

Operational Risk Management Policy Checklist

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On-Site Review Checklist			
Part A – Teller Operations and Other Transactions			
Does each teller have a single custody locker (combination or lock) in the safe/vault for the overnight storage of his/her cash drawer?	Yes	No	NA
Is any individual forbidden for holding more than \$5,000 in the top drawer and more than \$20,000 in the drop unit for a total of \$25,000?	Yes	No	NA
Are tellers assigned teller numbers?	Yes	No	NA
Are the tellers required to count and balance their cash daily on a blotter with the teller stamp and appropriate supervisor signature?	Yes	No	NA
Are relief tellers provided with separate funds and prevented from operating out of a regular teller's cash drawer during relief periods?	Yes	No	NA
When cash is crossed from one teller to another, is the cash counted in the presence of one another and is there a journal voucher prepared showing the denomination and amounts?	Yes	No	NA
Are tellers prohibited from performing transactions on employee or member accounts after balancing?	Yes	No	NA
Is there a sample audit conducted quarterly on U.S. funds transactions to ensure that the correct foreign exchange entries were processed? (The audit should include a comparison of teller transaction receipts to the exchange posted to the general ledger.)	Yes	No	NA
Are all Deposits, Withdrawals, Bill Payments, Transfers, General Ledger transactions documented on a standardized approved form?	Yes	No	NA
Is a certificate or receipt for all Term Deposit or GIC transactions given to the member? (verify with several employees – not just the manager)	Yes	No	NA
Is the Term Deposit or GIC certificate signed by the member or accompanied by signed instructions and deposit slips?	Yes	No	NA
Part B – Treasury Operations			
Is any one individual prohibited from holding both combinations to any of the dual custody treasury compartments?	Yes	No	NA

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When the custodianship of the treasury changes, is the treasury reconciled and fully documented with both staff members signing the reconciliation in full?	Yes	No	NA
Does the Treasury Officer balance the Log Book, spreadsheet, or blotter daily to the general ledger, and is the verification process documented?	Yes	No	NA
Is the treasury reconciled (bundle count) by a supervisor in the presence of the Treasury Officer, once per week to the general ledger and the Log Book and is the count documented?	Yes	No	NA
Part C – ATMs and CRUs			
Are all ATMs balanced under dual custody a minimum of once per week or every time they are replenished? (The balancing function refers to reconciling the cash to the transaction listing and banking system).	Yes	No	NA
Are two individuals always present whenever the ATM cash compartment is open?	Yes	No	NA
Is the ATM blotter signed in full by the two staff members responsible for balancing the ATM?	Yes	No	NA
Is all deposit envelopes opened and verified to the ATM transaction listing by two staff members?	Yes	No	NA
Is the member notified of an ATM deposit envelope discrepancy, over a predetermined amount, by phone or in writing?	Yes	No	NA
Are two individuals always present whenever the CDU/CRU cash compartment is open?	Yes	No	NA
Is the CDU/CRU balancing function recorded on a CDU/CRU blotter or are the CRU slips balanced to the General Ledger printout daily?	Yes	No	NA
Is all CRU/CDU cash balanced to the general ledger under dual custody on a regular basis or every time it is replenished?	Yes	No	NA
Part D – Member Cards			
Is there proper segregation of duties in place to prohibit a staff member from being able to attach a card to a member's account and also PIN the card?	Yes	No	NA

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Has the credit union reduced overall withdrawal/POS limits on debit cards in an attempt to reduce exposure to skimming?	Yes	No	NA
Are cards cancelled immediately upon discovering that a skimming has occurred and/or a point of compromise has been confirmed?	Yes	No	NA
Are ATM cards that are retained by an ATM machine kept under dual custody until either the cards are returned to the member or destroyed?	Yes	No	NA
Part E – Surprise Cash Counts			
Are surprise cash counts conducted on each teller drawer, including all "spare" drawers at odd times during the month on a regular basis?	Yes	No	NA
Are surprise cash counts (complete cash reconciliations, not bundle counts) conducted on the treasury in the presence of the Treasury Officer, by a supervisor on a regular basis?	Yes	No	NA
Is a general ledger printout showing the teller's or treasury officer's balance attached to the surprise cash count blotter?	Yes	No	NA
Part F – Night Depository			
Are there two combination or digital locks on the night depository?	Yes	No	NA
Do two employees remain with the deposit(s) constantly until all contents have been counted and verified?	Yes	No	NA
Are night deposit contents (i.e. number of bags) recorded immediately in a log book?	Yes	No	NA
Is the member advised the same day of any discrepancies in a deposit by phone and/or mail?	Yes	No	NA
Part G – Personal Accounts			
<i>Are the following pieces of information obtained for all new membership files? Complete Schedule B – AML Review for Proceeds of Crime (Money Laundering) Terrorist Financing Act requirements for account records.</i>			
Photocopied piece of primary photo identification	Yes	No	NA
Signature card	Yes	No	NA

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Operation of Account Agreement	Yes	No	NA
Other documentation depending on the type of account	Yes	No	NA
Does an independent staff member perform a sample audit on new accounts every month to ensure that the accounts are legitimate? (This audit should include verifying telephone numbers and addresses.)	Yes	No	NA
Are new accounts monitored (flagged on the data system) for at least 90 days for any unusual activity which could cause the credit union a loss (i.e. kiting, money laundering, NSF activity, etc.)?	Yes	No	NA
Is there a computer-generated report which highlights any member name or address change including on-line requests?	Yes	No	NA
Does an independent staff member perform a sample audit on these changes every month to ensure that they are legitimate changes? (This audit should include verifying telephone numbers and addresses.)	Yes	No	NA
Part H – Business Accounts			
<i>Does the credit union have a policy which requires that all of the following documentation is obtained prior to opening business accounts: (Schedule B – AML Review for Proceeds of Crime (Money Laundering) Terrorist Financing Act requirements for business account records.</i>			
Operation of Account Agreement and/or Signature Cards	Yes	No	NA
Sole Proprietorship Agreement	Yes	No	NA
Photocopy of Business Registration Form	Yes	No	NA
Partnership Agreement	Yes	No	NA
Certificate of Officers and Directors (Corporations)	Yes	No	NA
Signing Authority Resolution	Yes	No	NA
Borrowing By-law, if required	Yes	No	NA
Photocopy of Articles of Incorporation	Yes	No	NA

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Registration of Trade Name if carrying on business under any name other than that on the company's Articles of Incorporation	Yes	No	NA
Signing Authority Resolution (Association) or by-laws authorizing deposits or lending. (Non-incorporated Association, Church, clubs, etc)	Yes	No	NA
Part I – Managerial Controls and Limits			
Is there a policy preventing staff members from processing transactions on their own accounts (e.g. chequing, savings, loans, mortgages, etc.) and those of their immediate family members?	Yes	No	NA
Policy which prohibits staff members from approving credit facilities in their own name and the names of their immediate family members?	Yes	No	NA
Is there a Fraud and Dishonest policy signed by each staff member?	Yes	No	NA
Is there a Code of Conduct Policy (which encompasses conflict of interest, confidentiality and ethical conduct policies) signed by each staff member?	Yes	No	NA
<i>Are the following Letters of Authority reviewed and re-signed annually by each employee?</i>			
Teller's Letter of Authority	Yes	No	NA
Treasury Letter of Authority	Yes	No	NA
Loan Officer's Letter of Authority	Yes	No	NA
Override Letter of Authority	Yes	No	NA
Branch Cash (Bonding) Limits of Authority	Yes	No	NA
Are all items requiring supervisory override reviewed daily by a senior employee who does not have override capabilities?	Yes	No	NA
Part J – Accounting Controls			
<i>Are the following accounts reconciled monthly including all accounts with a nil balance, and are copies available for review purposes? Are all outstanding items investigated and promptly cleared for the following reconciliations?</i>			
Current Accounts (Canadian and US)	Yes	No	NA
Dormant Holding Account	Yes	No	NA

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Suspense accounts and internal operating accounts	Yes	No	NA
Do all outstanding items on the above reconciliations seem to appear appropriate? If "NO", Please explain the item:	Yes	No	NA
<i>Complete a sample review of transactions contained in the current account. Follow the transactions back to their origination proving that the funds for transactions are reasonable and authorized.</i>			
Have all transactions that were reviewed seem appropriate, were authorized, and properly documented? If "NO", obtain copies of transaction slips, reports, etc for further review and provide explanation below:	Yes	No	NA
If the credit union has member chequing, is the incoming clearing reconciled daily?	Yes	No	NA
Does a supervisor review and authorize the reconciliation each day? (Special attention should be given to the un-postable entries to ensure that they are being posted to the correct accounts and that there are no obvious signs of kiting.)	Yes	No	NA
Does the cheque signing policy require that two authorized staff members sign all corporate cheques?	Yes	No	NA
In the case of a single employee, are the cancelled corporate cheques randomly reviewed monthly by a board/committee member not involved in the issuance of the credit union cheques, to ensure that the payees look legitimate and that two signatures appear on all cheques?	Yes	No	NA
For personal expenses incurred, are there properly documented expense forms submitted by all employees, directors and officers of the credit union?	Yes	No	NA
Are the expenses of the CEO/General Manager signed or a spending account pre-approved by the Board prior to reimbursement? (Where pre-approved, a copy of the board resolution must be available for review.)	Yes	No	NA

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Are the monthly financial statements scrutinized and are significant variances to the budget investigated for unusual or unexplained transactions and presented to the board?	Yes	No	NA
Are the general ledger computerized transactions reviewed daily and signed by a senior manager or are large variances investigated?	Yes	No	NA
Part K – Internal Audit Reviews			
Does the credit union have an internal audit program that is based on an effective written audit plan that is appropriate to the size and complexity of the credit union?	Yes	No	NA
Is the internal auditor free to report any suspicious activity to any member of the Audit Committee or Board, without fear of reprisal?	Yes	No	NA
<i>Does the internal audit or the persons responsible for internal auditing perform the following functions:</i>			
Examining and evaluating the adequacy, effectiveness and efficiency of risk management practices and methodologies	Yes	No	NA
Reviewing management, financial and operational information systems	Yes	No	NA
Reviewing the accuracy, reliability and timeliness of all information produced	Yes	No	NA
Reviewing methods used to safeguard assets	Yes	No	NA
Reviewing the credit union's system of assessing its capital in relation to its estimate of risk	Yes	No	NA
Testing of transactions and controls	Yes	No	NA
Reviewing processes used to ensure compliance with legal and regulatory requirements, codes of conduct	Yes	No	NA
Carrying out special investigations as needed	Yes	No	NA
Does a senior manager randomly review at least 10 % of all employees' deposit, loan and mortgage accounts monthly looking for unusual and suspect entries, and are these reviews documented?	Yes	No	NA
Are passwords for employees with override capabilities changed on a monthly basis?	Yes	No	NA