

# Audit Link Advisor

ISSUE 1  
OCTOBER 2008

## New CU\*BASE<sup>®</sup> Tool for Red Flag Compliance

The **Audit Link Advisor** is your link to the latest news on compliance and the CU\*BASE tools currently in your arsenal to meet these requirements and also what we have cooking for the future. The Advisor newsletters were a natural extension of the Audit Link division. Our community of auditors and compliance experts is growing daily and the Advisor has been developed to give you a view into what we are all talking about.

This issue of the Advisor will focus on the FACT Act.

The compliance window is fast approaching for you to have your policies and procedures in place for FACT Act compliance.

Clients are starting to ask questions about what CU\*BASE changes are forthcoming to help with these new requirements.

### Red Flag and CU\*BASE

We have a few things rolling around in our programming department, but to begin, let's discuss the basics of what your new identity theft program must accomplish.

The regulation states that a financial institution program must be designed **to detect, prevent, and mitigate identity theft** in connection with the opening of a covered account or any existing covered account. It further describes methods which a credit union can use to accomplish those tasks and how you must

augment your existing CIP program to meet the intent of the regulation.

There are four main pieces of the regulation, many of which are internal to the credit union's practices. However, there is at least one section that addresses authentication of member information. That is where CU\*Answers has begun investing programming time to help you meet the requirements of this complex new law.

### The Advisor Suggests...

This advice is designed to address the opening of a covered account and how you perform your diligence on the information supplied to you.

This summer CU\*Answers began investigating services provided by existing credit bureaus to build a tool to authenticate the data a new member supplies to the credit union at account opening.

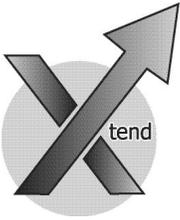
Leveraging our interface with ZOOT and the existing tools and features of the CU\*BASE platform was a major goal of our search. We decided on programming an interface to **Experian's Authentication Services Level One (AS1)** as the tool to help you meet the requirements of your new procedure and policies.

### Why AS1?

According to the Act, a financial institution must authenticate the potential new member through

#### AUDIT LINK STATEMENT OF PURPOSE

*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.*



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## Audit Link 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 software 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 interest in 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.

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the verification of the member's address, Social Security number, and other personal identification information such as a driver's license.

Experian uses multiple data sources in this verification process, including their own header data in the credit file, Social Security Administration data, deliverable address data, and many other proprietary data sources.

In our due diligence we believe we have obtained the best solution and Experian allowed us to bring our entire client base to the table at once, which gave us a great price on the process.

### How will it work?

Credit unions will be allowed to enter the actual pull of the AS1 into the account opening workflow process. The process will be similar to the OFAC scan with a few cool twists.

In the event a data element fails the specific test the system will allow the user to actually go in and update the data if it was incorrect and resubmit the request, up to a total of 3 tries.

Once the employee is satisfied with the data, the results of the final pull will be recorded and an Audit Tracker record will be written out the new member's account for a permanent record in CU\*BASE.

We will also be creating a new file which you will be able to inquire upon that includes all the results, verifications, and validations which Experian returns, including:

- ✓ Address verification
- ✓ Address type
- ✓ Address if in a high risk area
- ✓ Phone verification
- ✓ Phone if in a high risk area

- ✓ Social Security verification
- ✓ Social Security validation
- ✓ Date of birth verification
- ✓ Driver's license validation
- ✓ Driver's license verification
- ✓ OFAC verification

This new product will make the verification process easy and will effectively make the new requirements effortless. So if you were having problems determining how you were going to meet the requirements imposed by the regulation for the account opening process, take a hard look at the new AS1 solution.

### Getting Started

If your credit union wants to get started now, you would be enrolled with Experian and set up to access the tool via a website. A number of our clients already use the tool this way.

**Coming in early 2009, this feature will be fully integrated into CU\*BASE as part of new member account opening!**

To help you decide, coming soon, Lender\*VP will be co-sponsoring enrollment web conferences with the Experian AS1 team to introduce the product and cover the enrollment details. We'll be holding two separate web conferences: one for new clients just wanting to get started, and another, separate event for clients already using the AS1 web tool and wanting to see about what's needed to roll over to the CU\*BASE integrated product next year. Watch your email for more details coming soon!

**For more information, please contact Beth Skinner at [sales@lendervp.com](mailto:sales@lendervp.com)**