

Items Needed for CUSO Review			
Item	Required Information	Make Available	Copy
<b>General</b>			
1	List of all credit union customers and those serviced by CUSO. Obtain POC and address information.		
2	List of current and proposed activities and services provided to CUSO partners and clients		
3	Management agreements and/or contracts made between the investing and/or lending credit unions and/or between the CUSO and its employees, if any		
4	List of CUSO investors, percentage of investment, and dollar amount of ownership		
5	Info regarding CUSO working arrangements/membership with any CU league, association, or trade		
6	Periodic reports provided by CUSO to credit unions (e.g., payments history, risk ratings updates, follow-up reports)		
7	Any report of third party reviews (e.g., loan reviews, lending activities)		
8	Any promotional materials		
<b>Plans</b>			
9	Disaster recovery plan		
10	Strategic business plan		
11	Capitalization plan (if not included in strategic business plan)		
12	Marketing plan (if separate from strategic business plan)		
<b>Staff and Board of Directors</b>			
13	CUSO organization chart		
14	List of CUSO officials (board of directors or board of managers)		
15	List of CUSO management, personnel, and their applicable job descriptions and summary of qualifications		
16	CUSO staff training programs		
18	Monthly Board of Managers and all other committee minutes and consent to elect board members		
<b>Policies, Procedures, and Methodologies</b>			
19	CUSO Policies and Procedures Manuals		
20	Policy and procedures for managing "pipelined" loans		
21	Policy and procedures for processing loan applications, underwriting, and making recommendations		
22	Policy or methodology used to determine service pricing		
23	Procedures for allocating operating cost and assessing monthly fees and charges to the member credit unions (if applicable)		
24	Procedures for tracking loan payments (if done by CUSO) and procedures for reporting to credit union		
25	Written policies/procedures used to conduct loan follow-up activities		

Items Needed for CUSO Review			
Item	Required Information	Make Available	Copy
26	Data processing backup procedures		
27	Policy/procedures to manage liquidity		
28	Intrusion detection and monitoring procedures (internet, in-house, etc.)		
<b>Contracts, Agreements, Legal Documents</b>			
29	Legal opinion(s) addressing the corporate organization, "corporate veil," and limited liability of the investing and/or lending credit unions (e.g., CUSO structured as a separate legal entity)		
30	CUSO organizational/structure documents (LLC, etc.), Articles of Incorporation, bylaws, certificate of good standing, etc.		
31	Any documentation supporting CUSO compliance with laws of the state(s) in which it operates or serves owning or serviced credit unions (e.g., licensing, registration, etc.)		
32	Records of ownership, with contractual agreements (e.g., partnership, etc.) or other written agreements, the dollar amount of investments and/or loans to the CUSO, by investor(s) or affiliated credit unions)		
33	Service contacts/agreements with owning and serviced credit unions		
34	Insurance policies (e.g., liability, bonding, and property coverage)		
35	Loan participation and loan participation servicing agreements/contracts for all serviced credit unions (if any)		
36	Copies of stock certificates (if applicable)		
37	Operating fee arrangements with participating credit unions		
38	Contracts with business vendors (e.g., leases, data processing, etc.)		
39	Copy of any funding guarantees in agreements (if any)		
40	CUSO-provided memo that outlines any outstanding or pending litigation		
41	Loan participation and servicing agreements/contracts for all serviced credit unions		
<b>General Ledger, Tax Compliance, CPA Audits</b>			
41	Most recent CUSO budget and budget variance report		
42	General ledger information through most recent quarter end		
43	Financial statements for previous and most recent year to date (e.g., balance sheet, income and expense)		
44	List of any internal investments or cash investment deposits, by type		
45	Most recent CPA audit report and audit engagement letter		
46	Federal and state income tax returns and schedules for previous year		
47	List of any contingent liabilities		
<b>Loans</b>			
48	List of any loans made <b>to the CUSO</b> including lender name, loan amount; rate, term, and origination date		
49	List of any loans owned (in full or in part) by the CUSO		

Items Needed for CUSO Review			
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50	List of open loans as of review date Include loan amount, origination date, loan type, risk rating (if used), owning credit union, and loan participants (if applicable)		
51	List of loans granted year-to-date as of review date Include loan amount, origination date, loan type, risk rating (if used), owning credit union, and loan participants (if applicable)		
52	List of all participated loans as of review date (if applicable) Include loan amount, origination date, loan type, risk rating (if used), owning credit union, and loan participants		
53	Loans presently in process (pipeline) as of review date Include loan amount, origination date, loan type, risk rating (if used), owning credit union, and loan participants (if applicable)		
54	List of all delinquent loans as of review date Include, at minimum, borrower name(s), present loan balance, loan type, original loan amount, origination date, number of days delinquent, owning credit union, and loan participants (if applicable)		
55	List of all loans charged off 24 months prior to review date Include, at minimum, borrower name(s), charged-off loan balance, original loan amount, loan type, origination date, charge-off date, owning credit union, and loan participants (if applicable)		
<b>IS&amp;T, Electronic Data Processing</b>			
56	Information regarding the IS&T electronic data processing (EDP) system used by the CUSO		
57	Copy of any third-party reviews of EDP activities		
58	List of EDP internal controls in place (e.g., passwords, access, and controls)		
59	Intrusion detection and monitoring procedures (internet, in-house, etc.)		

Items Needed for CUSO Information Systems & Security Review			
Item	Required Information	Make Available	Copy
<b>Audit</b>			
1	Current IT audit plan/schedule, scope, and reports, including any external audit or internal audit outsourcing engagement letters		
2	Internal IT reviews (e.g., penetration tests, vulnerability tests, general controls audits, etc.)		
3	External IT reviews (e.g., penetration tests, vulnerability tests, general controls audits, etc.)		
4	Management responses to audit issues		
5	Management action plans (including dates, finding, action plan steps and milestones, responsible person, current status, and outstanding items)		
6	Position descriptions of auditors that perform IT-related reviews		
<b>Board and Management Oversight</b>			
7	Long- and short-term strategic plans that include technology		
8	IT-related governing documents (e.g., policies, procedures, charters, etc.)		
<b>Vendor Management</b>			
9	Vendor management policies and procedures		
10	List of all critical service providers		
11	Contracts that govern critical service providers		
12	Last periodic review of critical service providers (SSAE 16 Type 2 Reports)		
<b>Information Security Program</b>			
13	Information security policy		
14	Documentation used to develop risk assessment, including (but not limited to): <ul style="list-style-type: none"> <li>- System characterizations (business process/system characterizations)</li> <li>- Ranking list of assets/process (asset ranking)</li> <li>- Identified threat scenarios</li> <li>- Identified vulnerabilities</li> <li>- List of controls</li> <li>- Mitigation strategies</li> <li>- Residual risk identifications</li> <li>- Controls testing</li> </ul>		
<b>Intrusion Detection and Response</b>			
15	Documentation of any internal or external incidents since previous contact which required the use of incident response procedures, including management's response		
16	Results of testing (e.g., simulations, walk-throughs, etc.)		
<b>Software Development and Acquisition</b>			
17	Software development and acquisition policies and procedures [included under management IT related governing document]		

Items Needed for CUSO Information Systems & Security Review			
Item	Required Information	Make Available	Copy
18	List of current software development projects and Systems Development Lifecycle (SDLC) phase (e.g., coding, maintenance, etc.)		
19	Results of auditing/testing of software development projects		
<b>Business Continuity Planning (BCP)</b>			
20	<b>BOARD/MANAGEMENT OVERSIGHT:</b> Provide contingency plan and related documentation and provide BCP-related governing documents (policies, procedures, etc.)		
21	<b>VENDOR MANAGEMENT:</b> Provide 1) list of all critical BCP related service providers; 2) contracts governing BCP related critical service providers; 3) last periodic review of critical BCP service providers		
22	<b>AUDIT:</b> Provide management responses to audit issues related to BCP and management action plans regarding findings (including finding, action plan steps and milestones, responsible person, current status and outstanding items)		
23	<b>RISK:</b> Provide copy of the most recent Business Impact Analysis and Risk Assessment		
24	Provide hot site description and location information		
25	Provide copies of detailed BCP testing (not just summary), test results and retesting since last review		
<b>Miscellaneous Items</b>			
26	Incident response policy and procedures		
27	Network diagram including IP addresses and all communication links (network architecture)		
28	Detailed IT organizational chart including a list of IT personnel and respective assigned functions		
29	List of personnel with unrestricted physical access to critical equipment (e.g., computer room, communication closets)		
30	List of users with administrative access to critical systems		
31	Baseline configuration for all critical systems including firewalls, routers, switches, and servers (computer systems security)		
32	Risk Assessment presented to board of directors, including date(s) of board meeting(s) where assessment was presented and/or discussed		
33	All IT initiatives and project plans (completed, in-process, and future plans)		
34	List of all servers, operating systems, and service level patches, including an identification of the function for each server and comment on plans for new items		
35	List of all internet applications, including brief description of the related technical environment and functions		

Name of CUSO:

Effective Date of Review:

Items Needed for CUSO Information Systems & Security Review			
Item	Required Information	Make Available	Copy
36	List of all other applications, including brief description of the related technical environment and functions		
37	List of all products and services accessible to all internal and/or external users		
38	Training plan and documentation of training conducted since previous review, including training attendance log(s)		

## CUSO Scoping Workbook

CUSO Review (Core Review)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
<b>Compliance with NCUA Rules and Other Legal Requirements</b>				
1	Review legal opinion(s) that address the corporate organization, “corporate veil,” and limited liability of the investing and/or lending credit unions (i.e. CUSO is structured as a separate legal entity) to determine overall compliance with legal organizational requirements and Part 712	<a href="#">Part 712</a>		
2	Review board of directors / managers meeting minutes to determine overall compliance with Part 712 and safe and sound business practices	<a href="#">Part 712</a>		
3	Review CUSO organizational/structure documents (LLC, etc.) including Articles of Incorporation, bylaws, Certificate of Good Standing, etc. to determine compliance with legal organizational requirements and Part 712	<a href="#">Part 712</a>		
4	Review documentation which indicates that any services provided by CUSO that are not preapproved by regulation have been authorized by the NCUA Board to determine overall compliance with service requirements in Part 712	<a href="#">Part 712</a>		
5	Review CUSO’s Privacy Act policy to determine if it complies with FRB Regulation P (Privacy of Consumer Financial Information)	<a href="#">Part 1016</a>		
6	Review licenses to operate in states where CUSO conducts business and ensure CUSO provides documentation that it complies with laws of states in which it operates to determine overall compliance with organizational requirements and Part 712	Federal and/or state statutes		
7	Review contractual agreements (e.g., partnership, etc.) or other written agreements, the dollar amount of investments and/or loans to the CUSO by investors or affiliated credit unions) to determine overall compliance with legal organizational requirements and Part 712	<a href="#">Part 712</a>		
8	Review list of investors, including percentage and dollar amount of ownership, to determine overall ownership and control of CUSO and determine if owner credit union(s) comply with investment limits	<a href="#">Part 712</a>		
9	Review list of loans to CUSO including lender name, loan amount, rate, and terms to determine compliance with Part 712	<a href="#">Part 712</a>		
10	Review CUSO’s insurance coverage (liability, bonding, and property) to determine compliance with Part 712 and sound business practices	<a href="#">Part 712</a>		
11	Review CUSO’s record in the <i>CUSO Registry</i> to ensure it is current and accurate.	<a href="#">CUSO Registry</a>		
12	Review complaints processes, scan complaints, and evaluate any outstanding or pending litigation (outline to be provided by CUSO) to determine compliance with overall legal requirements and potential impact on CUSO operations	Safety and Soundness		
13	Review stock certificates (as applicable) to determine overall compliance with legal organizational requirements	Safety and Soundness  GAAP		
14	Review documentation of measurement showing that CUSO primarily serves credit unions, CUSO membership, or the membership of credit unions that contract with the CUSO to ensure that regulatory requirement is met	Part 712.3(b)		
<b>CUSO Management, Operational Plans, and Agreements</b>				
15	Review strategic business plan to determine CUSO’s overall planning level and strategic direction	Sound Business Practices		
16	Review capitalization plan (if not included in strategic business plan) to determine CUSO’s overall planning level and strategic direction; obtain any regulatory correspondence that requires additional capitalization (e.g., Trust CUSOs)	Sound Business Practices		
17	Review any CUSO working arrangements with the league, trades, or other associations to review CUSO’s overall involvement in the credit union marketplace	Sound Business Practices		
18	Review mission statement (or see strategic business plan)	Sound Business Practices		

## CUSO Scoping Workbook

CUSO Review (Core Review)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
19	Review list of activities and services provided to CUSO partners and clients to determine overall scope of services	<a href="#">Part 712</a> <a href="#">Sound Business Practices</a>		
20	Review list of credit unions serviced by CUSO to determine overall scope of CUSO business	Sound Business Practices		
21	Review operating fee arrangements with participating credit unions to determine overall fee structure and confirm that fee structure coincides with written agreements with serviced credit unions	Safety and Soundness  Sound Business Practices		
22	Review CUSO contracts with business vendors (leases, data processing, etc.) to determine scope and potential impact of such contracts on financial and operational aspects of CUSO	Safety and Soundness  Sound Business Practices		
23	Review any funding guarantees in agreements to determine if they impact income generation and if they coincide with CUSO agreements with credit unions	Safety and Soundness  Sound Business Practices		
24	Determine if CUSO provides training to credit unions on the CUSO procedures	Safety and Soundness  Sound Business Practices		
25	Review service contracts/agreements with participating credit unions to determine CUSO and participating credit union scope of responsibilities and to determine if CUSO procedures and policy are properly reflected in agreements	Safety and Soundness  Sound Business Practices		
<b>CUSO Organization and Staffing</b>				
26	Review CUSO organization chart to determine overall CUSO organizational structure	Sound Business Practices		
27	Review list of management, personnel, and job descriptions to determine if CUSO has sufficient staff and experience to underwrite and follow-up on loans	Safety and Soundness  Sound Business Practices		
28	Review list of CUSO officials (senior staff, board of managers, etc.) and summary of board member qualifications to determine CUSO's overall scope of control	<a href="#">Part 712</a>		
29	CUSO staff experience levels and training programs for products and services offered to determine if staff receives training and is current on industry standards and best practices	Sound Business Practices		
30	Review employment-related contracts	Safety and Soundness  Sound Business Practices		
<b>Financial and Operational Status</b>				
31	Review list of contingent liabilities to determine impact of liabilities on CUSO's overall financial status	Safety and Soundness  GAAP		



## CUSO Scoping Workbook

CUSO Review (Core Review)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
32	Review most recent budget and variance report to determine existence of budgetary planning and whether management and board of directors use material as a tool to control CUSO operations	Sound Business Practices  Safety and Soundness		
33	Review profitability and overall financial position using most recent quarter-end financial info (balance sheet, income statement) as well as other information provided by CUSO officials to determine CUSO's overall financial status	Safety and Soundness  GAAP		
34	Review general ledger through most recent quarter-end to validate CUSO's financial information	Safety and Soundness  GAAP		
35	Review procedures for allocating operating cost and assessing monthly fees and charges to the member credit unions to determine adequacy of cost allocation and fees to credit union members (as applicable)	Safety and Soundness  GAAP		
36	Review investments to determine if adequate controls for investments are in place and in accordance with sound business practices (as applicable)	Safety and Soundness  Sound Business Practices		
37	Review most recent CPA audit report and engagement letter to determine if opinion audit was performed as required by NCUA rules	<a href="#">Safety and Soundness Part 712 GAAP</a>		
38	Review federal and state income tax returns and schedules to ensure CUSO complies with filing requirements	IRS require-ments		
39	Review CUSO policy/procedures to manage liquidity to determine if sufficient controls are in place	Safety and Soundness  Sound Business Practices		
40	Review third party vendor due diligence to determine the level of review of third party vendors	Safety and Soundness  Sound Business Practices		
41	Review promotional materials and website content to determine use of promotional activities	Sound Business Practices		
<b>Data Processing System</b>				
42	Determine whether adequate internal controls for data processing systems are in place (e.g., passwords, access, controls, etc.)	Safety and Soundness  Sound Business Practices		
43	Review intrusion detection and monitoring procedures (internet, in-house, cloud etc.) to determine if data processing systems are protected by intrusion detection systems (IDS)	Safety and Soundness  Sound Business Practices		
44	Review data processing backup procedures to determine if adequate systems are in place to ensure the availability of product and financial information	Safety and Soundness  Sound Business Practices		

## CUSO Scoping Workbook

CUSO Review (Core Review)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
45	Review process for credit unions to access information from CUSO to ensure that the confidentiality of member data is maintained through multi-factor authentication	GLBA may apply		
46	Review disaster recovery plan to determine if adequate backup systems are in place, ensuring the availability of product and financial information	Safety and Soundness  Sound Business Practices		

## CUSO Scoping Workbook

CUSO Review (Consumer Loans)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
<b>Consumer Underwriting Policy and Procedures</b>				
1	Review all consumer loan policies and procedures used for underwriting and servicing of consumer loans to determine if they meet requirements			
1.1	Determine whether CUSO uses its own policies and procedures or a serviced credit union's policy/procedures. If the CUSO uses the serviced credit union's policy/procedure, what controls do they have in place to ensure they are complying with the specific policies?			
1.2	Determine the adequacy of underwriting and policies and procedures used and whether they comply with sound lending practices, as well as general lending requirements outlined in Part 701			
<b>Consumer Loan Files</b>				
2	Review judgmental sample of consumer loans to determine if loan file documentation contains underwriting documentation required by policy and procedure and as required by contract between the CUSO and credit union (as applicable)	<a href="#">Part 701</a> <a href="#">Sound Business Practices</a>		
<b>Loan Participations</b>				
3	Review loan participation and servicing agreements/contracts for all serviced credit unions (if applicable) to determine contractual relationship for services with credit unions. Did the CUSO obtain an attorney review of agreement/contract?	<a href="#">Part 701</a> <a href="#">Sound Business Practices</a>		
4	Determine if loan participation contracts and agreements contain terms and conditions, related recourse provisions, and contain sufficient documentation to support that loans meet underwriting in accordance with sound business practices and Part 701	<a href="#">Part 701</a> <a href="#">Sound Business Practices</a>		
5	Review list of loan participations to determine the amount and concentration of loan participations in credit unions serviced by the CUSO	<a href="#">Part 701</a> <a href="#">Sound Business Practices</a>		
<b>Loan Delinquency, Collections, and Charge-offs</b>				
6	Review CUSO policy and procedures regarding the handling of loan delinquency, collections actions, loan modification and charge-offs and confirm that CUSO is compliant with the policy and procedure	FACTA Sound Business Practice		
7	Review sample of delinquent loans to determine if:  (1) Initial underwriting was sufficient  (2) If there are any common underwriting characteristics that led to payment fault  (3) If this information is documented and reported to the credit unions in some manner (if contractually required)	Sound Business Practices		
8	If CUSO does repossession and liquidation as part of their loan servicing, determine if CUSO's actions are in agreement with the contracts and agreements	Sound Business Practices		
9	Review judgmental sample of delinquent loans to determine if collection actions are sufficient and properly documented based on the borrowers level of delinquency	Sound Business Practices		

## CUSO Scoping Workbook

CUSO Review (Consumer Loans)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
10	Review history of loan charge-offs over the past 12 to 24 months (overall, and by credit union) to determine  (1) Each serviced credit union's risk level  (2) Overall effectiveness of underwriting and collections activities	Sound Business Practices		
<b>Loan Portfolio Monitoring and Management</b>				
11	Review reports CUSO provides serviced credit unions to determine if proper monitoring is occurring	Sound Business Practices		
11.1	Review volume of loans originated in a given month or period to identify abnormal growth			
11.2	Review total loans outstanding to identify trends			
11.3	Review total loans per credit quality of the individual borrower (e.g., A, B, C, D, or E tiered loans) to identify abnormal growth			
12	Review third party loan review or other audit reports to determine scope and results of such reviews	Sound Business Practices		
13	Review procedures for tracking loan payments to determine if adequate procedures are in place to control loan payments and ensure proper accounting is taking place (as applicable)			
14	Review loan participation and servicing agreements/contracts for all serviced credit unions to determine contractual relationship for services with all credit unions (as applicable)	Sound Business Practices		

## CUSO Scoping Workbook

CUSO Review (Mortgages)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
<b>General Mortgage Activities</b>				
1	Review CUSO structure in Steps 1.1-1.7			
1.1	Determine if CUSO offers underwriting for self or CUSO participants			
1.2	Determine if CUSO offers servicing			
1.3	Determine if CUSO sells loans directly			
1.4	Determine if CUSO offers loan participations			
1.5	Determine if CUSO offers OREO management			
1.6	Determine if CUSO offers collections or delinquency monitoring			
1.7	Determine if CUSO sells or packages loans to FNMA, FHLB, etc.			
2	Request any third party reviews of the CUSO's loans, processes, and policies in the last two years; determine if reviews identified problems and whether CUSO management has taken corrective action			
<b>Mortgage Underwriting and Follow-Up Activities</b>				
3	Review pipeline and commitment/rate lock reports to identify new loans that are being considered for approval			
4	Review consumer related information/disclosure packets. Review consumer marketing documentation for compliance with real estate requirements			
5	Review loan policies and written procedures to determine if the CUSO uses its own policy and procedures or the policy and procedures of the individual credit union client			
6	Complete a sample review of mortgage loans to review compliance and sound underwriting and document your loan selection of certain loan types (recently granted, concentrations, problem loans, etc.)			
7	Review the loan funding process to determine whether the CUSO is funding loans or only the credit union clients			
8	Review current loan interest rates, along with information on how pricing is determined, to ensure rates are appropriate			
9	Review loan policy exceptions to ensure credit unions are not accepting increased risk without increased income			
10	Determine the method of assigning the loan to the credit union and whether the assignment is made in a timely manner to ensure credit unions are not accepting unnecessary increased risk			
11	Review any credit score and property value migration reports to determine if there is increasing or decreasing risk in the loan portfolio based on changes in credit scores and property values, if applicable			
<b>Mortgage Compliance Activities</b>				
12	Review list of mortgage loan officer (MLO) numbers, registration, and tracking/monitoring to ensure SAFE Act Compliance	SAFE Act		
13	Review compliance with "high priced mortgage" rules	12 CFR 1000+		
14	Review procedures and practices for compliance with Flood Act	Flood Act		
15	Review CUSO's compliance with applicable consumer mortgage regulations (e.g. Flood Act, SAFE Act, HMDA, QM, RESPA, Equal Credit Opportunity Act, etc.)			
<b>Mortgage Servicing Activities</b>				
16	Review insurance and property tax tracking reports to determine if procedures and controls are in place; perform a random review of individual loans to test accuracy			

## CUSO Scoping Workbook

CUSO Review (Mortgages)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
17	Review escrow reports and statements to determine compliance with Regulation Z	<a href="#">Regulation Z</a>  <a href="#">12 CFR 1026</a>		
18	Review collection and foreclosure processes/procedures to determine whether CUSO assists in the processes and whether procedures are appropriate			
19	Determine how CUSO is valuing foreclosed property by reviewing its evaluation methods and policies for OREOs			
20	Determine method used for calculating delinquency and test process to determine if CUSO uses appropriate delinquency calculation methods for credit unions			
21	Review servicing agreements and fee structure to determine if they are reasonable and appropriate to market			
22	Review collection process by evaluating detailed list of loans over one month delinquent at effective date serviced/booked by the CUSO, if held or serviced by CUSO			
23	Review modified, TDR, or extended loans to evaluate the extent of collection problem loans and determine if appropriate controls are reporting are in place			
24	Review any reports generated to show risk composition/trends and risk management processes for the various loan portfolios serviced/booked			
25	Review list of any loans charged-off in previous year and current year			
26	Review servicing, monitoring and tickler reports			
27	If CUSO makes recommendations on the allowance reserves for credit union portfolios it services, evaluate the adequacy of the recommendations			
28	Evaluate loan performance data (delinquency, charge-off, yield) CUSO provides to client credit unions			
<b>Other Mortgage Activities</b>				
29	Review third parties to whom CUSO sells loans (FNMA, FHMLC, Sun Trust, PHH, etc.); examine third party sales outlets and contracts/agreements/status to determine whether CUSO is selling and whether the ability to sell is expected to continue			
30	For CUSOs that originate or offer loan participations with credit unions, review compliance with ASC 860 (formerly FAS 140) with regard to legal isolation tests	GAAP		
31	For CUSOs that originate or offer loan participations with credit unions, review summary information CUSO provides to credit unions regarding credit risk factors and key loan terms/data to ensure disclosure is adequate			
31.1	Confirm that CUSO is exercising due diligence of originating lenders			
31.2	Confirm that agreements in place with originating lender comply with participation regulations			

## CUSO Scoping Workbook

CUSO Review (Mortgages)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
31.3	Confirm that originating lender is holding required amounts per regulation	Part 701.22		
32	Review ownership of mortgage servicing rights; if CUSO owns the mortgage servicing rights, determine whether it accounts for the mortgage servicing rights according to GAAP	GAAP		
<b>Appraisals</b>				
33	Review list of approved appraisers	Part 722		
34	Review CUSO policies and/or procedures for appraisals; determine if CUSO is using its own policies or credit union policies for appraisal ordering			
35	Obtain a copy of the engagement letter for the appraiser			
36	Determine the process for appraisal reviewers (e.g., are reviewers qualified, are reviewers also the underwriters, etc.)			

## CUSO Scoping Workbook

CUSO Review (Member Business Loans)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
<b>MBL Underwriting and Follow-Up Activities</b>				
1	Review CUSO MBL loan policies and procedures manuals (if used) or review of underwriting standards of credit unions used to determine if they are sufficient to meet the requirements of Part 723	<a href="#">Part 723</a> <a href="#">Sound Business Practices</a>		
2	Review history of loan charge-offs in past 24-36 months (both overall, and by credit union) to determine risk level to credit unions	Sound Business Practices		
3	Review policy and procedures for managing processing of loans to determine how process works from the time the loan applications is received to time loan is funded or sold to determine process for pipeline loans is reasonable and in accordance with industry standards	Sound Business Practices		
4	Review list of property/non-real estate appraisers used to determine if list is reasonable for areas serviced by CUSO	<a href="#">Part 723</a> <a href="#">Sound Business Practices</a>		
5	Review policy and procedures for processing loan application and making recommendations to determine process for loan underwriting is reasonable and in accordance with industry standards	<a href="#">Part 723</a> <a href="#">Sound Business Practices</a>		
6	Review third party MBL reviews to determine scope and results of reviews	Sound Business Practices		
7	Review list of loans originated over a reasonable time period and list of loans made year-to-date to determine risk rating of loans; include loan amount, origination date, loan type, credit score (if available), risk rating (if used), and lead lender credit unions. Determine if CUSO retains of log recommended denied loans that the CU approves and funds. See if CUSO retains information pertaining to that decision. Determine if CUSO retains log of terms modified by CU as part of decision making process.	<a href="#">Part 723</a> <a href="#">Sound Business Practices</a>		
8	Review MBL risk rating policy/practices (if used) to determine if CUSO is providing risk ratings to serviced credit unions	<a href="#">Part 723</a> <a href="#">Sound Business Practices</a>		
9	Review the adequacy of the policy/procedures for site inspections on new loans as well as for the periodic/annual review process, if contractually required.			
10	Review and evaluate the CUSO policy and reporting requirements when they make a recommendation for approval or denial of a loan that is a policy exception			
11	Review loans presently in the pipeline by amount, type, and lead lender credit union	<a href="#">Part 723</a> <a href="#">Sound Business Practices</a>		
<b>Judgmental Sample of Recent MBL Underwriting</b>				
12	Select a sample of loans for review to determine if loan files contain sufficient documentation to support that loans meet underwriting requirements in Part 723 and sound business practices; describe your sampling criteria including loan types, concentrations, recent loans, problem loans and provide a statistical summary of loans reviewed by each team member	<a href="#">Part 723</a> <a href="#">Sound Business Practices</a>		



## CUSO Scoping Workbook

CUSO Review (Member Business Loans)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
13	Determine if initial loan files contain sufficient documentation to support that loans meet underwriting requirements of corresponding SBA program	<a href="#">Part 723</a> <a href="#">Sound Business Practices</a>		
14	Determine if initial loan files contain credit recommendation memo that outlines all loan factors, financial/operational calculations/ratio and risk, makes recommendation regarding loan funding/denial, loan covenants, and makes a general loan rate recommendation (if applicable)	<a href="#">Part 723</a> <a href="#">Sound Business Practices</a>		
<b>Judgmental Sample of Seasoned MBLs</b>				
15	Confirm that loans have periodic/annual reviews and loan files contain updated cash flow analysis and summary memos to the credit file. Document deficiencies identified in reporting process.	<a href="#">Part 723</a> <a href="#">Sound Business Practices</a>		
16	Confirm that loan file closure documentation includes collateral insurance documentation, lien filings, fully executed promissory note, and loan agreements	<a href="#">Part 723</a> <a href="#">Sound Business Practices</a>		
17	Determine if loan file contains required follow-up information from borrower, documentation regarding analysis, and risk rating, and determine if memo is timely and sufficient to support recommended risk rating (not applicable if done by the credit union)	<a href="#">Part 723</a> <a href="#">Sound Business Practices</a>		
<b>Loan Portfolio Servicing and Portfolio Management</b>				
18	Review CUSO procedures for tracking loan payments to determine if adequate procedures are in place to control loan payments and proper accounting is taking place (as applicable)	Safety and Soundness		
19	Review procedures used to conduct loan periodic/annual reviews to determine if adequate procedures are in place	<a href="#">Part 723</a> <a href="#">Sound Business Practices</a>		
20	Review periodic reports provided by CUSO to credit unions (e.g., payments history, risk ratings updates, follow-up reports)	<a href="#">Part 723</a> <a href="#">Sound Business Practices</a>		
21	Review loan delinquency as of review date and loan charge-offs of the past 24 months (for CUSO as a whole, if available)	<a href="#">Part 723</a> <a href="#">Sound Business Practices</a>		
22	Review present loan delinquency (by credit union, in total, or both) to determine risk level to credit union	Sound Business Practices		
23	Determine if CUSO makes a recommendation for reserves under ASC 310-10 (FAS 114)	GAAP		
24	Review loan participation and servicing agreements/contracts for all serviced credit unions to determine scope of CUSO and credit union responsibilities and loan participation agreements (if applicable)	<a href="#">Part 723</a> <a href="#">Sound Business Practices</a>		
25	Determine if there are any federal or state guaranteed loans; if so, determine if servicing of these loans is sufficient to ensure the guarantee is retained	Per SBA		
26	Determine if CUSO provides information for the 5300 or 5310 to determine if accurate information is provided to the credit union	Call Report instructions		

## CUSO Scoping Workbook

CUSO Review (Member Business Loans)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
27	Obtain the agreement for asset management and liquidation (if done by CUSO) to determine responsibility between CUSO and credit unions for asset management and liquidation process	As applicable		
28	Review CUSO controls over OREOs to determine if they are sufficient (as applicable)	GAAP, per agreement with credit union		
<b>Loan Participations</b>				
29	Determine if loan participation agreements contain terms and condition related to follow-up activities, risk ratings, recourse provisions, and potential NCUA waivers to determine if files contain sufficient documentation to support that loans meet underwriting and follow-up actions outlined in Part 723 and are in accordance with sound business practices	<a href="#">Part 723</a> <a href="#">Sound Business Practices</a>		
30	Determine amounts and concentration of loan participation in credit union serviced by CUSO to determine if info to support that loans meet underwriting and follow-up actions outlined in Part 723 and in accordance with sound business practices	<a href="#">Part 723</a> <a href="#">Sound Business Practices</a>		
31	Determine whether there is a true sales opinion formulated by legal counsel for the loan participation to review compliance with ASC 860 (formerly FAS 140) with regard to legal isolation tests	GAAP		

## CUSO Scoping Workbook

CUSO Review (Indirect Loans)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
<b>Indirect Underwriting Policy and Procedures</b>				
1	Review indirect lending policies and procedures used for underwriting and servicing of indirect loans to confirm they comply with Part 701	<a href="#">Part 701</a> <a href="#">Applicable State Law</a>  <a href="#">Sound Business Practices</a>		
1.1	Determine if CUSO uses its own policies and procedures for indirect loans or a serviced credit union's policy/procedures			
1.2	Determine the adequacy of underwriting policies and procedures and determine general compliance with general lending requirements outlined in Part 701 and sound lending practices			
<b>Dealer Management Practices</b>				
2	Review CUSO policies and procedures manual(s) for approving dealerships, if used, to ensure they are sufficient and address:  (1) Standards for approving dealerships, including at least annual updates of both the dealership's ongoing qualifications and the standards  (2) Dealership compensation  (3) Dealer reserves  (4) Recourse provisions  (5) Documentation standards  (6) Procedures to determine borrower creditworthiness  (7) Procedures to determine qualification under a credit union's field of membership	<a href="#">Part 701</a>  <a href="#">Sound Business Practices</a>		
3	Review sample of CUSO-dealer contractual agreements to determine if it address all requirements set forth in CUSO indirect lending policy and procedures	Sound Business Practices		
4	Obtain a history of loan charge-offs in the past 12 to 24 months (overall, and by credit union) to determine risk level to credit unions	Sound Business Practices		
5	Determine if CUSO can unilaterally modify terms of a loan that is in default; if contract allows for modifications without input from the credit union	<a href="#">Part 701</a>  <a href="#">Sound Business Practices</a>		
6	Obtain a current loan delinquency list (overall for all entities served by the CUSO and by credit union) to determine risk level to credit unions	Sound Business Practices		
<b>Indirect Loan Files</b>				
7	Review judgmental sample of recently underwritten indirect loan files to determine if documentation is sufficient to support that loans meet underwriting requirements in Part 701 and sound business practices	<a href="#">Part 701</a>  <a href="#">Reg Z</a>  <a href="#">US PATRIOT Act</a>  <a href="#">Sound Business Practices</a>		

## CUSO Scoping Workbook

CUSO Review (Indirect Loans)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
<b>Loan Delinquency, Collections and Charge-offs</b>				
8	Review CUSO policy and procedures regarding the handling of loan delinquency, collections actions, loan modification and charge-offs to ensure they comply with sound lending practices	Sound Business Practices		
9	Review present loan delinquency (overall, and by credit union) if contract between CUSO and client requires this report to determine risk level to credit union and determine the overall effectiveness of underwriting and follow-up activities	Sound Business Practices		
10	Review sample of delinquent loans to determine if initial underwriting was sufficient and to determine if any common underwriting characteristics were in evidence that may have led to payment fault	Sound Business Practices		
11	Determine if loan servicing and or participation contracts and agreements contain terms and condition related to collections collateral repossession and liquidation	Sound Business Practices  State law		
12	Review judgmental sample of delinquent loan to determine if collection actions are sufficient and properly documented based on the borrowers level of delinquency	<a href="#">Part 701</a>  <a href="#">Sound Business Practices</a>		
13	Review repossessed loans procedures and reporting	<a href="#">Part 701</a>  <a href="#">Sound Business Practices</a>		
<b>Loan Participations</b>				
14	Review loan participation and servicing agreements/contracts for all serviced credit unions (if applicable) to determine contractual relationship for services with credit unions	Sound Business Practices		
15	Determine if loan participation contracts and agreements contain terms and conditions related recourse provisions and contain sufficient documentation to support that loans meet underwriting in accordance with sound business practices and Part 701	<a href="#">Part 701</a>  <a href="#">Sound Business Practices</a>		
16	Review list of loan participations to determine amounts and concentration of loan participations in credit unions serviced by the CUSO	Sound Business Practices		

## CUSO Scoping Workbook

CUSO Review (Indirect Loans)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
<b>General Indirect Lending Controls</b>				
17	Review CUSO-established creditworthiness and documentation standards for dealers to determine if CUSO verifies that dealers comply with standards; determine if CUSO has procedures and controls to oversee the dealership's credit evaluation and the final paperwork submitted by the dealer to ensure that it complies with the established standards (due diligence on dealers)	Sound Business Practices		
18	Review procedures to ensure CUSO verifies collateral values (ensure LTV limits are within credit union risk tolerance)	Sound Business Practices		
19	Review procedures to verify the sales contract with the borrower; ensure that dealers are not power booking (excessive vehicle add-ons that may or may not exist)	Sound Business Practices		
20	Review procedures to ensure CUSO verifies loan documentation from loan application to loan closing (loan file checklist)	Sound Business Practices		
21	Review procedures to ensure loan payments are made directly to the CUSO (if loan is serviced by CUSO)	Sound Business Practices		
22	Review procedures and controls to ensure that charges are not made to the dealer's reserve accounts to disguise delinquent accounts (if loan is serviced by CUSO)	Sound Business Practices		
23	Review policy and procedures to determine if the CUSO has an established, quality rating system for dealerships; determine if CUSO does due diligence initially and/or ongoing, and determine if the due diligence is sufficient to control risk	Sound Business Practices		
23.1	Determine if CUSO uses rating system to fund dealer reserves and holdback accounts			
24	Review list of dealerships in indirect lending program to determine types of dealerships (e.g., new versus used, independent versus national chains)	Sound Business Practices		

## CUSO Scoping Workbook

CUSO Review (Indirect Loans)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
<b>Loan Portfolio Monitoring and Management</b>				
25	<p>Determine if CUSO provides adequate monitoring reports to serviced credit unions by providing internal reports on</p> <p>(1) Volume of indirect loans originated in a given month or period (at least until a program is seasoned)</p> <p>(2) Total indirect loans outstanding</p> <p>(3) Total loans outstanding to any one dealer</p> <p>(4) Total loans per credit quality of individual borrower (e.g., A, B, C, D, or E tiered loans)</p>	Sound Business Practices		
26	Review procedures for tracking loan payments (if done by CUSO) to determine if adequate procedures are in place to control loan payments and proper accounting is taking place	Safety and Soundness		
27	Review CUSO's third party loan review to determine scope and results of review (If conducted)	Sound Business Practices		
28	Determine if procedures are in place for loan follow-up activities (e.g., loan file post-audit) and review procedures to ensure they align with sound business practices (if applicable)	<a href="#">Part 701</a> <a href="#">Sound Business Practices</a>		
29	Determine if CUSO reviews the financial condition of each dealer it selects, and the adequacy of the review procedures	Sound Business Practices		
30	Determine if CUSO developed procedures to ensure compliance with state laws that govern indirect lending arrangements; review procedures for ensuring compliance with any applicable state and federal laws (e.g., motor vehicle sales financing laws, etc.)	State statutes		
31	Determine if comprehensive written agreements that address the rights, duties, obligations, and recourse of the dealer and the credit union are in place with each participating dealer	Sound Business Practices		
32	Determine if CUSO obtained a legal opinion on the dealership agreements and loan documents; review the legal opinion on file	Sound Business Practices		
33	Review procedures for determining field of membership qualifications and process for initial membership deposit	<a href="#">Part 701</a>		

## CUSO Scoping Workbook

CUSO Review (Private Student Loans)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
<b>Private Student Loan (PSL) Underwriting and Follow-Up Activities</b>				
1	Determine number of credit unions being provided services by CUSO			
2	Identify and review the sources of marketing for private student loans			
3	Determine if student loans are direct or indirect loans			
4	Determine if the CUSO has a standard contract with each credit union or if there are multiple contracts; review and comment upon any variances or customization			
5	Identify if there is a minimum annual funding requirement; if so, determine the penalty if the commitment level is not obtained			
6	Determine whether potential borrowers need to be members of the credit union, and how members initially establish relationship and apply for loan			
7	Determine who is responsible for compliance with BSA, OFAC, and CIP			
8	Determine number of students served by CUSO			
9	Determine if loans are made to part time or full time students			
10	Determine if loans are available for non-profit schools or for profit schools			
11	<p>Determine if CUSO has established appropriate policies and procedures over PSL program that address:</p> <p>(1) Types of PSL (undergraduate, graduate, consolidation, etc.)</p> <p>(2) Acceptable Concentration Limits (as percentage of net worth and assets, per borrower, growth, etc.)</p> <p>(3) Origination costs</p> <p>(4) Deferment period</p> <p>(5) Repayment options</p> <p>(6) Approval authority</p> <p>(7) Third party vendors</p> <p>(8) Qualification under the field of membership</p> <p>(9) Exceptions</p> <p>(10) Process for handling claims (timeline)</p> <p>(11) Monitoring and reporting timelines</p>			
12	Determine concentration risk trends relating to growth and future funding requirements from approved credit limits and review credit union specific portfolios			
13	Determine if loan underwriting is set by CUSO, and whether each credit union has adopted them (as applicable)			
14	If PSLs are system approved loans, determine if the credit unions can deny/reject loans that meet the program guidelines			
15	If PSLs are system approved loans, determine if the credit union can override and grant loans that are denied by system			

## CUSO Scoping Workbook

CUSO Review (Private Student Loans)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
16	Determine who is responsible for compliance with TIL, adverse action notices, security of information, etc.			
17	Determine if CUSO established separate policies and procedures for open-end lending programs which clearly differentiate <i>underwriting</i> versus <i>routine verification</i> requirements	Regulation Z  12 CFR 1026  Subpart B		
18	Determine if there is a minimum FICO score for a borrower or minimum annual income required			
19	If applicable, review internal scoring model used by CUSO; determine if CUSO uses a proprietary model, identify which factors are used in the model, and whether FICO is used as part of the score			
20	Identify what purposes student loans may be used for, whether funds can be used for past due tuition, or are limited to books and tuition for current session/quarter			
21	Determine the frequency of verification of enrollment			
22	Determine if CUSO has an internal process to review loan documentation prior to dispersal to ensure they meet policy requirements and to make sure documentation is complete/accurate; if so, evaluate the process' adequacy			
23	Determine the funds distribution process			
24	Obtain and review a trial balance of all current loans outstanding and select and review a sample of these loans considering dollar amount, various credit unions involved, level of education, etc			
25	Obtain and review a list of student loans granted in the past year and select and review a sample of these loans considering dollar amount, various credit unions involved, level of education, etc.			
26	Identify and evaluate terms (fixed/variable), maximum amounts (by year/by student), and pricing (prime +, LIBOR), and identify the maximum loan repayment period			
27	Determine the percentage of loans in deferment, repayment, forbearance, or other types of work out loans and review credit union specific portfolios			
28	Obtain and review a list of all student loans in deferment and select and review a sample of these loans considering dollar amount, various credit unions involved, level of education, timing or length of deferment, etc.			
29	Determine if the CUSO offers or requires a monthly "good faith" payment by the borrower even while the borrower is in school or during the grace period			
30	Identify and comment upon the grace periods granted to a borrower following graduation			
31	Determine if a borrower can elect to make interest only payments following graduation, and, if so, for what period of time			
32	Determine if unpaid interest is capitalized and added to the back end of the deferment			
33	Review "default" definition utilized by CUSO			
34	Determine any third party default insurer and review conditions for the default insurer to pay or not pay on claims			



## CUSO Scoping Workbook

CUSO Review (Private Student Loans)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
35	Determine who reviews the third party default insurer, what type of due diligence is performed by the CUSO, and whether the various states have limitations on use of the insurer			
36	Determine the number of days the credit union has to notify the CUSO of default conditions, by contract			
37	Review performance analysis completed on the loan portfolio regarding default rates and determine if default rates are available by school			
38	Obtain and review a list of all student loans currently delinquent and select and review a sample of these loans considering dollar amount, various credit unions involved, level of education, degree of delinquency, etc.			
39	Determine if collection activities are handled by the CUSO or outsourced			
40	Review and analyze the standard loan performance data (delinquency, charge-off, yield, etc.) provided to client credit unions and review credit union specific portfolios			
41	Review delinquency and default trends for all student loans (by school if possible) and review credit union specific portfolios			
42	Determine if allowance for loan and lease losses recommendations are made to credit unions and review appropriateness of those recommendations			

## CUSO Scoping Workbook

CUSO Review (Payday Loans)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
<b>Consumer Underwriting Policy and Procedures</b>				
1	Review all payday loan policies and procedures used for underwriting and servicing of consumer loans	<a href="#">Part 741</a> <a href="#">Sound Business Practices</a>		
1.1	Determine if CUSO uses its own policies and procedures or a serviced credit union's policy/procedures	<a href="#">Part 741</a> <a href="#">Sound Business Practices</a>		
1.2	Determine the adequacy of underwriting and policies and procedures used and in compliance with general lending requirements outlined in Part 701 and sound lending practices	<a href="#">Part 741</a> <a href="#">Sound Business Practices</a>		
<b>Payday Loan Files</b>				
2	Review judgmental sample of payday loans to determine if loan file documentation contains contain underwriting documentation required by policy and procedure and as required by contract between CUSO and credit union (as applicable)	<a href="#">Part 741</a> <a href="#">Sound Business Practices</a>		
3	Review or calculate annual percentage interest rates on loans to determine compliance with NCUA interest rate limits (Part 701) or state usury law	<a href="#">Part 741</a> <a href="#">State law</a>		
<b>Loan Delinquency, Collections and Charge-offs</b>				
7	Review CUSO policy and procedures regarding the handling of loan delinquency, collections actions, loan modification and charge- offs	Sound Business Practice		
8	Review sample of delinquent loans to determine if initial underwriting was sufficient and to determine if any common underwriting characteristics were in evidence that may have led to payment fault	Sound Business Practices		
9	Determine if loan servicing and or participation contracts and agreements contain terms and condition related to collections collateral repossession and liquidation	Sound Business Practices		
10	Review judgmental sample of delinquent loan to determine if collection actions are sufficient and properly documented based on the borrowers level of delinquency	Sound Business Practices		
11	Review history of loan charge-offs over past 12 to 24 months (overall, and by credit union) to determine risk level to each serviced credit union and determine overall effectiveness of underwriting and collections activities	Sound Business Practices		
<b>Loan Portfolio Monitoring and Management</b>				
12	Review internal reports CUSO provides serviced credit unions to determine if it is providing proper monitoring reports	Sound Business Practices		
12.1	Review volume of loans originated in a given month or period to identify abnormal growth			
12.2	Review total loans outstanding to identify trends			
12.3	Review total loans per credit quality of the individual borrower (e.g., A, B, C, D, or E tiered loans, if used) to identify abnormal growth			
13	Review third-party loan review or other audit reports to determine scope and results of such reviews	Sound Business Practices		
14	Review procedures for tracking loan payments to determine if adequate procedures are in place to control loan payments and ensure proper accounting is taking place (as applicable)	Safety and Soundness		

## CUSO Scoping Workbook

CUSO Review (Payday Loans)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
15	Review loan participation and servicing agreements/contracts for all serviced credit unions to determine contractual relationship for services with all credit unions (as applicable)	Sound Business Practices		

## CUSO Scoping Workbook

CUSO Review (Trusts)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
<b>General</b>				
1	Review list of services offered to individuals and institutional clients provided by CUSO	State law		
2	Determine whether primary regulator completed a trust examination	State law		
3	If there is an internal audit or administrative account review process, identify who receives the completed report and determine whether management responded to any findings in a timely manner	<a href="#">Part 712</a>		
4	Confirm that CUSO has minimum compliance policies to cover BSA, OFAC, Gramm-Leach-Bliley Act, and USA Patriot Act	<a href="#">12 CFR</a>		
5	Confirm that CUSO has a sufficient compliance program	Sound business practices		
5.1	Ensure compliance program has strong support from the board and senior management			
5.2	Ensure compliance program is administered by a designated compliance officer			
5.3	Ensure compliance program has established procedures for periodic compliance testing and validation			
5.4	Ensure compliance program makes business line management responsible and accountable for compliance and the compliance program's effectiveness			
5.5	Ensure compliance program establishes effective and timely communication systems for reporting and following up on compliance activity and deficiencies			
6	Confirm that CUSO has obtained an independent test of the compliance program (identify whether management has responded to any findings from review)	Sound business practices		
7	Review management contracts or compensation contracts for potential contract clauses (such as a golden parachute) that present additional risk to the credit unions served by the CUSO	Sound business practices		
8	Determine whether volume and type of services provided by the vendor present an increased risk	Sound business practices		
9	Determine whether CUSO is registered as offering investment advisory services in the states they do business			
10	Obtain list of compensation schedules and/or fees for services	Sound business practices		
11	Determine whether CUSO board monitors the implementation of projects or risk-taking strategies used to achieve CUSO's strategic goals and financial objectives	Sound business practices		
12	Confirm that policies cover all significant lines of business and support functions, include clear standards of performance, and are effectively communicated at all CUSO staff levels	Sound business practices		
12.1	Ensure policies address brokerage placement practices (when appropriate)			
12.2	Confirm policies address methods for ensuring fiduciary officers and employees do not use material information in connection with any decision or recommendation to purchase a security (when appropriate)			
12.3	Ensure policies address method for preventing self-dealing and conflicts of interest (when appropriate)			

## CUSO Scoping Workbook

CUSO Review (Trusts)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
12.4	Ensure policies address the selection and retention of legal counsel who is readily available to advise the institution and its fiduciary officers and employees on fiduciary matters (when appropriate)			
12.5	Ensure policies address investment of funds held as fiduciary or short-term investments and the treatment of fiduciary funds awaiting investment or distribution (when appropriate)			
13	Confirm that CUSO has a policy relating to ethical behavior	Sound business practices		
14	Confirm that CUSO board of directors or a designated committee reviews policies annually	Sound business practices		
15	Confirm that ethics training for staff is provided regularly (indicate most recent training date in comments)	Sound business practices		
16	Confirm that staff can report fraud, HR complaints, or other concerns anonymously using an established method	Sound business practices		
17	Confirm that management has assessed the expected outcome of any outstanding litigation against the CUSO (indicate assessment results in comments)	Sound business practices		
18	Determine whether senior management has sufficient experience in the areas in which they are involved (review resumes)	Sound business practices		
19	Determine whether CUSO has standard procedures for annual account reviews which cover all types of services offered	Sound business practices		
20	Determine whether there is a clear separation of Trust assets from the credit union owner(s)	Sound business practices		
21	Determine whether all assets are held in joint custody or under dual control	Sound business practices		
22	Confirm that CUSO complies with escheatment laws; unclaimed property is properly identified in a separate account and with an appropriate subsidiary ledger	Sound business practices		
23	Confirm that CUSO has adequate policies for securities trading	17CFR 270.17j-1d  Sound business practices		
23.1	Confirm that the policies assign responsibility for supervision of all officers or employees who:  (1) Transmit orders to or place orders with registered broker/dealers;  (2) Execute transactions in securities for customers; or  (3) Process orders for notification or settlement purposes, or perform other back office functions with respect to securities transactions effected for customers			
23.2	Confirm that the policies describe the supervision and reporting of transmittal and execution separately from the processing of orders for notification or settlement purposes			
23.3	Confirm that the policies provide for the fair and equitable allocation of securities and prices to accounts when the Trust receives orders for the same security at approximately the same time and places the orders for execution either individually or in combination			

## CUSO Scoping Workbook

CUSO Review (Trusts)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
23.4	Confirm that the policies provide for the crossing of buy and sell orders on a fair and equitable basis to the parties to the transaction, where permissible under applicable law			
23.5	<p>Confirm that the policies require officers and employees to report all personal transactions in securities made by them or on their behalf in which they have a beneficial interest to the CUSO within the deadline specified in the SEC rule for quarterly transaction reports, if the officers and employees:</p> <p>(1) Make investment recommendations or decisions for the accounts of customers;</p> <p>(2) Participate in the determination of the recommendations or decisions; or</p> <p>(3) In connection with their duties, obtain information concerning which securities are purchased, sold, or recommended for purchase or sale by the CUSO</p>			
24	Review any significant changes in strategies, products, or services planned in the next 12 months	Sound business practices		
<b>Custody Services</b>				
25	Determine whether CUSO provides custody services			
26	Confirm that CUSO enforces dual controls (describe dual controls identified in policy and/or procedures in comments)	Sound business practices		
27	Confirm that CUSO has adequate segregation of duties	Sound business practices		
28	Confirm that accounts (particularly suspense accounts) are reconciled timely	Sound business practices		
29	Confirm that CUSO has an account acceptance process that ensures proper documentation of account acceptance; documentation assesses the operational needs of the client and ensures CUSO has the capacity to serve the client	Sound business practices		
30	Confirm that CUSO custody agreements are standardized and that the CUSO reviews any deviations from the standard agreement before accepting a trust account	Sound business practices		
30.1	Confirm that CUSO documents the review process, which typically involves legal counsel and senior management review			
31	Confirm that staff receive sufficient training to comply with new laws and regulations	Sound business practices		
32	If income payments are posted on a contractual basis (versus actual), determine whether CUSO process or procedures effectively manage the liquidity risk	Sound business practices		
33	Confirm that account is monitored for corporate actions and the process to notify the client (describe process used to notify the client)			
34	Determine whether CUSO provides custody for retirement accounts			
35	If CUSO allows "free-riding" (also known as day trading) in custody accounts, determine whether it has established a credit line for the account and explain why management allows this practice			
36	Determine whether CUSO engages in global custody services			

## CUSO Scoping Workbook

CUSO Review (Trusts)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
37	If CUSO safekeeps any non-depository eligible securities and miscellaneous assets (e.g., jewelry, art, coins, etc.), confirm that it maintains appropriate documentation for the transfer or trading of these assets			
38	If CUSO safekeeps traded securities, determine whether it participates directly with a depository institution or "piggybacks" with a correspondent bank (provide documentation)			
38.1	Confirm that an agreement is in place between the CUSO and the Federal Reserve, DTCC, or another financial institution			
39	Determine whether CUSO reconciles changes to the depository position daily			
40	Confirm that CUSO has effective control over the electronic terminal access			
40.1	Confirm that electronic terminal interfaces are subject to appropriate access controls (ID and password) and periodic audits			
40.2	Confirm that each person that has electronic terminal interface access has a separate ID and password and can only perform functions necessary for their job			
40.3	Confirm that IDs and passwords are not shared			
40.4	Confirm that the person (normally the system administrator) responsible for granting access to system that interfaces with a depository is independent of the securities processing activity			
41	For trade initiations, determine whether CUSO has processes in place to ensure customer instructions for trades are clear, arrive in an agreed upon format, and are properly documented			
42	Determine whether CUSO has an affirmation/confirmation process in place and process is generally completed within the normal settlement cycle			
43	Determine whether CUSO generates reports on safekeeping to meet the needs of the customer, and reporting system generates report to comply with regulations (e.g., BSA, tax accounting, financial account, etc.)			
44	If CUSO offers cash management services (e.g., pooling of cash, sweeping of accounts, investing of accounts into specific activities, etc.), determine whether sufficient controls to protect the customer's cash are in place			
45	Determine whether CUSO has sufficient controls over income collection responsibilities (e.g., dividends, coupon payments, etc.)			
46	Review CUSO's process and procedures for corporate actions			
46.1	Ensure CUSO has systems to make it aware of all corporate actions under custody			
46.2	Ensure CUSO has systems to track customer notifications and timeframes			
46.3	Ensure CUSO has systems to process and settle actions in a timely manner			
46.4	Ensure procedures for corporate actions include documentation of all customer directions			
47	Review CUSO process to monitor the tax reclamation process			
<b>Personal Fiduciary Services (Primarily Trusts)</b>				
48	Determine whether CUSO manages personal trusts			

## CUSO Scoping Workbook

CUSO Review (Trusts)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
49	Determine whether CUSO offers discretionary investment management services			
50	If CUSO offers estates services as part of the fiduciary services, confirm that CUSO has procedures in place for probate			
51	Determine whether CUSO trust accounting allows the separation of income from principal			
52	Review CUSO policies and procedures related to trusts to ensure they address all trustee duties			
53	Review CUSO policies related to personal fiduciary account			
53.1	Ensure policies address broker placement practices (if CUSO does not act as a broker)			
53.2	Ensure policies address use of inside information relating to security transactions			
53.3	Ensure policies address self-dealing and conflicts of interest			
53.4	Ensure policies address selection and retention of legal counsel			
53.5	Ensure policies address investment of fiduciary funds			
53.6	Ensure policies address account acceptance			
53.7	Ensure policies address account administration			
53.8	Ensure policies address management information reporting			
54	Determine whether CUSO has a pre-acceptance review process			
54.1	Confirm that CUSO has established a due diligence process for reviewing each prospective account that considers applicable risk management issues and ensures compliance with policies and procedures			
54.2	Confirm that CUSO documents results of review process in the file			
55	Confirm that CUSO's pre-acceptance process reviews the assets which will be used to fund the account, identifies risks or concerns with the account, and clearly documents the CUSO determination that it has the expertise to manage the assets			
56	Determine whether CUSO is compliant with its pre-acceptance policy (review pre-acceptance documentation in the files)			
57	Determine whether CUSO makes sound judgments of its ability to accept an account (review pre-acceptance documentation in the files)			
58	Determine whether CUSO reviews the account for conflicts of interest (review pre-acceptance documentation in the files)			
59	Confirm that CUSO management evaluates a potential fiduciary investment management account or portfolio using a process; describe process used			
59.1	Determine whether the terms of the governing instrument are documented			
59.2	Determine the types of assets currently in the portfolio			
59.3	Determine what types of assets will be purchased and managed for the portfolio			
59.4	Determine whether the CUSO has done an environmental due diligence review			
59.5	Determine whether the process solicits input from portfolio managers, risk managers, and legal consultants			
59.6	Determine whether the CUSO demonstrates an ability to appropriately manage the portfolio			
60	If CUSO accepts successor trusteeships, confirm that its policies cover this situation			



## CUSO Scoping Workbook

CUSO Review (Trusts)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
61	Confirm that CUSO does a due diligence review of successor trusteeships <b>before</b> becoming the successor trustee			
61.1	Confirm that CUSO identified and reviewed all account assets prior to any account activity and, if possible, obtained indemnification from the predecessor for any actions taken prior to the assumption of the fiduciary relationship			
61.2	Confirm that CUSO has a written record indicating that it has performed a proper due diligence investigation, or has appropriate releases from the court and all beneficiaries			
62	If the trust documents (will or trust instrument) include an exculpatory clause which attempts to relieve the trustee from certain liabilities, confirm that CUSO obtains legal advice before accepting the account			
63	If CUSO accepts co-trustee accounts, confirm that its policies cover this situation			
64	If CUSO accepts co-trustee accounts in which another financial institution is the co-trustee, confirm that it has a co-trustee agreement between itself and the other financial institution			
65	If CUSO accepts co-trustee accounts, confirm that trust instrument has been reviewed by legal counsel and approved by the board of directors			
66	If CUSO is significantly different in assets size or skills than a financial institution co-trustee, confirm that CUSO signs/ed an indemnity agreement and indicate whether an agreement was considered, if not, in comments			
67	Determine whether CUSO promptly reviews all assets of each discretionary account to assess whether they are appropriate for the account once it accepts the account			
68	Determine whether CUSO establishes an investment policy statement that establishes the account's investment objectives and strategies for each discretionary account it accepts			
69	Determine whether CUSO reviews a synoptic record that includes a brief summary of the account's investment policy statement during the initial post-acceptance review			
70	Determine whether CUSO has a checklist to ensure it obtains all information needed to establish an account			
71	Determine whether each account has a formal, legal agency contract or trust agreement which establishes the fiduciary relationship	State and federal law		
71.1	Confirm that the legal document has been reviewed by legal counsel for compliance with state and federal law			
71.2	Confirm the contract clearly specifies the CUSO's fiduciary duties and obligations, and articulates the nature and limits of each party's status as agent or principal			
71.3	Ensure contract contains provisions for co-trustees (as applicable)			
72	Determine whether account files contain a copy of the governing trust documents			
73	Confirm that CUSO has appropriate software to manage trust accounts			
73.1	Confirm that software is appropriate for all types of assets (real estate, investment, mineral rights, etc.)			

## CUSO Scoping Workbook

CUSO Review (Trusts)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
73.2	Confirm that board management has adequate information systems to assess, control, and monitor risk from personal fiduciary accounts			
74	Determine whether recordkeeping and document retention policies require the CUSO to maintain account records for a minimum of three years from the account closing or three years from the termination of the litigation related to the asset, whichever is longer			
75	Determine whether CUSO policies and procedures have sound controls over original documents filed with court authorities			
76	Determine whether CUSO policies/procedures ensure original documents are properly authenticated and preserved for future accounting			
77	Determine whether CUSO policies/procedures ensure original documentation, including board and committee minutes noting approvals and actions taken, is maintained in a centrally controlled location			
78	Determine whether CUSO follows recordkeeping procedures			
79	Determine whether CUSO performs annual account reviews as part of the policies and procedures			
79.1	Review the account objectives, beneficiary needs, and income tax consequences			
79.2	Confirm that reviews determine whether account assets are appropriate, individually and collectively, for the account			
79.3	Determine whether review considers the account's investment policy statement, analyzes investment performance, and reaffirms or changes the investment policy statement, including asset allocation guidelines			
79.4	Confirm that assets that are no longer appropriate for the account are replaced consistent with prudent investment practices			
80	Determine whether CUSO replaces assets that are no longer appropriate for the account in a timely manner			
81	If CUSO has fiduciary accounts with discretionary distribution authority, determine whether CUSO policy/procedures address this type of situation (indicate whether the CUSO is in compliance with the policy in the comments (if applicable))			
82	Determine whether CUSO has a policy and/or procedure to ensure there is adequate communication with the customer (indicate whether communication is documented in the file in comments)			
82.1	Confirm that CUSO has a system in place ensuring that a representative periodically contacts the account principals and beneficiaries to determine whether their financial objectives and circumstances have changed			
83	Determine whether CUSO has a policy and/or procedure for account termination in compliance with state law	State law		
84	Determine whether CUSO performs an account review prior to termination and develops a plan of action for the disposal and/or distribution of the remaining assets			
84.1	Confirm that plan is approved internally and submitted to the beneficiaries			
84.2	Confirm that plan considers the type and value of the assets			
84.3	Confirm that plan considers difficulties in dividing the assets			

## CUSO Scoping Workbook

CUSO Review (Trusts)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
84.4	Confirm that plan considers distributions in cash or in kind			
84.5	Confirm that plan considers tax consequences			
84.6	Confirm that plan considers releases			
84.7	Confirm that plan considers timing of distributions			
84.8	Confirm that plan considers the needs and circumstances of the remaindermen (people who receive income or principle after the beneficiaries have been fully compensated)			
84.9	Confirm that plan considers judicial and beneficiary accountings			
85	Determine whether plan of distribution addresses whether any laws require a judicial filing to release the fiduciary from its obligations			

## CUSO Scoping Workbook

CUSO Review (Payment Systems)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
<b>Audit and Compliance</b>				
1	Determine whether annual audits comply with NACHA rules	<a href="#">NACHA Rules</a>		
1.1	Determine the independence and competence of the party performing the audit			
1.2	Determine whether the committee reviewed and approved the audit			
1.3	Determine whether the responsibilities for high-risk entries, such as WEB or TEL were included in the scope			
1.4	Determine whether corrective actions are satisfactory regarding any audit exceptions			
2	Review regulatory, audit and information security reports from each service provider (SSAE- 16, IS&T audits, etc.)	<a href="#">SSAE-1</a> <a href="#">FFIEC IT Examination HandBook, Retail Payments Systems IT Booklet, Appendix D</a>		
2.1	Review material issues noted on SSAE-16 report			
2.2	Review copies of correspondence between CUSO and other regulatory agencies including state regulators, NACHA, and FRB that pertain to ACH operations to assess whether CUSO has compliance or regulatory issues related to its ACH			
2.3	Review correspondence between CUSO and ACH customers to determine if there have been any substantive problems raised by customers			
3	Confirm that all payment systems products comply with applicable regulations (e.g., BSA-AML, OFAC, GLBA, CFPB, etc.); indicate whether CUSO has procedures that enable it to freeze proceeds of funds transfers transactions in favor of blocked parties under OFAC sanctions in comments	FFIEC BSA-AML Examination Manual  OFAC  GLBA  CFPB		
4	Confirm that CUSO complies with regulatory requirements specific to credit cards	<a href="#">FFIEC IT Examination HandBook, Retail Payments Systems IT Booklet, Appendix A</a>		
4.1	Review VISA and MasterCard websites to verify the expiration date of compliance			
4.2	Verify that CUSO is PCI compliant (adheres to standards for handling credit cards)			
4.3	Determine whether CUSO provides disclosures for credit cards; if not, determine whether they are provided at the member credit union level			
4.4	Confirm that disclosures state all information required by regulation			
4.5	Determine whether call center(s) that access sensitive member information are safely and securely handled (if applicable)			
4.6	Determine whether account maintenance updates provided by CUSO are safe and secure and that GLBA requirements for handling data in place (GLBA required when dealing with customer account information)			

## CUSO Scoping Workbook

CUSO Review (Payment Systems)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
4.7	Confirm wire payments are processed as per regulations (e.g., OFAC checks)			
4.8	Confirm that returns and insufficient funds (NSF) items are handled as per regulations			
4.9	Review charge-offs handling (if applicable) and ensure funds available and notification is done timely as per regulation			
4.1	Determine whether Catch 21 processing is done in accordance with regulation			
<b>Management Oversight</b>				
5	Determine whether payment systems product(s) risk assessments address COSO internal control framework numbers 6-9	<a href="#">COSO Internal Control Framework</a>		
5.1	Confirm that risk assessments specify suitable objectives			
5.2	Confirm that risk assessments identify and analyzes risk			
5.3	Confirm that risk assessments assess fraud risk			
5.4	Confirm that risk assessments identify and analyze significant change			
6	Review CUSO's overall plan to determine specific and overall strategic direction for each payment systems product (consider effect of competition on CUSO's overall payments operations)	Sound Business Practices		
7	Review overall alignment of CUSO's business plans with its technology and operational plans for retail payment systems to determine quality and effectiveness of CUSO's retail payment systems management function	<a href="#">FFIEC IT Examination HandBook, Retail Payments Systems IT Booklet, Appendix A</a>		
7.1	Review alignment of CUSO's business plans with its technology and operational plans for retail payment systems			
7.2	Evaluate data center and network management and the quality of internal controls over internal ATM networks and gateway connectivity to regional, national, and international EFT/POS and bankcard networks			
7.3	Evaluate departmental management and the quality of internal controls, including separation of duties and dual control procedures, for bankcard, ATM and debit card, ACH, check items, and electronic banking payment transaction processing, clearance, and settlement activity			
7.4	Evaluate departmental management and the quality of information security and GLBA 501(b) compliance policies relating to retail payment system-generated customer data			
8	Assess management's ability to manage outsourced relationships with technology service providers for payment systems	<a href="#">FFIEC IT Examination HandBook, Retail Payments Systems IT Booklet, Appendix A</a>		
8.1	Confirm CUSO has process to encrypt transactions in route between technology service providers and CUSO			
8.2	Evaluate adequacy of contract provisions including service level, performance agreements, responsibilities, liabilities, and management monitoring			
8.3	Evaluate management's determination of the service provider's compliance with applicable financial institution and consumer regulations and with third-party requirements (e.g., NACHA, GLBA, bankcard company, and interchange)			

## CUSO Scoping Workbook

CUSO Review (Payment Systems)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
8.4	Evaluate adequacy of contract provisions for personnel, equipment, and related services			
8.5	Evaluate quality of management information systems (MIS) and reports needed to monitor the technology service provider's performance appropriately			
9	Evaluate CUSO's use of in-house and outsourced data processing systems to support retail payment products and processes	<a href="#">FFIEC IT Examination HandBook, Retail Payments Systems IT Booklet, Appendix A</a>		
9.1	Determine the stability of existing systems			
9.2	Determine how current existing systems are configured.			
9.3	Determine whether there is adequate capacity for current and planned transaction volumes			
9.4	Determine whether the CUSO uses leading edge technologies or only mature technologies			
9.5	Determine to what extent systems are outsourced			
9.6	Determine whether outsourcing arrangements are governed by contracts and service level agreements			
9.7	Determine whether vendors are industry-recognized leaders			
10	Review CUSO's bonds to ensure institution has sufficient coverage associated with each payment systems product to cover risks associated with origination activity for applicable payment systems product such as ACH and funds transfers	<a href="#">FFIEC IT Examination HandBook, Retail Payments Systems IT Booklet, Appendix A</a>		
11	Review management's response to issues raised during previous reviews and during internal and external audits performed since last review to determine whether they reveal any weaknesses and/or issues	Sound Business Practices		
11.1	Review the reasonableness of management's responses and corrective actions			
11.2	Assess the adequacy and timing of corrective action			
11.3	Determine whether CUSO resolves root causes or specific issues			
11.4	Review any outstanding issues			
12	Determine whether CUSO maintains appropriate documentation of any related operational or credit losses incurred, reasons for the losses, and actions taken by management to prevent future losses	Sound Business Practices		
12.1	Review documentation of discussions with management			
12.2	Review committee reports and actions			
12.3	Review sufficiency of corrective actions			
13	Identify any known or perceived payment systems risks based on understanding of risk levels and issues from audit and regulatory reports to determine whether oversight is commensurate with the level of risks	Sound Business Practices		
<b>Legal</b>				
14	Review CUSO's ACH agreements and contracts to confirm they comply with NACHA Rules and safe and sound business practices	<a href="#">NACHA</a>		
14.1	Determine CUSO's position(s) in ACH network (e.g., sender, receiver, RDFI, ODFI, settlement point, third-party processor, receiving point)			

## CUSO Scoping Workbook

CUSO Review (Payment Systems)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
14.2	Obtain and review copies of all ACH agreements including: (1) Settlement agreement (2) Processing agreement (3) Origination agreement (4) Third-party processing agreement(s), if applicable			
14.3	Determine whether contracts/agreements adequately set forth responsibilities of CUSO and member			
14.4	Determine whether agreements include recognition of all relevant NACHA requirements			
14.5	Determine whether the ACH clearinghouses to which the CUSO is a member stipulate: (1) Funding arrangements (outgoing) (2) Expedited Funds Availability Act (Reg CC), if applicable (3) UCC-4A (credit transfer only) (4) Electronic funds transfers (Regulation E), if applicable			
14.6	Determine whether agreements between the ODFI and originators adequately address: (1) Liabilities and warranties (2) Responsibilities for processing arrangements (3) Other originator obligations such as security and audit requirements			
14.7	Determine whether agreements with originators address exposure limits			
14.8	Determine whether agreements list the types of transaction activity authorized by the originator by SEC code			
14.9	Determine whether agreements identify any pre-funding arrangements			
14.1	Determine overall compliance with the NACHA and related regulations specific to ACH agreements			
15	Ensure all service level agreements are covered with written contracts that address key elements in the FFIEC IT Examination Handbook, Retail Payments Systems IT Booklet (Appendix A)	<a href="#">FFIEC IT Examination Handbook, Retail Payments Systems IT Booklet, Appendix A</a>		
16	Ensure all credit card service level agreements (SLA) are covered with written contracts that address key elements in the FFIEC IT Examination Handbook, Retail Payments Systems IT Booklet (Appendix A)	<a href="#">FFIEC IT Examination Handbook, Retail Payments Systems IT Booklet, Appendix A</a>		
16.1	Verify that contracts with member credit unions define SLA's, backup responsibilities, recovery responsibilities, regulatory responsibilities, security, and data safety			
16.2	Review contracts between CUSO and credit card services vendors for data safety and recovery, if applicable			
<b>Internal Control</b>				
17	Review overall operational controls related to processing and authorization of request for each payment systems product	<a href="#">FFIEC IT Examination Handbook, Retail Payments Systems IT Booklet, Appendix A</a>		

## CUSO Scoping Workbook

CUSO Review (Payment Systems)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
17.1	Review list of authorized employees and authorizations (e.g., card ordering / re-ordering / blocking, PIN issuance, card limit changes)			
17.2	Review participating member credit unions' authorization lists			
17.3	Review reports and logs used to verify appropriate staff access to each payments systems application(s) and secured areas (e.g., retained plastics, PIN mailer storage)			
17.4	Ensure access to each payment systems product is covered with written authorizations			
18	Obtain and review users reports to ensure authorized and secured access (logical and physical) to each payment systems product	<a href="#">FFIEC IT Examination HandBook, Retail Payments Systems IT Booklet, Appendix A</a>		
18.1	Review physical and logical access to each payments systems product			
18.2	Review management's review of users reports, including file maintenances			
18.3	Review security token management			
18.4	Evaluate recording methods used (e.g., telephone recordings via tape or electronic)			
18.5	Review desktop configuration for each payments systems application			
19	Review overall control environment for credit cards	<a href="#">FFIEC IT Examination HandBook, Retail Payments Systems IT Booklet, Appendix A</a>		
19.1	Ensure control environment addresses critical elements of the FFIEC IT Examination Handbook, Retail Payments Systems IT Booklet (Appendix A)			
19.2	If CUSO handles any plastics with credit union logos, confirm that dual controls are in place at storage, mailing, and printing			
19.3	Identify built-in controls that capture a card if the wrong personal identification number (PIN) is consecutively used			
19.4	Determine whether captured cards are kept under dual control of persons not associated with card issuance or PIN issuance			
19.5	Determine whether the CUSO has real-time fraud monitoring			
19.6	Determine whether CUSO has adequate procedures to ensure that notification of loss, theft, or unauthorized use of card results in promptly blocking unauthorized withdrawals or transfers from member's account			
19.7	Determine whether PINs are mailed separately from cards, if applicable			
19.8	Determine whether personnel who have custody of cards are prohibited from also having custody of PINs at any stage of issuance, verification, or reissuance			
19.9	Determine whether FALCON security is in place for cards			
19.1	If CUSO is responsible for notifying the member credit unions of card fraud, determine whether adequate procedures to ensure member credit unions are promptly notified of any fraud are in place			



## CUSO Scoping Workbook

CUSO Review (Payment Systems)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
19.11	If CUSO is responsible for reissuing cards, determine whether it can provide the credit union with a list of suspected cards affected by any fraudulent activity			
19.12	If CUSO offers credit union members a support phone call-center, determine whether procedures in place to ensure member credit union info is accurate when communicating to a credit union's member are adequate			
19.13	Determine whether written procedures for handling "hot" cards are adequate			
19.14	Member facing web access to info. If CUSO provides interface for member credit unions to look up member card info and reports, determine process and functionality (are member credit unions allowed to look at transactions, registers, activate new cards, download statements, request credit line increases, inquiry, and make payments)			
19.15	If CUSO provides interface for member credit unions to look up member card info and reports, evaluate each transaction allowed, as well as access levels of users, to ensure it is secure and uses multi-factor authentication			
19.16	If CUSO provides interface for member credit unions to look up member card info and reports, determine who has authority to grant access from member credit union (should only be allowed by the member credit union to add users to access information about their members)			
19.17	Ensure CUSO creates member users if they have an interface for users using dual processing or supervisor/auditor review of changes to users			
19.18	If CUSO allows members to look at card information online, determine the type of interface used and whether multifactor authentication is used			
19.19	Ensure CUSO creates member users if they have an interface for users using dual processing or supervisor/auditor review of changes to users			
19.2	If pre-paid cards or gift cards are issued, check on stock and bin information and determine where and how the card balance information is applied			
19.21	Check website for accuracy and to ensure it does not contain outdated information			
<b>Financials</b>				
20	Review ACH funding and credit to ensure sufficient controls are in place with inherent credit and liquidity risks	<a href="#">FFIEC IT Examination HandBook, Retail Payments Systems IT Booklet, Appendix A</a>		
20.1	Assess process for releasing payments to an ACH operator and determine that assurances are obtained that sufficient collected funds or credit lines are available or prefunding is required			
20.2	For prefunding arrangements for customers without credit lines, determine if CUSO places a hold on the funds or maintains them in a separate account until the transaction date			

## CUSO Scoping Workbook

CUSO Review (Payment Systems)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
20.3	For non-pre-funded arrangements, determine if CUSO place holds on outgoing payments to deposit accounts, applies them as a reduction to credit lines, or includes them in the overall monitoring process			
20.4	Assess whether management approves payments resulting in extensions of credit lines and retains documentation to support the approvals			
20.5	Assess management's risk assessment of ACH services in terms of its importance to the overall CUSO treasury services function			
21	Review ACH credit policy to determine if it adequately addresses the CUSO's ACH credit risk in view of the CUSO's role(s) in the ACH network	<a href="#">FFIEC IT Examination HandBook, Retail Payments Systems IT Booklet, Appendix A</a>		
21.1	Review policies and procedures to monitor originating member balances for credit payments to ensure payments are made against collected funds or established credit limits; if payments exceed established credit limits, determine whether they are properly authorized			
21.2	Review credit assessment procedures for members that originate large volumes of ACH credit transactions			
21.3	Determine the dollar amount of ACH credit risk exposure to the CUSO resulting from its ODFI activity using system reports that list each participant's maximum file size limits and permissible ACH transaction types			
21.4	Determine if CUSO treats deposits resulting from ACH-transmitted debits on other accounts as uncollected funds until there is reasonable assurance the debits have been paid by the other institution on which they were drawn			
21.5	Determine if management monitors drawings against uncollected funds to ensure they are within established guidelines			
21.6	Determine if management monitors originating members for unreasonable numbers of unauthorized ACH debits			
22	Review credit and liquidity exposure to originators of high risk transactions to determine if CUSO has established procedures to monitor the creditworthiness of its originator members on an ongoing basis	<a href="#">FFIEC IT Examination HandBook, Retail Payments Systems IT Booklet, Appendix A</a>		
22.1	Determine if CUSO has established ACH and funds transfers exposure limits for originators, and consider whether the limit is: (1) Based on the originator's credit rating and activity levels (2) Reasonably relative to the originator's risk exposure			
22.2	Determine if the ODFI reviews exposure limits periodically			
22.3	Determine if CUSO has implemented procedures to monitor ACH entries initiated by an originator relative to its exposure limits across multiple settlement dates			
22.4	Determine if CUSO considers the volume of its uncollected ACH transactions as part of its liquidity risk management practices			
23	Financial controls on credit cards address risks associated with credit, liquidity, and asset quality	Sound Business Practices		

## CUSO Scoping Workbook

CUSO Review (Payment Systems)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
23.1	Review settlement process to ensure funds are applied and balanced in a timely manner			
23.2	Evaluate write-offs or losses to determine if there is a significant amount and identify why they occurred, and if there is a pattern which indicates poor internal controls			
23.3	Ensure procedures are in place to document losses and mitigate losses			
23.4	If CUSO handles payments from members of their member credit unions, check security handling and timely posting of payments, including faxed and mailed payments			
23.5	If CUSO sets offline credit card limits, determine whether the liability is documented if funds are not recovered			

## CUSO Scoping Workbook

CUSO Review (Information System and Technology)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
<b>CUSO-Specific Information Security Program</b>				
1	Review CUSO information security program to determine if IT management has adequate standards and procedures	<a href="#">Part 748</a>		
1.1	Determine if standards and procedures that govern <b>risk assessment</b> are adequate			
1.2	Determine if standards and procedures that govern <b>personnel</b> are adequate			
1.3	Determine if standards and procedures that govern <b>development and acquisition</b> are adequate			
1.4	Determine if standards and procedures that govern <b>computer operations</b> are adequate			
1.5	Determine if standards and procedures that govern <b>outsourcing risk management</b> (i.e., risk management of outsourced operations) are adequate			
1.6	Determine if standards and procedures that govern <b>computer and information security</b> are adequate			
1.7	Determine if standards and procedures that govern <b>business continuity planning</b> are adequate			
1.8	Determine if standards and procedures that govern <b>audits</b> are adequate			
2	Review CUSO information security policies and procedures manual(s) to ensure it addresses establishing information security standards	<a href="#">Part 748</a> <a href="#">Sound Business Practices</a>		
2.1	Determine if CUSO policies and procedures address authentication and authorization			
2.2	Determine if CUSO policies and procedures include an acceptable-use policy that dictates appropriate use of CUSO's technology including hardware, software, networks, and telecommunications			
2.3	Determine if CUSO policies and procedures address administration of access rights at enrollment, when duties change, and at employee separation			
2.4	Determine if CUSO policies and procedures address appropriate authentication mechanisms including token-based systems, digital certificates, and/or biometric controls and related enrollment and maintenance processes, as well as database security			
2.5	Determine if CUSO policies and procedures address network access and network access controls, including firewalls			
2.6	Determine if CUSO policies and procedures address appropriate application access controls			
2.7	Determine if CUSO policies and procedures address remote access controls including wireless, VPN, modems, and internet-based			
2.8	Determine if CUSO policies and procedures address host systems and databases			
2.9	Determine if CUSO policies and procedures address secure configuration (hardening)			
2.1	Determine if CUSO policies and procedures address operating system access			
2.11	Determine if CUSO policies and procedures address application access and configuration			
2.12	Determine if CUSO policies and procedures address prevention of malicious code			

## CUSO Scoping Workbook

### CUSO Review (Information System and Technology)

Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
2.13	Determine if CUSO policies and procedures address logging			
2.14	Determine if CUSO policies and procedures address monitoring and updating			
2.15	Determine if CUSO policies and procedures address user equipment			
2.16	Determine if CUSO policies and procedures address physical controls over access to hardware, software, storage media, paper records, and facilities			
2.17	Determine if CUSO policies and procedures address encryption controls			
2.18	Determine if CUSO policies and procedures address software development and acquisition including change management			
2.19	Determine if CUSO policies and procedures address personnel security			
2.2	Determine if CUSO policies and procedures address media handling procedures and restrictions, including procedures for securing, transmitting and disposing of paper and electronic information			
2.21	Determine if CUSO policies and procedures address intrusion detection and response			
2.22	Determine if CUSO policies and procedures address service provider oversight			
2.23	Determine if CUSO policies and procedures address business continuity			
2.34	Determine if CUSO policies and procedures address insurance			
2.25	Determine if CUSO policies and procedures address data security			
3	Determine the adequacy of CUSO risk assessment	<a href="#">Part 748, Appendix A</a>		
3.1	Determine whether the CUSO has identified all reasonable threats to the financial institution assets			
3.2	Determine whether CUSO has analyzed its technical and organizational vulnerabilities			
3.3	Determine whether CUSO has considered the potential effect of a security breach on customers as well as the CUSO			
3.4	Determine whether CUSO has identified and ranked information assets (e.g., data, systems, physical locations) according to a rigorous and consistent methodology that considers risks to customer (the credit union's) non-public information as well as risks to CUSO			
4	Determine whether risk assessment process provides adequate support for security strategy, controls, and testing plan implemented by CUSO	Part 748, Appendices A and B GLBA, Section 501 and 505 (b)		
4.1	Determine whether the risk assessment process is multidisciplinary and knowledge-based (key practice)			
4.2	Determine whether the risk assessment process is systematic and centrally controlled (key practice)			
4.3	Determine whether the risk assessment process is an integrated process (key practice)			
4.4	Determine whether the risk assessment process activities are accountable (key practice)			
4.5	Determine whether the risk assessment process maintains adequate documentation (key practice)			

## CUSO Scoping Workbook

### CUSO Review (Information System and Technology)

Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
4.6	Determine whether the risk assessment process is knowledge enhancing (key practice)			
4.7	Determine whether the risk assessment process is regularly updated (key practice)			
5	Evaluate CUSO's security program testing plan to determine whether the scope and timing of tests are supported by the risk assessment; review internal and external tests to ensure they are adequate to validate the performance of key security controls; and ensure that CUSO uses sufficient expertise to test more complex security aspects where appropriate (e.g., penetration testing, vulnerability assessments, source code reviews)	<a href="#">GLBA</a>		
6	Determine whether internal/external audit control activities performed by CUSO are adequate	<a href="#">Part 748 Sound Business Practices</a>		
7	Review CUSO's internal audit organization structure for independence and clarity of the reporting process and determine whether independence is comprised of: (1) Auditors responsible for operating a system of internal controls or actually performing operational duties or activities (2) Audit manager reports functionally to a senior management official (e.g., CFO, controller, or similar officer) (3) Audit manager's compensation and performance appraisal are done by someone other than the board or audit committee	<a href="#">Part 748 Sound Business Practices</a>		
8	Determine whether CUSO follows up and reports on management's resolution to identified IT problems in an appropriately timely and formal manner	<a href="#">Part 748</a>		
9	Determine whether CUSO management sufficiently corrects the root cause(s) of all significant deficiencies noted in audit reports and, if not, determine why corrective action is not sufficient	<a href="#">Part 748</a>		

## CUSO Scoping Workbook

CUSO Review (Information System and Technology)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
<b>Information Security Program</b>				
10	Evaluate security of CUSO's network	<a href="#">Part 748</a>		
10.1	Determine if intrusion prevention systems are in place to monitor network traffic for distinctive pattern associated with attacks			
10.2	Determine if content filters are appropriate for business network			
10.3	Determine if anti-virus and anti-spamware systems that can detect patterns in files indicative of malicious software are installed			
10.4	Evaluate CUSO's network architecture (diagram) from a security perspective (including internal network, internet gateways, DMZ, extranets, and remote access)			
10.5	Evaluate firewall(s) (supplement with Technical-Level 3 platform-specific procedures)			
10.6	Evaluate router(s) (Technical-Level 3 platform-specific procedures)			
10.7	Evaluate configuration management process for the network and network devices (i.e., device hardening and the management of changes)			
10.8	Evaluate number of administrators, appropriateness, and control processes for administrative access to network devices			
10.9	Evaluate effectiveness of the security patching process for network devices			
10.1	Evaluate internet and gateway processes for malicious software prevention, detection and correction			
11	Evaluate security of host/server and database	<a href="#">Part 748</a>		
11.1	Evaluate the configuration management process for servers and databases (i.e., server and database hardening and the management of changes)			
11.2	Evaluate the number of administrators, appropriateness and control processes for administrative access to servers and databases			
11.3	Evaluate the effectiveness of the security patching process for servers and databases			
11.4	Evaluate process for malicious software prevention, detection and correction on servers			
11.5	Evaluate host (server) and database monitoring and intrusion detection capabilities and process			
12	Evaluate effectiveness of workstation security	Part 748 FFIEC Internet Banking Guidance		
12.1	Evaluate configuration management process for workstations (i.e., client hardening and the management of changes)			
12.2	Evaluate number of administrators, appropriateness and control processes for administrative access to workstations			
12.3	Evaluate effectiveness of security patching process for workstations			
12.4	Evaluate process for malicious software prevention, detection and correction on workstations			
13	Evaluate effectiveness of security administration including	<a href="#">Part 748</a>		
13.1	Evaluate process used to monitor and enforce policy compliance (e.g., granting and revoking user rights)			

## CUSO Scoping Workbook

CUSO Review (Information System and Technology)				
Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
13.2	Evaluate adequacy of automated tools to support secure configuration management, intrusion detection, policy monitoring, enforcement, and reporting			
13.3	Evaluate management's ability to effectively control the pace of change to their environment, including the process used to gain assurance that changes to be made will not pose undue risk in a production environment			
<b>Business Continuity Plan/Disaster Recovery</b>				
14	Determine whether CUSO has an appropriate organizational business continuity plan (BCP)	Part 748 FFIEC BCP booklet		
14.1	Verify that that BCP addresses the recovery of each business unit/department/function according to its priority ranking in the risk assessment and considering interdependencies among systems			
14.2	Verify that the BCP takes the following into account: personnel; facilities; technology (hardware, software, operational equipment); telecommunications/networks; vendors; utilities; documentation (data and records); law enforcement; security; media; and shareholders			
15	Determine whether quality of BCP oversight and support provided by board of directors and senior management is adequate	Part 748 FFIEC Guidance on BCP/DRP		
15.1	Determine if board has established an institutional business continuity planning process appropriate for the CUSO's size and complexity which defines the organization's business continuity strategy			
15.2	Determine if a senior manager has been assigned responsibility to oversee the development, implementation, testing, and maintenance of the BCP			
15.3	Determine if the board has ensured that adequate resources, including sufficient human resources, are devoted to the business continuity process			
15.4	Determine if the board reviews and approves the written BCP(s) and testing results at least annually and documents these reviews in the board minutes			
15.6	If senior management periodically reviews and prioritizes each business unit, business process, department, and subsidiary for its critical importance and recovery prioritization, determine how often reviews are conducted			
15.6	If applicable, determine if senior management has evaluated the adequacy of the BCPs for its service providers, and ensured the CUSO's BCP is compatible with those service provider plans, commensurate with adequate recovery priorities			
16	Determine if BCP(s) include(s) appropriate testing to ensure the business process(es) will be maintained, resumed, and/or recovered as intended	Part 748 FFIEC Guidance on BCP/DRP		
16.1	Determine if BCP(s) is tested at least annually			
16.2	Verify that all critical business units/departments/functions are included in testing			



## CUSO Scoping Workbook

### CUSO Review (Information System and Technology)

Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
16.3	Verify that tests include all of the following components: (1) Setting goals and objectives in advance (2) Realistic conditions and activity volumes (3) Use of actual back-up system and data files while maintaining off-site back-up copies for use in case of an event concurrent with the testing (4) Participation and review by internal audit (5) Post-test analysis report and review process that includes a comparison of test results to the original goals (6) Development of a corrective action plan(s) for all problems encountered (7) Board of directors review			
17	Determine if adequate business impact analysis (BIA) and risk assessment have been completed	<a href="#">Part 748</a>		
17.1	Determine if all functions and departments were included in the BIA			
17.2	Review BIA to determine if identification and prioritization of business functions are adequate			
17.3	Determine if BIA identifies maximum allowable downtime for critical business functions, acceptable levels of data loss and backlogged transactions, and the cost and recovery time objectives associated with downtime			
17.4	Review risk assessment and determine if it includes scenarios and probability of occurrence of disruptions of information services, technology, personnel, facilities, and service providers from internal and external sources			
18	Evaluate security awareness program to determine if it is adequate	Sound Business Practices		
18.1	Determine whether management is adequately trained and sufficiently accountable for the security of personnel, information, and systems			
18.2	Determine if security program is documented in a plan and scheduled			
18.3	Review security guidance and training provided to ensure awareness among employees and contractors, including annual certification that personnel have read and understand their responsibilities			
18.4	Determine if security elements are embedded in manager and employee job descriptions			
19	Determine whether security incident response process is adequate	<a href="#">Part 748</a>		
19.1	Determine whether an incident response team is established by policy			
19.2	Determine whether an incident response team contains appropriate membership			
19.3	Determine whether an incident response team has appropriate training to investigate and report findings			
19.4	Determine whether an incident response team has access to back-up data and systems, an inventory of all approved hardware and software, and monitored access to systems (as appropriate)			
19.5	Determine whether an incident response team has appropriate authority and timely access to decision makers for actions which require higher approval			

## CUSO Scoping Workbook

### CUSO Review (Information System and Technology)

Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
<b>Data Management and Physical Security</b>				
20	Review data storage and back-up methodologies, media transport, and off-site storage strategies to determine whether they are adequate	<a href="#">Part 748 GLBA</a>		
20.1	Review CUSO's data storage methodologies and assess whether management has appropriately planned its data storage process and has suitable standards and procedures in place to guide the function			
20.2	Determine if CUSO creates timely backups of operating systems, databases, applications, and business data for operational recovery and off-site storage for disaster recovery in accordance with its risk assessment			
20.3	Review CUSO's inventory of data and program files stored on and off-site			
20.4	Review and determine if management has appropriate back-up procedures to ensure the timeliness of data and program file back-ups; evaluate the timeliness of off-site rotation of back-up media			
20.5	Identify controls used to protect data and determine if the data is protected while in transit in a manner consistent with the risk assessment			
20.6	Determine whether management performs periodic physical inventories of offsite back-up material			
21	Determine whether adequate environmental monitoring and controls are in place	<a href="#">Part 748</a>		
21.1	Determine if uninterruptable power supplies (UPS) are employed for the building, computer room, or individual servers or network devices			
21.2	If backup power generators are used for building, computer room, or individual servers or network devices, determine if the capacity and run-time of generator(s) is sufficient to support designated critical computing equipment for required time periods; determine if type and testing of generator(s) are sufficient to ensure reliability			
21.3	Determine if heating, ventilation, and air conditioning (HVAC) systems are adequate and can operate using the back-up power source			
21.4	Determine the availability of an adequate number and positioning of smoke, heat, water, and temperature sensors with remote, active monitoring and notification capability			
22	If CUSO maintains adequate network topology documentation, determine if it is adequately documented to permit an understanding of the network is segmented and controlled and also changes in configuration			

## CUSO Scoping Workbook

### CUSO Review (Information System and Technology)

Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
23	Determine adequacy of the CUSO's physical security	<a href="#">Part 748</a>		
22.1	Review and determine whether the identified physical security measures are sufficient to reasonably protect the operations center's human, physical, and information assets			
22.2	Evaluate physical security, environmental controls, and monitoring for IT infrastructure--in conjunction with the risk assessment, considering: (1) Structural integrity of room (e.g., walls, open or drop ceilings, etc.) (2) Number of entrances, doors, windows or other entry points (3) Effectiveness of primary entry control system(s), logs, periodic reviews of logs, etc. (4) Alternate entry systems (e.g., physical keys-mechanical locks, number of keys, key control system, etc.) (5) Number and appropriateness of individuals on accompanied and unaccompanied computer/network access control rosters (6) Process for gaining accompanied or unaccompanied access and frequency of review of access roster			
22.3	Determine whether there are adequate physical security controls around the telecommunications environment, including: (1) Telecommunications demarcation point (2) Controls that limit access to wiring closets, equipment, and cabling to authorized personnel (3) Secured telecommunications documentation			
<b>Internet Banking Authentication</b>				
24	If CUSO has a documented risk assessment related to internet banking, determine if changes in the internal and external threats environment, in the customer base adopting electronic banking, or in functionality are addressed in the risk assessment	<a href="#">FFIEC Internet Banking Guidance</a>		
25	Determine whether CUSO systems employ complex challenge questions and complex device authentication and whether they are employing sophisticated questions or one time passwords (OTP), and layered security	<a href="#">FFIEC Internet Banking Guidance</a>		
26	Ensure minimum security settings meet regulatory guidelines	<a href="#">FFIEC Internet Banking Guidance</a>		
27	Ensure multifactor authentication is in place for commercial accounts and ensure that CUSO requires separate user ID to initiate and approve large transactions	<a href="#">11-CU-09</a>		
<b>Cloud Computing</b>				
28	Ensure the CUSO obtained an adequate audit of cloud computing	<a href="#">FFIEC Internet Banking Guidance</a>		
29	Determine if CUSO has adequate service provider oversight by interviewing management and reviewing CUSO information to identify: (1) Current outsourcing relationships and changes to those relationships since last examination (2) Material service provider subcontractors, affiliated service providers, or foreign-based third party providers (3) Current transaction volume in each function outsourced (4) Any material problems experienced with the service provided (5) Service providers with significant financial or control related weaknesses	<a href="#">FFIEC Internet Banking Guidance</a>		

## CUSO Scoping Workbook

### CUSO Review (Information System and Technology)

Item	Goal/Objective	Reference	Reviewer Initials	Results/Comments
30	Evaluate the process for entering into a contract with a service provider	<a href="#">FFIEC Internet Banking Guidance</a>		
30.1	Determine whether contract contains adequate and measurable service level agreements			
30.2	Determine whether allowed pricing methods do not adversely affect the institution's safety and soundness, including the reasonableness of future price changes			
30.3	Determine whether the rights and responsibilities of both parties are sufficiently detailed			
30.4	Determine whether required contract clauses address significant issues such as financial and control reporting, right to audit, ownership of data and programs, confidentiality, subcontractors, continuity of service, etc.			
30.5	Determine whether legal counsel reviewed the contract and legal issues were satisfactorily resolved			
30.6	Determine whether contract inducement concerns are adequately addressed			
31	Evaluate whether the security-related due diligence in service provider research is sufficient	<a href="#">FFIEC Internet Banking Guidance</a>		
31.1	Determine if CUSO appropriately assessed third party provider's procedures for hiring and monitoring personnel who have access to CUSO systems and data			
31.2	Determine whether CUSO has assessed service provider's ability to meet contractual security requirements			