormant Membership Inquiry/Maintenance

Dormancy Suspended

Search for account base

Position to account base

Account	App Type	Name	Fees	Dormancy Status	Current Balance
				Toggle View	Toggle View
3822	IR	POPPINS, MARY	0.00	SUSPENDED	2,099.78
3822	SD	POPPINS, MARY	0.00	SUSPENDED	9,594.93
3829	SH	STAB, MISSY	15.00	SUSPENDED	198.40
3831	SH	LAIN, JOHN	0.00	SUSPENDED	10,696.83
3863	SH	PEBBLES, FRUITY	100.00	SUSPENDED	853.71
3863	IR	PEBBLES, FRUITY	0.00	SUSPENDED	5,744.25
3878	SH	DOWNY, WILBUR	0.00	SUSPENDED	0.00
3878	OC	DOWNY, WILBUR	0.00	SUSPENDED	5.24
3879	SH	FOOBOD, ANDLEAN	63.67	SUSPENDED	0.00
3879	OC	FOOBOD, ANDLEAN	0.00	SUSPENDED	45.00
3879	OC	FOOBOD, ANDLEAN	0.00	SUSPENDED	5.24
3883	SH	HOLIDAY, CATHY	77.50	SUSPENDED	989.62
3896	SH	GREEN, FRANK	0.00	SUSPENDED	26.23
3896	SD	GREEN, FRANK	0.00	SUSPENDED	779.88

Change View Detail Delete
 Inquiry Reinstate Suspend

Cancel F7

Toggle F11

Last Date F13

Summary F15

List F21

TR (1908) 6/18/10 11:01:22 Learn About This Feature

Activity on Dormant Members – PDRMTR

5/07/10 1.25.01
RUN ON 5/08/10

CREDIT UNION
ACTIVITY ON DORMANT ACCOUNTS
(TRANSACTION EXCLUSIONS)

PDRMTR PAGE 1
USER OPER

ACCOUNT NO.	SEQ #	TRAN DATE	AMOUNT	TRAN TYPE	TRAN CODE	TELLER	TRANSACTION DESCRIPTION	TRANSFER ACCOUNT NO.	LAST TRANS DATE
-000*	00014	5/07/10	15.00	31	13		REG SAVING CASH W/D		9/26/08
-000*	00049	5/07/10	550.00	11	12		REG SAVING DEPOSIT		6/01/07
-000*	00060	5/07/10	1154.58	10	12		MEMBER TRANSFER		12/23/04
-000*	00061	5/07/10	1170.73	37	13		REG SAVING CHECK W/D		5/07/10
-000	00059	5/07/10	1154.58	30	33		MEMBER TRANSFER		3/06/08
-110	00060	5/07/10	1154.58	10	12		MEMBER TRANSFER		12/23/04
-110	00061	5/07/10	1170.73	37	13		REG SAVING CHECK W/D		5/07/10
-110*	00059	5/07/10	1154.58	30	33		MEMBER TRANSFER		3/06/08

* DENOTES ACCOUNT WITH ACTIVITY

END OF REPORT

Best Practice #3: Monitoring File Maintenance Reports

We recommend following this practice to review the following fields for changes:

**Loan Changes such as:*

Next due, review and maturity dates, interest rates, payment, payment frequency and delinquency control

**Master record changes such as;*

Last name, Address, Social security, Wrong address

In a Nutshell:

On a daily basis, view the prior day's file maintenance in order to adequately monitor activity. Use the CU*SPY Daily Report LELOG2 (End-of-day Maintenance Log – CUFMNT Version).

What to Watch For

With this process review changes that have been made by credit union employees. Audit Link suggests reviewing at least 25% of the following changes:

- No Mail
- Interest Rate
- Maturity Date
- Next Due Date
- Review Date
- Regular Payment Amount
- Payment Frequency
- Address
- Social Security Number
- Last Name

Basic Step by Step

Daily

1. Access the reports to show accounts with all file maintenance changes.
2. Review at least 25% of the above listed changes while looking for any anomalous activity.
3. Compare signatures for all changes and review proper paperwork (ex: loan forms).

Auditing Functions Menu (MNAUDT #18-Audit File Maintenance)

CU File Maintenance Inquiry

Search Criteria

Account base Employee ID
 Program name Field

Date	Account	Type	ID	Program	File	Field	Change Made [Before / After]
04/08/09	0000	000	JJ	UDRMNT	MEMBER		Deleted from Dormancy List
04/08/09	0000	000	23	USECNM	SECNAMES		JO/Benf-NonMbr SSN: <input type="text"/> Record ADDED
04/08/09			23	NPNWAC	MSNONMBR	RECORD	ADDED
04/08/09	0000	000	23	UCMAST	MEMBER	ACCTNO	NEW REGULAR SHARE ACCT 0000
04/08/09	0000		23	UCMAST	MASTER	ACCTBS	NEW MASTER ACCOUNT 0000
04/08/09	0000		23	UCMAST	MASTER		New Membership
04/08/09	0000		MM	UCOMTH	TRANS	TRDESC	REL OF COLLATERAL
04/08/09	0000	645	50	UMBRIN	MENTRL	INLFSI	ML

Cancel F7
Toggle F11

(165) 4/09/09 11:14:32 [Learn About This Feature](#)

Suspicious activity found in the LELOG2 report can be further monitored through use of the Audit File Maintenance function (MNAUDT #18), or Print File Maintenance Report (MNAUDT #19). These two functions allow the user to monitor activity over a given month (current month only for MNAUDT #18), for a specific account base, program, employee ID or field.

Best Practice #4: Monitoring Teller Reversals Including Cash

We recommend following this practice to be on the lookout for employees who are conducting suspicious activity.

Using this practice you will watch for:

**Cash deposits being reapplied as Cash*

**Cash withdrawals being reapplied into acct*

**Tellers making repeated errors*

In a Nutshell:

On a daily basis, view the prior day's cash reversals and investigate suspicious activity. Expect impropriety when reviewing these transactions as this a quick way for employees to steal funds from unexpected members. Use the CU*BASE report option MNRPTC #9 – Member Account Adjustments. The PHTCL7 (Teller Closing Error Report) is a daily report placed in the Teller Daily Activity section of CU*Spy that can be reviewed for same day deletions of teller audit keys.

What to Watch For

With this process, review transactions including cash that have been reversed. Look for the reapplication of funds in a logical manner. Impropriety from credit union employees and lack of teller consistency is what will surface during this review. Audit Link will look for patterns of teller errors and possible misuse of funds during this process

Basic Step by Step

Daily

1. Access the reports to show accounts with cash reversals.
2. Review these transactions verifying funds have been reapplied.
3. Review teller receipts to verify activity.

To review Teller Reversals Including Cash use the menu option (MNRPTC) #9-Member Account Adjustments Report to print a report on all reversals including cash.

Audit Link Recommendations Include:

- Review this report once a day, each time including the previous day's activity.
- To run the report for all members, simply enter dates for review; make sure the File Date is the same as the transaction date.
- Always review the G/L account # 739.00

Transaction Register – LTRREG1 – MNRPTC #9

Account Number	Tran Date	TR TP	Deposit/Principal	Interest Payment	Withdraw/Disburse	Current Balance	Description	Draft Nbr	Tracer Acct #	BR ID	TL ID	Prn Flg	Sub G/L	Org Cod
142820-000	1/24/06	92			700.00	6846.50	REV. REG SHARES D 0			02	89	F	739.00	1

Teller Closing Error Report – PHTCL7

6/16/10		26.16		CREDIT UNION		PHTCL7		PAGE 1	
RUN ON: 6/17/10				TELLER CLOSING ERROR REPORT				USER	
TELLER #		--							
TELLER NAME		--							
*****		U P D A T E D R E C O R D		*****		O R I G I N A L R E C O R D		*****	
ACCOUNT #	TRAM CODE	TRAM TYPE	TRANSACTION AMOUNT	INTEREST	PRINCIPAL	* ACCOUNT #	TRANSACTION AMOUNT	INTEREST	PRINCIPAL
-000	12	11	176.00	.00	.00	** RECORD DELETED **			
* TELLERS TOTAL ERRORS-		1							

6/16/10		26.16		CREDIT UNION		PHTCL7		PAGE 2	
RUN ON: 6/17/10				TELLER CLOSING ERROR REPORT				USER	
TELLER #		--							
TELLER NAME		--							
*****		U P D A T E D R E C O R D		*****		O R I G I N A L R E C O R D		*****	
ACCOUNT #	TRAM CODE	TRAM TYPE	TRANSACTION AMOUNT	INTEREST	PRINCIPAL	* ACCOUNT #	TRANSACTION AMOUNT	INTEREST	PRINCIPAL
-110	32	11	2,000.00	.00	.00	** RECORD DELETED **			
-110	32	11	177.60	.00	.00	** RECORD DELETED **			
-110	32	11	800.00	.00	.00	** RECORD DELETED **			
-866	52	12	333.00	.00	333.00	** RECORD DELETED **			
* TELLERS TOTAL ERRORS-		4							

The PHTCL7-Teller Closing Error Report can also be used to review audit keys deleted by tellers the same day the transaction was performed. This allows quick access to all tellers that performed and reversed transactions on a given day. This daily report can be found in CU*Spy.

Best Practice #5: Reviewing Wire Transfers

We recommend following this practice to ensure the proper wire data is being stored. This is also a tool to monitor large amount wires.

Using this practice you will watch for:

**Complete address fields*

**Large wire transfers*

**Wire patterns on member accounts*

In a Nutshell:

On a weekly basis, review the prior week's wire transfers for required data and large wires. For an outgoing wire the recipient's address and the recipient's financial institutions address have a required retention period of five years. Also, a large amount of funds transferred via wire is a great place to investigate for suspicious activity. Access the CU*BASE screen MNMISC #20 – Wire Transfer Tracking.

What to Watch For

Review outgoing wires for address fields to be completed. Also use this area to analyze any patterns in wire transactions by date and amount.

Basic Step by Step

Weekly

1. Access MNMISC #20 and toggle to completed wires (F10).
2. Enter the position date (Audit Link suggests one week prior) and press Enter.
3. Review all outgoing wires for the recipient's address and the recipient's financial institutions address.
4. Look for large amount wires and review for suspicious activity.

Wire Transfer Tracking – MNMISC #20

Session 0 CU*BASE GOLD - Wire Transfer Tracking

Network Links

Wire Transfer Tracking

Completed

Position to account

- Or -

Position to date [MMDDYY]

Done	Posted to Member		Account	Name	Amount	In/Out
	Date	Time				
1	May 27, 2010	14:33:44	5727-000	FLINSTONE, BARNEY W	200.00	I
1	Jun 07, 2010	16:04:59	3464-330	RUBBLE, BARNEY M	3,251.00	I

Change
 Delete
 View
 Member Inquiry

TR (3007) 6/21/10 10:59:59 [Learn About This Feature](#)

Audit Link Recommendations Include:

- Once in the wire transfer tracking queue make sure to toggle to the completed wire screen by hitting F10/Show All.
- Review this queue once a week for the prior week.

Best Practice #6: Reviewing Employee Activity

We recommend following this practice to monitor employee accounts for suspicious activity and to ensure internal procedures are being followed.

Using this practice you will watch for:

**Large transactions*

**Delinquent & negative balances*

**Unauthorized overrides and loan changes*

**Credit to employee accounts via G/L transfer*

**Inappropriate teller postings*

In a Nutshell:

Keep an eye on employee accounts by reviewing the Insider Audit reports once a week. This set of reports includes; Teller Audit Key Review, Transaction Activity Review, Account Status Review and File Maintenance Review. Obtain these reports all in one spot in the Auditing Functions menu – MNAUDT #17 – Insider Audit/Due Diligence Report.

What to Watch For

The BSA requires that any employee living above their means should be reviewed. Use large transactions as a starting point when reviewing employee accounts. Also use these reports to ensure employees are following internal procedures. In addition, look for delinquent accounts, negative balances, funds being carried over, loan maintenance changes, overrides, account adjustments and more.

Basic Step by Step

Weekly

1. Access MNAUDT #17.
2. Enter the dates to review (Audit Link suggests a one week time period) and employee type code, press Enter.
3. Expect impropriety when reviewing the reports, looking for inappropriate transactions and changes on employee accounts.

Insider Audit/Due Diligence Rpt – MNAUDT #17

Session 0 CU*BASE GOLD - Print Special Account Audit Report

Print Special Account Audit Report

Report Options	Response
Month/year to process	Jun 2010 [MMYY]
Report for period	From Jun 06, 2010 [MMDDYYYY] To Jun 12, 2010 [MMDDYYYY]
Reports to print	<input checked="" type="checkbox"/> Teller audit key review <input checked="" type="checkbox"/> Transaction activity review <input checked="" type="checkbox"/> Account status review <input checked="" type="checkbox"/> File maintenance review
Flag transactions greater than or equal to (whole \$)	0 Optional
Data type	1 = Insiders/Employees
Include member/employee type code (blank = all)	<input type="checkbox"/> Optional

Cancel F7

TR (3107) 6/21/10 11:01:38 [Learn About This Feature](#)

Audit Link Recommendations Include:

- Make sure your Month/year to process date matches the report dates.
- Report period is for a one week period.
- Leave all 4 reports checked as default.
- Enter employee type code in order to target reports on employee accounts.

Best Practice #7: OFAC Due Diligence

We recommend following this practice to comply with OFAC requirements.

Using this practice you will watch for:

**SDN matches within the credit union database*

In a Nutshell:

The OFAC requirements do not provide a timeline to follow regarding exactly when the OFAC scan should be performed. It simply states Financial Institutions should not engage in business with an SDN. OFAC suggests that financial institutions take a risk-based approach when determining the frequency of scanning for SDN's. Audit Link suggests performing the OFAC batch scan on a bi-weekly basis. However, if the credit union is determined high risk it may be necessary to complete the scan each time the SDN list is updated. Use MNAUDT #3-Run OFAC Data Match (Batch Scan) or MNAUDT #4 Scan a Single Name Through OFAC for on demand scans of a single individual/organization.

What to Watch For

Look for relationships with credit union entities that match the SDN list.

Basic Step by Step

Bi-Weekly

1. Access MNAUDT #3.
2. Run scan on database.
3. Review the matches generated by the scan.
4. Update the Audit Tracker to reflect your findings; if you determine a positive hit, contact OFAC for next steps.

Run OFAC Data Match (Batch Scan) – MNAUDT #3

Session 0 CU*BASE GOLD - FRANKENMUTH CREDIT UNION

Match Data Against Member Records

Report Options

From date: 0/00/0000 [MMDDYYYY]

To date: 0/00/0000 [MMDDYYYY]

Scan against names/alternate names

Scan against sanctioned countries

Countries to scan for

Response

Job queue

Copies: 1

Printer: P1

COUNTRY

ANOTHER COUNTRY

SOME OTHER COUNTRY

Cancel F7

Delete F4

FR (2603) 6/10/09 14:36:16 [Learn About This Feature](#)

Audit Link Recommendations Include:

- Leave the dates blank in order to run scan for entire database.
- Select both “Scan against names/alternate names” and “Scan against sanctioned countries.”
- Make sure country list is up to date by verifying the most recent SDN updates at:
<http://www.treas.gov/offices/enforcement/ofac/programs/index.shtml>
 - For online credit unions this list is updated by CU*Answers’ Operations Team.
 - For self-processing credit unions this list is downloaded from the OFAC website and uploaded into CU*BASE. Refer to the Downloading OFAC File Lists for the CU*BASE Data Match System booklet available on the CU*Answers website.
http://cuanswers.com/pdf/cb_ref/ofacdownload.pdf

****To run an individual name through the OFAC scan, utilize MNAUDT # 4.**

Data Match: Statement of Matched Records – LUOFAC

6/14/02 10:36:26		CU*BASE TEST CREDIT UNION			LUOFAC		PAGE 1
DATA MATCH: STATEMENT OF MATCHED RECORDS							
List Downloaded From OFAC: 05/10/10							
***** CU FILES ***** OFAC FILE *****							
File Name - MASTER							
ACCT	MATCH	SDN NAME	OFAC		OFAC PROGRAM	OFAC REMARKS	
BASE NAME	TYPE		ID SDN TYPE				
36574 VICTOR M MEMBER JR	NAME	MEMBER, LAURA VICT	7302 individual		SDNT	DOB 31 Oct 1960	
36646 SERGIO F MEMBER	NAME	MEMBER, SERGIO	7176 individual		SDNTK	DOB 22 Nov 1950	
37324 MANUEL P MEMBER	NAME	MEMBER, MANUEL MARTIN	1656 individual		CUBA	-0-	
39321 ANDRE MEMBER	NAME	MEMBER, MIGUEL	4427 individual		SDNT	DOB 14 Jul 1970	
39321 ANDRE MEMBER	NAME	MEMBER, ANDRE	7453 individual		SDNT	DOB 22 Mar 1970	
39590 MARIA E MEMBER	NAME	MEMBER, MARIA	4648 individual		SDNT	DOB 20 Jul 1960	
39590 MARIA E MEMBER	NAME	MEMBER, MARIA LUZ NELL	8510 individual		SDNT	Cedula No. 9999	
39960 RICHARD M MEMBER	Alt Name	MEMBER, RICHARD	8166 individual		SDNT	Cedula No. 9999	
File Name - MSNONMEM							
ACCT	MATCH	SDN NAME	OFAC		OFAC PROGRAM	OFAC REMARKS	
BASE NAME	TYPE		ID SDN TYPE				
1144199 P S A	NAME	NONMEMBER, CESAR	4508 individual		SDNT	DOB 20 May 1960	
1144199 P S A	NAME	NONMEMBER, FRANCI	4265 individual		SDNT	DOB 29 Apr 1960	
1144199 P S A	NAME	NONMEMBER, DELCY PAT	8432 individual		SDNT	Cedula No. 6999	
1144199 P S A	NAME	NONMEMBER, SIMON	9916 individual		SDNTK	DOB 12 Feb 1960	
1144199 P S A	NAME	NONMEMBER, BANIR	7650 individual		BALKANS	DOB 1 Oct 1956	
File Name - MSHIST							
ACCT	MATCH	SDN NAME	OFAC		OFAC PROGRAM	OFAC REMARKS	
BASE NAME	TYPE		ID SDN TYPE				
39278 SANDRA K CLOSEMEMBER	NAME	CLOSEMEMBER, SANDRA	7422 individual		SDNT	DOB 7 Jul 1970	
*** END OF REPORT ***							

What to Watch for:

- Any credit union entity matching the SDN list
- Begin with the name, and also verify the Date of Birth to determine a true match

Best Practice #8: Stale Dated Check Review

We recommend following this practice to reduce the amount of stale dated items being escheated.

Using this practice you will watch for:

**Stale dated items*

In a Nutshell:

In order to reduce the amount of escheated funds, Audit Link suggests monitoring the check register by using MNACCK #11 – Print CU Check Register.

What to Watch For

Look for stale dated items to ensure the credit union is not escheating unnecessary funds.

Basic Step by Step

Monthly

1. Go to MNACCK #11.
2. Enter desired criteria and press enter.
3. Review register for any stale dated items.

Print CU Check Register – MNACCK #11

Session 0 CU*BASE GOLD - Check Register Selection

Network Links

Check Register Selection

Type: **D = Detail**

Month/year to process: **Jun 2010** [MMYY]

Print remitter detail on report

Job queue
Copies: **1**
Printer: **P1**

Selection Criteria				
Banks (Blank Defaults to All)		Check Statuses		Selection Criteria
<input checked="" type="checkbox"/> C1		<input type="checkbox"/> Cleared checks	Dated	From: Apr 01, 2006 [MMDDYY]
<input checked="" type="checkbox"/> M1		<input checked="" type="checkbox"/> Outstanding checks		To: Jun 01, 2010 [MMDDYY]
<input type="checkbox"/>		<input type="checkbox"/> Stop payment checks	Issued	From: 000000 [MMDDYY]
<input type="checkbox"/>		<input type="checkbox"/> Spoiled/ruined checks		To: 000000 [MMDDYY]
<input type="checkbox"/>		<input type="checkbox"/> Voided checks	Cleared	From: 000000 [MMDDYY]
				To: 000000 [MMDDYY]

Preparation Criteria				
Field	Sort Seq (1 - 7)	Print Sub-Total	Insert Page Break	Select Only If Equal To
Bank ID	0	<input type="checkbox"/>	<input type="checkbox"/>	
Check #	0	<input type="checkbox"/>	<input type="checkbox"/>	
G/L account	0	<input type="checkbox"/>	<input type="checkbox"/>	
Member account base	0	<input type="checkbox"/>	<input type="checkbox"/>	00000000
Check date	0	<input type="checkbox"/>	<input type="checkbox"/>	
Employee ID	0	<input type="checkbox"/>	<input type="checkbox"/>	
Issuing branch	0	<input type="checkbox"/>	<input type="checkbox"/>	00

Cancel F7

TR (3579) 6/21/10 11:04:13 [Learn About This Feature](#)

Audit Link Recommendations Include:

- Changing “type” to detail and updating the “Month/year to process” to match current month.
- Using spyglass to select “Banks” (leave blank if running on all.)
- Select “Outstanding checks”
- Fill in desired dates (Audit Link suggests going back to conversion date or 4 years prior).
- Hit enter and review register for stale dated items.

****Verify stale dates of each item with accounting or bookkeeping department.**

Run Sheets

The following two pages show an example of an Audit Link Run Sheet. We recommend you use this form while performing your daily tasks to provide you with documentation on your activity.

This allows you to have all of your documentation in one place that is easily accessible to give to an auditor. The importance of having detailed documentation of your work cannot be overstressed.

Though Audit Link does not require that the client send back their verified run sheets, the run sheets do include spaces in each section for the credit union to sign and date that they verified the work for their own internal auditing purposes.

CU NAME

Today's Date:

For:

Worked by:

Reviewer:

Daily Work

BSA | LBKSC3, Teller Daily Activity

ACCT#	CTR	Comments/Suggestion
	<input type="checkbox"/>	

Verified by credit union on | | By | |

Dormant Accounts | PDRMTR, Member Services

Was activity found on any dormant accounts? **NO**

- ID Acct #

Verified by credit union on | | By | |

File Maintenance | LELOG2, Member Services

- NOMAIL** None
- INTRAT** None
- MATDTE** None
- NXDATE** None
- RVWDT** None
- PAYFRQ** None
- PAYMNT** None
- DQCNTR** None
- Address** None
- LNAPP** None
- None
- None

Verified by credit union on | | By | |

Teller Reversals Including Cash | MNRPTC, #9, GL #73900

Was a reversal posted on any account? **NO**

- ID Acct #

Verified by credit union on | | By | |

Weekly Work

Wire Transfer Log	MNMISC,20	Run on Monday	Reviewed from	to
--------------------------	-----------	---------------	---------------	----

Were any wires completed? **NO**

Was adequate data captured? **NO**

Verified by credit union on | By |

Employee Audit Report	MNAUDT,17	Run on Wed.	Reviewed from	to
------------------------------	-----------	-------------	---------------	----

Verified by credit union on | By |

Bi-Weekly Work

BSA/SAR Report	MNAUDT,2	Next run on	Reviewed from	to
-----------------------	----------	-------------	---------------	----

Verified by credit union on | By |

OFAC	MNAUDT, # 3	Run Bi-Weekly Next Run on		
-------------	-------------	---------------------------	--	--

Verified by credit union on | By |

Monthly Work

Stale Dated Checks	MNACCK # 11	Run at EOM	Reviewed from	to
---------------------------	-------------	------------	---------------	----

Acct #

Acct #

Acct #

Acct #

Verified by credit union on | By |

Misc. Comments

Verified by credit union on | By |

Sample Completed Run Sheet

The following is an example of a completed run sheet created for a credit union.

Audit Link Run Sheets		
Your Credit Union #860		
Today's Date: 11-10-09	For: 11-9-09	Worked by: Leah CU Contact: Jill
<i>Daily Work</i>		
BSA	LBKSC3, Teller Daily Activity	
ACCT#	CTR	Comments/Suggestion
99999	<input type="checkbox"/>	Cash back, looks ok
888888	<input type="checkbox"/>	Lg cash in for mbr, please review for possible structure
777	<input type="checkbox"/>	Cash back, looks ok
6666666	<input type="checkbox"/>	Corp ck & emp id MA closed acct, please review
	<input type="checkbox"/>	
	<input type="checkbox"/>	
	<input type="checkbox"/>	
Verified by credit union on		By
Dormant Accounts PDRMTR, Member Services		
Was activity found on any dormant accounts? YES		
ID90	Acct # 5555555-000, transfer dep of \$21,550.79 from acct 66666-300, looks ok	
ID	Acct #	
Verified by credit union on		By
File Maintenance LELOG2, Member Services		
NOMAIL	None	
INTRAT	None	
MATDTE	ACCT # 33333-871	
NXDATE	ACCT # 44444-690, 55555-871, 77777-616 & 691, 88888-615	
RVWDT	ACCT # 33333-871	
PAYFRQ	ACCT # 66666-871	
PAYMNT	ACCT # 77777-860, 99999-871	
FDDELQ	None	
Address	ACCT # 123456, 654321, 11111, 22222, 33333	
LNAPP	None	
	None	
DBLIMIT	ACCT # 77777-675	
Verified by credit union on		By
Teller Reversals Including Cash MNRPTC, #9, GL #73900		
Was a reversal posted on any account? YES		
IDBB	Acct # 77777-090, 676 & 691, Rev pmt of \$145.43, \$153.09 & 131.48, was reapplied	
ID	Acct #	
Verified by credit union on		By

Audit Link Run Sheets

<i>Weekly Work</i>			
--------------------	--	--	--

Wire Transfer Log	MNMISC,20	Run on Monday	Reviewed from 11-1-09 to 11-7-09
--------------------------	-----------	---------------	----------------------------------

Were any wires completed? **YES**
 Was adequate data captured? **NO**
Please review wire on acct 44444-222, missing recipient's address

Verified by credit union on | | By | |

Employee Audit Report	MNAUDT,17	Run on Wed.	Reviewed from 11-2-09 to 11-8-09
------------------------------	-----------	-------------	----------------------------------

Acct 333333-222, has negative balance
Acct 22222-111, had large cash dep on 11-5 of \$9,990
Acct 111111-010, next due date changed

Verified by credit union on | | By | |

<i>Bi-Weekly Work</i>			
-----------------------	--	--	--

BSA/SAR Report	MNAUDT,2	Next run on 11-16-09	Reviewed from 10-1-09 to 10-31-09
-----------------------	----------	----------------------	-----------------------------------

Acct 999999-888, had structured transactions from 10-28 to 10-31-09 totaling \$10,620

Verified by credit union on | | By | |

OFAC	MNAUDT, # 3	Run Bi-Weekly	Next Run on 11-20-09
-------------	-------------	---------------	----------------------

Reviewed scan results; no new matches

Verified by credit union on | | By | |

<i>Monthly Work</i>			
---------------------	--	--	--

Stale Dated Checks	MNACCK # 11	Run at EOM	Reviewed from 3-1-06 to 9-30-09
---------------------------	-------------	------------	---------------------------------

Acct # 11111-000, ck #222 issued on 1-12-09 in the amt of \$500.00
 Acct #
 Acct #
 Acct #

Verified by credit union on | | By | |

Misc. Comments			
-----------------------	--	--	--

Verified by credit union on | | By | |

Reviewing the Work of your Auditing Team

Quality control and periodic reviews are an integral part of any solid auditing and compliance program for many reasons. This function is generally done by the supervisor of the auditing department. However, in cases where the department consists of only one person this function should be completed by another person in the credit union who is familiar with the reports, screens, and CU*BASE processes. The review process should be designed to assure upper management that processes are not being overlooked, are completed in a timely fashion, and the reviews have not become lackadaisical in nature (making assumptions that because they have seen something before, verified it to be ok, that seeing the same transaction sequence would yield the same result). Below is a list of tasks that should be completed by the party responsible for reviewing the work of the Auditing Team.

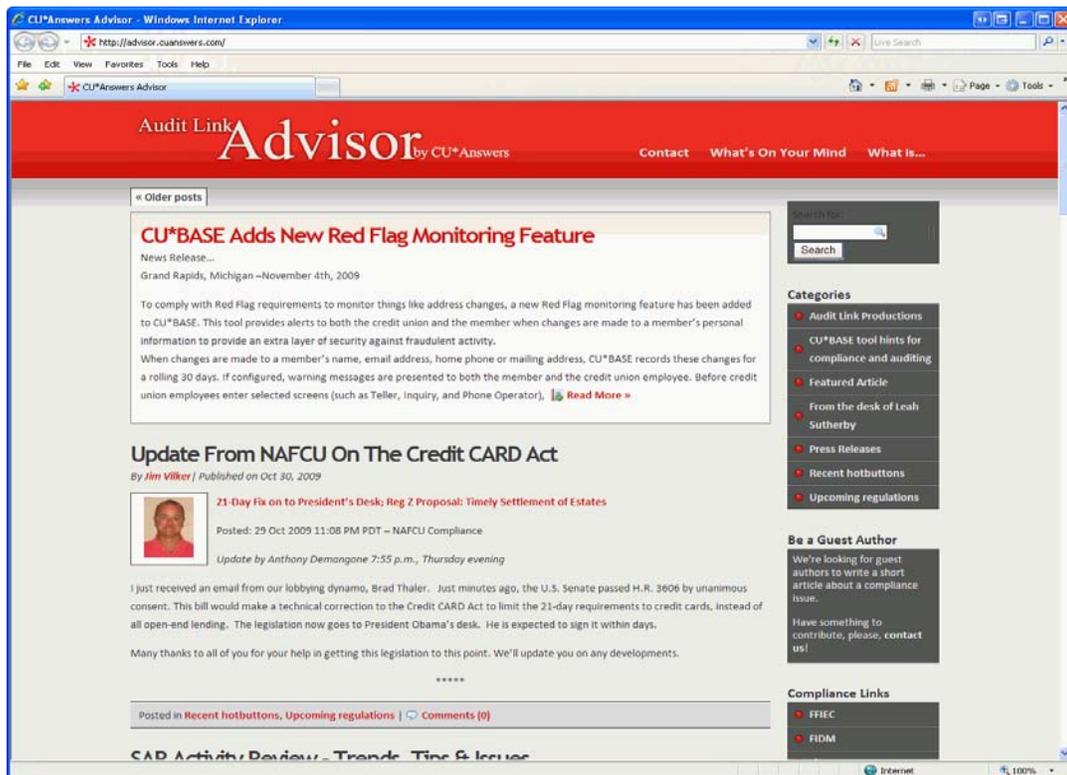
- Make sure verifications are being completed by using the Work Daily BSA Activity function (MNAUDT #1), and trackers are being updated with the results of the review
- Verify that CTR's and SAR's are being filed in a timely manner
- Pull all reports listed on the run sheet tasks and compare them to the run sheet findings
- Spot check the accounts that were suggested for review
- Randomly select a number of accounts for review not found on the run sheet
- Pull the BSA/SAR Activity Report (MNAUDT #2), look for structures and verify each structure was discovered
- Make sure dormancy is being updated and trackers have the follow up detail
- Use the Audit File Maintenance function (MNAUDT # 18) to spot check file maintenance fields are being listed on run sheet and determine if any critical fields are being overlooked. Review the process used to validate that the changes were properly documented and appear reasonable
- Review trackers to verify OFAC is being run and the trackers are being updated to report results of any research performed
- Review all suspense, settlement, and credit union member account for reconciliations. They should be balanced to zero each month and should not contain transactions which cannot be fully explained

Audit Link – Documentation/Education/Resources

Audit Link has a wealth of resources for you to use and model after when creating your own Audit Link organization. Included in these resources are Audit Link's website, newsletter, forums, documentation, and online help documentation.

Audit Link Website

The Audit Link website: <http://advisor.cuanswers.com/> is an online resource provided by Audit Link which covers current topics of interest, such as hints for compliance and auditing and information on upcoming regulations.



The following list of websites is also recommended by Audit Link for additional information on auditing issues.

Links to these websites can be found on the Audit Link website (look on the right hand bar).

<http://ffiec.com/>

<http://www.acf.hhs.gov/programs/cse/fct/fidm/index.html>

<http://www.fincen.gov/>

And more!

Audit Link Forums and Newsletters

Audit Link leads forums at the CU*Answers location in Grand Rapids, Michigan, as well as posting online webinar presentations. Regular newsletters cover current issues important in the auditing community. While the Audit Link Advisors are printed for distribution, they are also posted on the Audit Link website.

CU*Answers and Xtend invite you to attend the...

Audit Link Focus Group

Attention Credit Union Leaders!

- Is your credit union familiar with all 26 Red Flags?
- Are your policies compliant with the Red Flag Act?
- What is AS Level 1 and how will it be integrated with CU*BASE?
- How can we learn about the new 3rd-party Risk Management Generator?
- What are the common problems Audit Link is finding in their daily work?

Find out the answers to these important questions and also receive enrollment documentation for Experian AS Level 1!!!

1:00 - 1:45 3rd Party Risk Management Generator

- Jim Viller, customer.com Network introduces a new site to perform assessments on-line.
- Learn how to complete the risk as divisions of CU*Answers and Xtend peers answered the questions.
- Find out about the contract track critical dates, board approvals, and

1:45 - 3:00 AS Level 1 and the

- Learn the benefits of AS Level 1 for Lending Products.
- Find out how it will be integrated
- Hear from one of Experian's top 1
- Receive enrollment documentation Level 1 with registration!!!

When...

**Friday,
February 20,
2009**

1:00-5:00 pm ET

Register Online

<http://cu>

CU*Answers OnDemand > Blog Archive > Audit Link Focus Group Feb. 20, 2009 - Windows Internet Explorer

File Edit View Favorites Tools Help

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Audit Link Focus Group Feb. 20, 2009

Posted on: February 27, 2009
Posted in: All Videos Channel, I am a Client Channel
Comment on This Video
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d Flag compliance including the new partnership what our Audit Link staff are finding in the field joining things up to bring on new partners.

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- [Transferring Funds and Scheduling Transfers](#)
- [Self Service Short](#)
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A Service of Xtend Audit Link
CU ANSWERS

Audit Link

Advisor

ISSUE 6
SEPTEMBER 2009

When What You Think Is Not What You Get

President Ronald Reagan liked to use the term "trust, but verify". He used the phrase to describe how he dealt with the Soviet Union in reducing the nuclear arms threat.

Recently our Credit Union found out the hard way that what we thought to be true was not true. It began on a Saturday morning with a member calling the office and saying that they had received a suspicious call on their cell phone. The call was a "robo" call in which the member was advised that their debit card had been deactivated and that to reactivate the card they simply needed to press "1". Upon doing so they were instructed to enter their entire debit card number, their PIN

comforting. The ambassador from Spain was even contacted. He simply replied that they were aware of the fraud and were attempting to stop it.

So we were powerless to stop the robo calls and we had a huge exposure that we weren't aware of and we started to make calls to FIS. We asked them repeatedly how this could happen. We said that we could see computer screens where it said that the daily limit was \$200.00. They said that those screens were only for our use and that there were "other" places where this information had to be entered. We immediately asked for the \$200.00 per day withdrawal limit at an ATM to be put into effect. It took OVER 24 hours for the limit to

Audit Link – Marketing and Educational Material

Marketing material is an important part to starting your auditing service. With proper marketing material, you can paint a vivid picture to prospective clients as far as what services you can provide, and what other material you provide to supplement the consulting and daily work. Additionally, Audit Link takes the time to provide educational material, and executive summaries of services rendered, as well as holds Focus Groups to discuss the latest in regulatory changes.

In the following section you will find examples of material used to educate and promote awareness; not only of changes to auditing practices in our industry, but of the business itself, and the value it can provide to credit unions.

Example of content that could be used to sell Audit Link’s day-to-day operations for credit unions

Audit Link – Managing Your Auditing Department for You

You have already seen how Audit Link can be a valued resource for developing your Auditing Department. But what if you took it one step further and had Audit Link manage your audit department for you...

Benefits of Working with Audit Link

Xtend Audit Link takes on the burden of monitoring audited member and staff activities while assisting clients in meeting the current compliance requirements placed on them by regulators and auditors, including BSA, Reg D, OFAC, FIDM, Reg C, employee accounts, and on overall policy review.

Who Drives Audit Link?

CU*Answers Management Services & Xtend SRS manage this initiative.

Why is this Initiative Important to CU*Answers and Credit Unions?

- A network partner for CUs to effectively monitor activity ensuring compliance with the constant changing regulations.
- A catalyst for new development related to auditing products and tools, placing a higher demand or expectation of throughput as the primary driver for new solution development and invention
- To broaden CU*Answers client support resources and create a paid service for a specialized client support need
- To create an example and working model for driving CU opportunity and businesses across CU memberships—a network response to managing day-to-day tactics

Getting to Know Your Credit Union

Understanding where we are today in our compliance and auditing function will create a great foundation for moving forward with a single vision regarding this vital area of the credit unions operational needs.

Audit Link begins with an initial review of credit union policies, practices, and system configurations which address many regulations and internal best practices. This session is vital, as it sets the stage for the periodic work which will be the foundation for our audit team moving forward. This is a working session and requires preparation time as well as time spent with your management team in review of the credit unions existing policies and procedures. Based upon those findings, a portion of the time is dedicated to tweaking the system configurations and identifying where additional training may be required.

The list of areas which are reviewed is listed below:

- Regulation D monitoring and verifying that the proper transaction types have been coded.
- Review Regulation D accounts types and compare to the FR2900.
- BSA configurations and policies.
- Provide training to staff on BSA and internal policies regarding CIP.
- Review retention policies and procedures in accordance with BSA and make recommendations for change if necessary.
- TIS disclosures and compare to configurations on share and saving products. Reconfigure forms if necessary.
- Review denial notices for compliance with the Equal Credit Opportunity Act and follow up with loan staff on procedures for producing the notices.
- Review default Hold configurations and make recommendations regarding policy on Regulation CC, Expedited Funds Availability Act.
- Review configurations for statement generation and make recommendations in accordance with Regulation E, Electronic Funds Transfers.
- Review statement disclosures and make recommendations in accordance with Regulation E and Regulation Z, Truth in Lending.
- Review policies and procedures regarding Consumer Privacy and make recommendations for change and monitor annual disclosures in all media sources.
- Review procedures on lending and use of Equal Credit Opportunity Act codes and make recommendations for change.
- Review procedures on lending regarding pre-paid finance charges in regards to Regulation Z and the Real Estate Settlement and Procedures Act. Make recommendations for change if required.
- Review employee security configuration and make recommendations for change.

Original Xtend Audit Link Press Release

The original news release created by Xtend introducing clients to Audit Link

News Release...

FOR IMMEDIATE RELEASE:

For more information contact:

*Scott Collins, President
Xtend, Inc.
800-327-3478 x183
scollins@xtendcu.com*



Audit Link Service Offering

Collaborating on a new front

Grand Rapids, Michigan – March 12, 2008

Facing the harsh reality of compliance and auditing functions has become a frustration for some credit unions. Satisfying tough requirements of auditors is spilling over to day-to-day operational activities at an alarming rate. Realizing the expense of attempting to “go at it alone” the credit union partners associated with the cuasterisk network CUSO of Xtend, CU*Answers, CU*Northwest and CU*South, turned to management teams to create a business plan to address this growing burden in their day to day operations plan. Audit Link became the solution.

In January of 2008 the Xtend and cuasterisk.com management teams held a focus group for all of the cuasterisk network partners to introduce a new auditing and compliance division. The participation was outstanding. Thirty credit unions through out the country participated in a focus group which introduced the business plan and described the services to be provided. Six credit unions immediately agreed to move forward and since that time another seven have come on board.

“Compliance and auditing are absorbing resources at an alarming rate”. Said Jim Vilker, cuasterisk.com Manager. Vilker went on to say that, “While these credit unions are trying to focus their attention on their members financial needs the regulatory and auditing burdens are consuming valuable employee time and money”. “Our owners recognize the need to have a single focused approach to this area of operations and decided they could only afford this if they owned the resources collectively”.

Audit Link will provide upfront policy review and training sessions regarding important regulations and industry best practices. “What sets this apart from equivalent services is that the Audit Link staff can interpret those policies and relate them to the automated processes configured on the core data processing platform.” Vilker said. CU*BASE is the platform that all credit unions share and is owned by CU*Answers. On a daily basis audit link staff will become an extension of the credit union staff and complete most of the member and staff activity review and report back to the credit unions on policy variances.

Xtend, Inc.
6000 28th Street SE, Grand Rapids, Michigan 49546
800-327-3478 www.xtendcu.com

News Release...

"By being on the same technology platform allows our partner credit unions to collaborate on many operational issues". Said Scott Collins, Xtend President. He went on to say, "Our owners dictate the fronts they desire us to tackle and we simply become the conduit and resource pool they draw from".

About Xtend (www.xtendcu.com): Xtend, Inc. is a multi-owned Credit Union Service Organization (CUSO) formed in 2002 to help extend credit union potential by coordinating resources and developing new market opportunities. Xtend is currently owned by 45 credit union partners and provides an array of managerial, operational, marketing, technical planning and consulting services for credit unions of all sizes. In short, Xtend is an aggregation point for shared resources that allow credit unions to deliver products and services more effectively. Their strategic offerings include outsourced bookkeeping services, member contact services, mortgage servicing, partnered liquidity opportunities, shared branching, member surveys, and insurance services.

XXX

SAMPLE

Xtend, Inc.
6000 28th Street SE, Grand Rapids, Michigan 49546
800-327-3478 www.xtendcu.com

Introductory Brochure

The initial brochure sent out to clients and precursor to future Audit Link Advisors.

Initial Proposal for

Audit Link

NOVEMBER 2007

Introducing Your New Auditing and Compliance Service

The rumbling of "why don't we form a compliance and auditing division" for our partners has now become a roar. This burden is no longer something that most of you can simply dole out to staff and hope that collectively you have covered all the bases. Regulators and auditors are placing a much higher level of focus on this area, and these requirements are spilling into your day-to-day activities at an alarming rate. While you're trying to focus on your member needs, compliance and auditing tasks are absorbing valuable resources at a rate that is simply unacceptable to most of you.

What resources does it take to put together a top notch audit program and compliance program? First, it takes someone with the knowledge in this area from both a regulatory and auditing perspective, from an inside activity perspective, and from a technology tools perspective. Second, it takes a robust technology platform which captures member and staff activity in a way that can be easily reviewed and analyzed. Audit Link marries these tools and skills.

Within the body of this proposal you will see the three tiers of what Audit Link can provide your credit union. We believe through our discussions with CEO's, auditors, and regulators that we have encompassed the tasks associated with the monitoring of your member and staff activities. From the initial policy, procedural, and system configuration review to the periodic monitoring, we believe we can

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Daily and Periodic Monitoring	3
Pricing Model	4
Rounding Out	4

THE PURPOSE:
To build a business unit

PAGE 2

Getting to Know your Credit Union

This is the initial review of credit union policies, practices, and system configurations which address many regulations and internal best practices. This session is vital, as it sets the stage for the periodic work which will be the foundation for our audit team moving forward. This is a working session and requires preparation time as well as time spent with your management team in review of the credit unions existing policies and procedures. Based upon those findings, a portion of the time is dedicated to tweaking the system configurations and identifying where additional training may be required. The list of areas which are reviewed is listed below:

- Regulation D monitoring and verifying that the proper transaction types have been coded.
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- Review employee security configuration and make recommendations for change.

"Understanding where we are today in our compliance and auditing function will create a great foundation for moving forward with a single vision regarding this vital area of the credit unions operational needs"



Daily and Periodic Monitoring

The following is a list of tasks which will be performed on a periodic basis. Many of these tasks revolve around BSA and insider related activities. In many instances these activities are spread across multiple employees in the credit union and lack a central audit focus. The value of allowing our team to monitor these activities is to centralize the focus and provide a consistent reporting methodology to the management team. These activities include:

DAILY

- ✓ Review BSA reports and verify that the CTR's have been filed and are filled out correctly
- ✓ Review BSA Exempt status list and make recommendations for re-filing the annual exemptions
- ✓ Review Regulation D violation report and contact members
- ✓ Review activity on dormant accounts and verify transactions
- ✓ Review file maintenance logs and verify random selections of activity against physical documents
- ✓ Review wire transfer logs for activity and make recommendations for filing SAR's
- ✓ Transaction reversals involving cash or check on member accounts
- ✓ Stale dated check review with recommendations for action

WEEKLY

- ✓ Run BSA report for the prior week and filing a SAR report
- ✓ Review wire transfer log and verify
- ✓ Review activity on employee accounts
- ✓ Run OFAC report and do investigation

MONTHLY

- ✓ Prepare Executive Summary

QUARTERLY

- ✓ Review FIDM report
- ✓ Search for hits on the FINCEN report

ANNUALLY

- ✓ Review of annual policy requirements

AD HOC

- ✓ Legal review of policies
- ✓ Examination exit interview
- ✓ Loan review
- ✓ New member audit
- ✓ Staff training on ECOA and loan interview process
- ✓ Additional staff training on BSA and credit union CIP policy
- ✓ Staff training on data security and member privacy
- ✓ Disaster recovery review and record retention
- ✓ Suspense and settlement reconciliation



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The Driver...

Jim Vilker



Since joining the credit union industry in 1985 Jim Vilker has been involved in various aspects of compliance and auditing. To begin his career he was an examiner for five years and gained a very in depth understanding of the regulations revolving around credit union operations. During this time Jim also began to understand the best practices involved in the auditing of credit union activities.

For the next eight years Jim was doing the business. As Executive Vice President of a credit union the compliance and auditing functions fell directly on his shoulders all while being on the product which would soon become CU*BASE.

Since joining CU*Answers in 1998 Jim has been the CUSO's "go to" person on issues related to compliance and has kept a keen understanding of the changes in the regulatory environment. He has worked with a number of clients on issues related to compliance and auditing and understands the CU*BASE tools which have been created to assist clients in the monitoring of these activities.

jvilker@cuanswers.com
800-327-3478 x167



Pricing Model

The pricing will be broken down into three tiers.

Original Review Estimated Cost - \$2,500 plus T&E

The price for the original review is based upon a two to three day on-site visit. This visit will be prefaced by a review of the policies and updating of the associated configurations on CU*BASE.

The final phase of this review will be a management letter outlining any recommendations for policy change, personnel training, and documented list of all configurations changes.

Weekly Estimated Cost - \$200/wk

The price will consist of daily, weekly, and monthly audit functions performed by our team. These items are outlined in task list on the previous page.

Ad Hoc and Annual Reviews

The cost for the following items will be determined based upon the scope of the specific item being requested. Below is a list of anticipated tasks:

- ✓ Annual policy review
- ✓ Legal review of policies
- ✓ Examination exit interview
- ✓ Loan review
- ✓ New member audit
- ✓ Staff training on ECOA and loan interview process
- ✓ Additional staff training on BSA and credit union CIP policy
- ✓ Staff training on data security and member privacy
- ✓ Quarterly settlement and suspense reconciliation review
- ✓ Verify cash counts

Collaboration: What Does the Future Hold?

- Develop best practice auditing procedures using CU*BASE tools
 - New menu option illustrations – MNAUDT available but will need additional programming resources. I am working with Dawn on getting this completed.
- Newsletter and "best reports" illustrations
- Addressing contract issues as it relates to CU*Answers liability
- Finalize Resource Requirements
- Web-site development
 - Including blog capabilities on specific regulations as well as RSS feeds from NCUA, FFIEC, OTC
 - Developing alert capabilities to alert individuals on significant changes in regulations
- Outlining marketing and sales collateral
- Developing a user group to discuss recent exam and outside auditors concerns and exam comments
 - As a bi-product this group will be used to augment CU*BASE tools
- Begin meeting with local examiners and auditors on hot items coming down the pipe and getting feed back on services provided

Executive Summary Example

Audit Link periodically provides its clients with an Executive Summary that will outline services rendered, as well as tips and suggestions for the credit unions to improve their own internal auditing procedures.



Audit Link

From the Desk of Jim Vilker

Contents	
SCU Executive Summary	1
SCU Audit Link Summary	2
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Announcements & Updates	4

For those of you participating in the upcoming CEO strategies week you will be given the opportunity to preview some new products developed by Audit Link. In particular we will be introducing a new third party risk assessment generator. This new web based application will allow you to complete your risk assessments on all the products and services provided by CU*Answers and Xtend. During the first quarter of 2009 I will be asking you all to be the beta sites for this new product beginning with a risk assessment of the Audit Link product. I believe you will all find it extremely easy to use. Look for an upcoming invitation for a focus group in January to go over the use of the new application.

We are also developing a new web site for Audit Link called the Advisor. This site will be an interactive site where I will be posting helpful hints on the utilization of the software and giving you my take on upcoming regulatory hot buttons. It will also give you the ability to post questions and communicate with the Audit Link community. Remember, interactive sites are only as good as the people who use them. Therefore, expect a few phone calls in the upcoming weeks from Leah and myself to get the creative juices flowing.

Sincerely,

Jim Vilker and the SRS Audit Link Team



OCTOBER 2008

Audit Tracker... a Service Powered by ... 

Sample CU Audit Link Summary

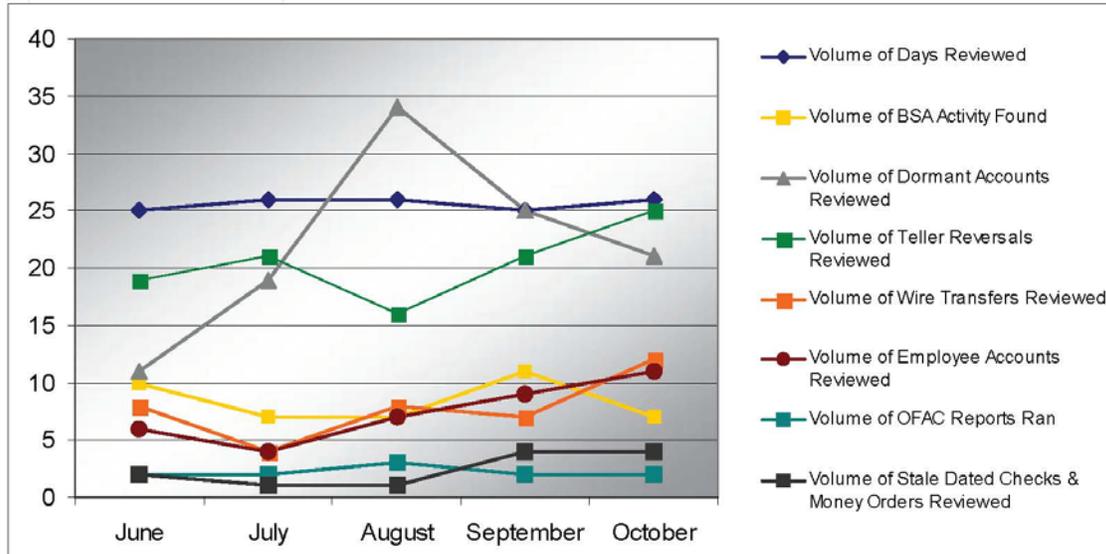


Our talented team has over 55 years of compliance experience (and increasing every day). We have worked in the consumer industry for both credit unions as well as other financial institutions.

Our responsibilities have run the gamut from Credit Union Executive Vice President and compliance auditor to collections and lending team specialist's focusing on management and organizational development. We are pleased to be a part of your team!

This report is an executive summary of the Audit Link work performed on your Credit Union's behalf by the SRS Audit Link Team. It is intended to give you an executive overview of the work the team has provided for you over the past month. If there is additional detail that you would be interested in reviewing please let us know and we would be happy to work with you on providing that information.

Sample CU Summary	October-08
Volume of Days Reviewed	26
Volume of BSA Activity Found	7
Volume of Dormant Accounts Reviewed	21
Volume of Teller Reversals Reviewed	25
Volume of Wire Transfers Reviewed	12
Volume of Employee Accounts Reviewed	11
Volume of OFAC Reports Ran	2
Volume of Stale Dated Checks & Money Orders Reviewed	4



For more information, go to www.xtendcu.org

Audit Tracker... a Service Powered by ...

Data Source

The following information will help identify the data source used in the compilation of your Executive Collection Summary.

Volume of Days Reviewed

This is the volume of days the SRS Audit Link staff has reviewed Sample Credit Union activity. Monitoring activity on a daily basis is one way to protect the credit union, making sure all the bases are covered.

Volume of Bank Secrecy Act (BSA) Activity Found

This number represents the number of accounts that have surfaced using the Bank Secrecy Act report. This report shows any account that had a cash transaction over \$3,000. This also helps the SRS Audit Link team to recognize when a Currency Transaction Report is necessary.

Volume of Dormant Accounts Worked

Here is a number that shows all dormant accounts that had transactions posted. The SRS Audit Link Team works with Sample Credit Union by verifying dormant accounts are being updated to the current status.

Volume of Days File Maintenance Accounts Monitored

This number indicates the amount of days an account has been reviewed due to file maintenance. Numerous accounts are monitored each day for atypical activity.

Volume of Teller Reversals Reviewed

This shows the quantity of accounts where reversals took place. The SRS Audit Link Team reviews each reversal to ensure it was reapplied correctly or suggests it for further review.

Volume of Wire Transfers Reviewed

The SRS Audit team reviews all completed outgoing wire transfers. The BSA requires that wire transfers from an originator's financial institution keep certain information on record. They also require the financial institution to keep a copy of this information for at least 5 years.

Volume of Employee Accounts Reviewed

This reflects the amount of employee accounts that have been reviewed. The BSA also requires financial institutions to report a SAR on employee accounts that appear to have lavish lifestyles or show absence of conformity with recognized systems and controls. You'll have peace of mind when SRS Audit Link monitors these sensitive accounts, presenting proof that your employees are following guidelines.

Volume of OFAC Reports Ran

This is the amount of OFAC reports that are ran on Western Districts Members Credit Union. We compare these reports to inform you of any new OFAC matches. The Office of Foreign Assets Control (OFAC) prohibits unlicensed trade and financial transactions with specified countries, entities, and individuals.

Volume of Stale Dated Checks & Money Orders Reviewed

This number represents amount of corporate checks and money orders that have stale dated. These items will remain on your run sheets until they have been removed from the stale dated status.

Percentage of BSA/SAR Reports Ran on BSA Activity

This is the percentage of BSA/SAR reports ran on accounts that have cash transactions aggregated over \$3,000.00. On certain accounts there is no need for a report as the cash transaction may result from an obvious reason similar to a loan disbursement. This report helps us



We're on your team!

By partnering with the SRS Audit Link team you will free up time to focus on member needs. SRS Audit Link will assist by:

- Providing a centralized focus for a vital area of credit union operations.
- Provide a proactive approach to compliance and auditing.
- Providing a forum for credit union audit personnel to communicate and share ideas.
- Act as a catalyst for future CU*BASE enhancements.

Contact Leah Sutherby:

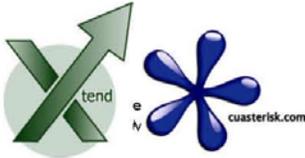
"The only place where success comes before work is in the dictionary."

Donald Kendall

Continued on page 4 

Audit Tracker... a Service Powered by ... 

**Executive Summary
Sample Credit Union**



Phone: 616.285.5711
Toll Free: 800.327.3478
Email: jvilker@cvasnswers.com

From the desk of Leah Sutherby

I anticipate that you are making good use of the Audit Trackers. They've been around for a few months now and hopefully everyone has made them part of their compliance routine.

Since they are fairly new, we have learned a little more about how they operate. Please read below to make sure you are up to speed on your Audit Tracker data:

Every account has an auto-generated Audit Tracker

It starts when the account is opened and OFAC is ran on the new member!

You are allowed to manually create other Audit Trackers

This is not suggested as it complicates the review process when monitoring the members history. Also the trackers that are automatically generated (BSA activity, dormancy, or OFAC), will only post on the most recent tracker.

Post your BSA account research as an update on the original Audit Tracker

When an Audit Link Run Sheet requests you to review an account with BSA activity, post your findings as an update or verification on the original Audit Tracker. The trackers are permanent retention and

Sincerely,
Leah Sutherby, SRS Audit Link Associate

Outstanding Up-front Contact Items

- ◆ Develop a plan to address Regulation D monitoring. The system has been fully configured for you and reports are generating on a daily basis.
- ◆ Review the data center employee audit report.
- ◆ Provide a status of the recommendations regarding funds availability.
- ◆ Finalization of the EFT policy
- ◆ Finalize employee training guide with Laura Welch-Vilker



**Thank you for working
with the SRS Audit Link
team.**

Audit Tracker... a Service Powered by ... 

Contacting Audit Link

For more information on Audit Link Services, please contact ...

- Jim Vilker, 616-285-5711 x 167 jvilker@cuanswers.com
- Leah Walton, 616-285-5711 x 211 lwalton@cuanswers.com