



# AuditLink

CU\*ANSWERS Management Services

## AuditLink Focus Group

December 18th, 2012

# Agenda

- Introduction and Formalities
- What AuditLink Does vs. What CU Does
- Wrap-up of 2012
  - Findings, business status, etc.
- Plans for 2013
  - Jim's Dirty Dozen
  - Compliance Outlook
- AuditLink Advisor Site



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# Jim Vilker NCCO – VP Professional Services

- Has been in the credit union industry since 1985 where he launched his career as an examiner
- Was Executive Vice President of a credit union for eight years
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- Received her AAP designation in 2008
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# Keith Longcore – AuditLink Associate

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# BSA

- What We Do...
  - Review transactions and affiliated accounts
  - Verify audit trackers
- What You Do....
  - Add to audit trackers on results of follow-up
  - Submit CTR's to AuditLink for review
  - Flag and monitor High Risk accounts using DD flags and then running MNAUDT option 23





# Dormant Accounts

- Work dormant accounts on a regular basis, otherwise the Activity on Dormant Accounts report is inaccurate
- Do not delete accts from dormancy monitoring due to fees posted manually.... Reinststate
- ACH postings are considered activity. Considered to be high risk and back office should be alerted to the fact when working exceptions



# Goals for Dormancy

- Survey your members
- Mitigate Risk
  - Potentially placing a two week follow-up on the tracker
- Send no money to the State



# File Maintenance

- Verify Changes
- Expect Impropriety
- Fields monitored:

– NOMAIL	–WRADD	–INTRAT
– MATDTE	–NXDATE	–REVVDT
– PAYFRQ	–PAYMNT	–DQCNTR
– ADDR	–LNAPP	–SSN
– DBLIMT	–LNAME	–JOSSN



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# Teller Reversals

- What we are looking for
  - Impropriety
  - Coaching
  - Possibly procedural changes
- What you should be doing
  - Interview teller



# Employee Audit

- What are we looking for
  - Unusual transactions outside the norm
  - Error correction credits on accounts
  - Delinquency and negative balances
  - File maintenance
  - Transactions on own accounts
- What should you be doing
  - Review noted accounts
  - Annual and ongoing notifications to audit team of new accounts



# Wire Transfer

- What we are looking for
  - Complete address information
  - Any large wires out of the norm
- What you should be doing
  - Filling in missing data if needed
  - Verifying that staff is following procedures and source of funds is legitimate



# OFAC

- Follow Through on New Matches
- Real time and Batch scans are now exactly the same
- Names are scanned on
  - Account opening and when adding a person to any subaccount
  - Corporate drafts
  - Wire recipients for outgoing
  - A2A recipients
  - ACH IAT's



# Stale Dated Checks

- What we do
  - List all stale dated checks
- What you should be doing
  - Review all those listed on Run Sheet
  - Perform the accounting entries to place them into a payable and place a stop pay on the draft



# Your requirement to Audit Us

Update Policy to include the following:

*The credit union does not assume that third parties are solely responsible for meeting regulatory requirements of BSA/AML compliance on their behalf and internal controls are in place to provide adequate oversight. On an annual basis the credit union will complete an audit of Xtend's work by reviewing the raw logs and comparing their findings against Xtend's run sheets.*

# Evaluating Abnormal Activity

## Understanding Normal Activity

Session 3 CU\*BASE GOLD Edition - Transaction Activity Summary Compare

Transaction Activity Summary Compare ATM NETWORK PROCESSING

Origin  Compare period  to period  Items to compare  Difference >

Account #	Origin	Last Month			Two Months Ago			Three Months Ago			Percent	Difference
		Debits	Credits	# Tran	Debits	Credits	# Tran	Debits	Credits	# Tran		
	13	2,326	0	17	22	0	2		0		10,472%	2,304
	13	2,537	1,800	15	107	0	2	317	0	9	2,271%	2,430
	13	2,503	820	34	157	0	5	783	5	21	1,494%	2,346
	13	3,570	3,000	25	240	0	9	641	450	9	1,387%	3,330
	13	9,861	9,000	13	880	0	14	800	0	13	1,020%	8,981
	13	1,672	0	23	245	0	10	354	0	25	582%	1,427
	13	2,857	2,534	22	457	160	18	523	230	20	525%	2,400
	13	1,688	0	7	316	0	3	113	0	3	434%	1,372
	13	1,600	0	5	300	0	1		0		433%	1,300
	13	1,834	0	17	393	0	19	481	0	20	366%	1,441
	13	2,443	2,000	7	557	0	6	284	0	6	338%	1,886
	13	2,474	0	12	595	0	5	71	0	2	315%	1,879
	13	1,403	0	7	400	0	2	801	201	5	250%	1,003
	13	1,425	328	28	422	0	5		0		237%	1,003
	13	1,871	1	20	600	7	9	735	0	5	211%	1,271

Backup

BC (4543) 8/13/12 15:28:44 Learn About This Feature




# Configuring Groups

Session 3 CU\*BASE GOLD Edition - BEST ADVANTAGE CREDIT UNION

Network Links

## General Configuration 1

MNCNFC



**Menus**

- Auditing Functions
- Back Office
- Offline Card Processing
- Vault Control

**Speed Sequences**

- Collection Processing
- CU\*SPY Daily Reports
- Process Member Loan

### General System Configuration

- 1 • New/Closed Reason Codes/Comments
- 2 • Member/Employee Type
- 3 • User-Defined Code Configuration
- 4 • Auto Transfer Frequency Config
- 5 • Branch Office Descriptions
- 6 • CU Check/Bank Definitions
- 7 • Time Card Parameter Config
- 8 • Misc. Posting Codes Config
- 9 • ATM/Supp Vault Location Config
- 10 • CU Hardware Configuration
- 11 • Direct Mail Group Configuration
- 12 • Safe Deposit Box Configuration
- 13 • Check Order Interface Config
- 14 • Bank Secrecy Act Monitoring Cfg
- 16 • Shared Branch Config
- 17 • ARU/Online Bank Transfer Control
- 18 • Abnormal Activity Monitoring Cfg
- 19 • Configure Due Diligence Codes
- 20 • Define OTB Product Codes
- 21 • Define Decision/Approval Matrix
- 22 • 247 Lender Minimum Requirements
- 23 • Define Non-Member Teller Svcs
- 24 • Membership Designation Config
- 25 • Workflow Ctrls: Open Mbrs/Accts
- 26 • Workflow Ctrls: Teller/Mbr Svc
- 27 • Restricted Nicknames Config
- 28 • Define Privacy Controls
- 29 • Red Flag Controls
- 30 • Effective Dating Controls

Ask the AnswerBook

Menu option  Speed sequence

Search for:

BC (958) 8/13/12 13:20:31 [Learn About This Feature](#)

# Running the log

Session 2 CU\*BASE GOLD Edition - Monitor Abnormal Activity

## Monitor Abnormal Activity

Member group to monitor:   INDIVIDUAL  
 Monitor transactions from:    
 Flag if member age is below:  or above:   
 Monitoring settings are based on a date range of 1 month of activity  
 Include all activity for members with Due Diligence flag:

DD	Account	Member Name	Age	Origin	# Trans	Trans Dollars	Avg Trans Amt	Risk Level	Last AT Tkr	By
0			16	* DEBIT CA	40	329	8	ABNORMAL	OP 08/01/12	22
0			17	* ATM NETW	34	1,073	31	ABNORMAL	OP 08/01/12	22
0			17	* AUDIO RE	26	2,028	78	HIGH RISK	OP 08/01/12	22
0			14	* DEBIT CA	21	1,264	60	ABNORMAL	OP 08/01/12	22
0			14	* AUDIO RE	7	1,450	207	HIGH RISK	OP 08/01/12	22
0			17	* DEBIT CA	32	436	13	ABNORMAL	OP 08/01/12	22
0			17	* DEBIT CA	34	306	9	ABNORMAL	OP 08/01/12	22
0			17	* AUDIO RE	12	952	79	ABNORMAL	OP 08/01/12	22
0			17	* AUDIO RE	6	732	122	ABNORMAL	OP 08/01/12	22
0			90	* DEBIT CA	8	1,241	155	ABNORMAL	OP 08/01/12	22
0			17	* ATM NETW	36	486	13	ABNORMAL	OP 08/01/12	22
0			17	* DEBIT CA	43	616	14	ABNORMAL	OP 08/01/12	22
3			35	ATM NETW	36	1,817	50	ABNORMAL	OP 08/01/12	22
3			32	ATM NETW	22	1,867	84	ABNORMAL	OP 08/01/12	22
3			35	DEBIT CA	11	1,160	105	ABNORMAL	OP 08/01/12	22
2			43	DEBIT CA	33	2,520	76	ABNORMAL	OP 08/01/12	22

Inquiry   
  Tracker Review   
  Activity Analysis

Cancel F7

Export F9

Member Connect F10

Print Report F14

View Config F15

Refresh List Ent

Total # records 1,998

Total # abnormal 1,267

Total # high risk 731

BC (4531) 8/13/12 14:19:00 [Learn About This Feature](#)

# Software Developments

- Teller Currently Serving-Print Name of Who's Served on Receipt – Release 11.6
- Roving Tellers (Teller Drawer Control Changes) – Release 11.6
- New Data Center Employee Security Reports – Release 12.0
- Branch Indicator Added to BSA Report – Release 12.0
- Memberships Exempt from CTR Highlighted in BSA Dashboard – Release 12.1



# Software Developments

- New ATM/Debit/Credit Card Status History Screen – Release 12.2
- Introducing the New Online Campus (BSA training available) – Release 12.2
- New World Class Enterprise Risk Management Tools-Built Right into CU\*BASE – Release 12.2
- OFAC Batch Scan Enhancements – Release 12.2
- Assistance Complying with Reg E Periodic Statement for EFT Transactions – Release 12.2



# Business Status

- 40 upfront contacts completed
  - 34 on daily monitoring
- 2 additional clients reviewing contracts



# Audit Link in 2013

- Vilker's Dirty Dozen
  - <http://auditlink.cuanswers.com/wp-content/uploads/DirtyDozen.pdf>
- Compliance Outlook for 2013
- New services from AuditLink





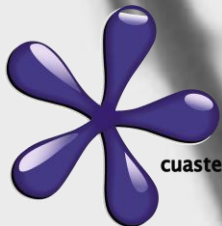
# Vilker's Dirty Dozen

- ALM Download Enhancements
- BSA Enhancement: Joint Owner Activity
- BSA Log Management for Exempt Members
- CTR Automated Filing
- Check Cashing Function



# Vilker's Dirty Dozen

- Check Kiting Monitoring
- Critical Field Monitoring
- Enterprise Risk Management
- Identity Theft
- Risk Score Migration Analysis



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# Other Services from AuditLink

- BSA Audits
- Ad hoc services
- ACH Audits
- Duration Analysis
- Just Turn it On
- Concentration Risk



# AuditLink on the Web

- Audit Link Advisor site
  - <http://Advisor.cuanswers.com/>



The screenshot shows a web browser window with the URL <http://auditlink.cuanswers.com/>. The page features a red header with the "AuditLink" logo and "CUANSWERS Management Services" text. Below the header is a navigation menu with links for Home, Login to RMRG, Contact, and Related Sites. A search bar is located on the right side of the header. The main content area displays a news article titled "Supporting the Upcoming Changes on the NCUA Call Report" with a sub-headline "Sweeping changes no, ready to go yes". The article includes a photo of a man and text explaining the changes to the 5300 Call Report. A list of bullet points details specific changes for December 2012, March 2013, and June 2013. On the right side of the page, there are two promotional boxes: "VILKER'S DIRTY DOZEN" and "Network Compliance Teacher".

Home Login to RMRG Contact Related Sites

**AuditLink**  
CUANSWERS Management Services

Home What is... What We Do Who Is... About the Risk Management Report Generator Contact

**Supporting the Upcoming Changes on the NCUA Call Report**  
*Sweeping changes no, ready to go yes*

Over the course of the last few days there have been multiple press releases regarding the upcoming changes to the 5300 Call Report. Headlines such as "Sweeping Changes" are grabbing the attention of our clients and we have received numerous calls regarding our reaction and ability to change the software to accommodate these changes. Here is a highlight of the changes:

- For the December 2012 Call Report, the Account Codes for Modified Loans in the Specialized Lending section will be eliminated and replaced with Troubled Debt Restructured Loans.
- For the March 2013 Call Report, Account Codes will be added for reporting delinquency and charge offs based on additional NCUA loan categories. Account Codes will also be added for unfunded commitments, credit impaired loans and investments. This impacts the Delinquent Loans, Loan Charge Off and Recoveries, Liquidity Commitments and Sources, and Investments (Schedule B) sections of the Call Report.
- For the June 2013 Call Report, the NCUA is changing the reporting of loan delinquencies from months to days. We are in

**VILKER'S DIRTY DOZEN**

*Network Compliance Teacher*  
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**Audit Link Overview**  
AuditLink



# AuditLink on the Web

- Exam Share
- Policy Swap
- Financial Literacy
- NCT
- RMRG

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Questions?

