



## ***DCU BULLETIN***

*Division of Credit Unions*

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### **I S & T Exam Modifications**

We would like to make you aware of several changes to our exam process.

#### **Exam Scope**

When the Information Systems and Technology (IS & T) examinations were implemented just over three years ago, the Division of Credit Unions began the process with a primary focus on adequate policies. We expanded the scope after the first round of exams and are now focusing attention on the security aspects of credit union IS & T infrastructure. Beginning in September 2004, we anticipate further broadening the scope of our exams to look more closely at the business continuity plans in place for credit unions. Other aspects of the credit union IS & T operations will continue to receive appropriate attention. Adequate policies, security, and business continuity plans are key elements of a sound IS & T operation.

We have asked our IS & T vendor to be available to respond to your questions about the needs of your systems. Please use the vendor as a resource to help you evaluate where your IS&T controls could be strengthened.

#### **Follow up Exams**

Credit unions receiving an IS & T rating of “3” are considered to have higher risk in this aspect of their operations. Given that higher level of risk, we will be scheduling those credit unions for a follow up IS & T contact within six months after they receive the original rating. The contact will largely focus on any requirements or recommendations relating to the IS operation of the credit union from the full exam, but may also include any new risks identified during the follow up contact.

### **Risk Assessment Requirements**

A number of credit unions have encountered vendors using the term “risk assessment” in a manner that falls short of the requirements of NCUA Rules and Regulations Part 748, Appendix A. The work performed under any risk assessment may be useful, but a “limited scope” assessment may not meet the NCUA Rule requirement. When hiring vendors to perform “risk assessments,” each credit union should ensure the scope is adequate. It is also important to be clear that the proposed vendor has the necessary qualifications for the task at hand.

Please contact Doug Lacy-Roberts at (360) 902-0507 with any additional questions about our IS & T examinations.