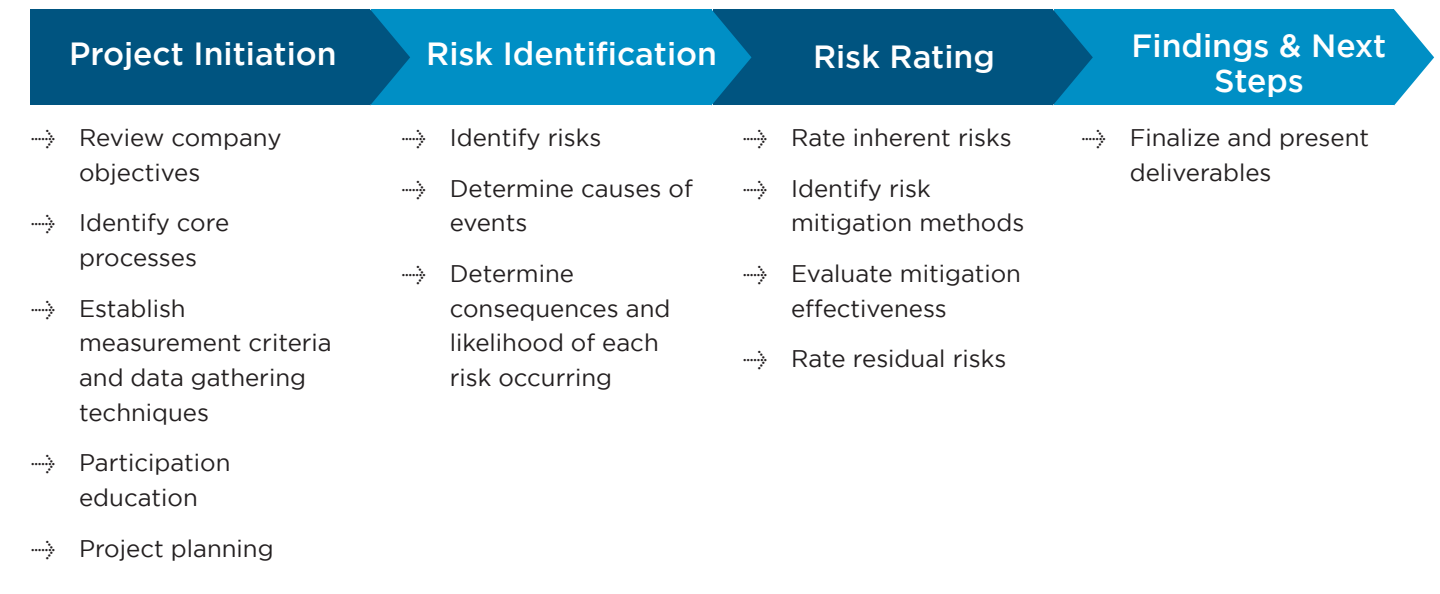


# Internal Audit/Agreed-Upon Procedures Approach

## Business Risk Assessment Methodology



# Credit Union Internal Audit/Agreed-Upon Procedures Example Matrix

The matrix is modified for each Credit Union based on the evaluation of risk.

Description of Audit Area	Visit 1	Visit 2	Visit 3	Visit 4
<b>Review Board of Directors' Minutes</b>				
<b>Read Monthly IA Reports (provided quarterly to Board of Directors)/Minutes</b>				
<b>Read Financial Statements, Review For Proper GAAP and Foot</b>				
<b>Review Management Responses from Prior Quarter Comments</b>				
<b>Financial Reporting</b>				
→ Reconciliations - Cash				
→ Reconciliations - Prepaid & Other Assets				
→ Reconciliations - Accrued & Other Liabilities				
→ Loan & Share Accounts To Support Documentation				
<b>Accounting Controls</b>				
→ Corporate VISA				
→ Employee Travel & Expense Reimbursement				
→ Fees & Fines G/L Review				
→ Marketing G/L Review				
→ Salary Expense/Payroll Transactions-Process Walk-Through Update For Annual				
→ Cash Over/Short G/L/Account Errors				
<b>Cash &amp; Negotiable Items</b>				
→ Teller Cash Controls-Walk-Through Update For Annual				
→ Cash Count-Assist And Observe Counts				
<b>Share Account Testing</b>				
→ Share Certificate Testing (Rate Verification-New Certificate)				
→ Test Of Override Transactions-Select 10				
→ Closed Accounts-Confirms (XX Per Quarter)				
→ Deposit Testing-Select 5 Member Deposits & Trace To G/L/Member Share Account & Timeliness				
→ Negative Share Review-Over # Of Days Per Policy & \$500				
<b>File Maintenance Reviews</b>				
→ File Maintenance-Changes To Loan 3 Each-Due Date, Interest Rate, Payment Amount				
→ Dormant Account Testing-Select 10				
→ Do Not Mail (Select XX Accounts In Do Not Mail Status And Review Propriety)				
<b>Investments</b>				
→ Investment Policy Review				
→ Investment Purchases/Sales-Test 5 Purchases And 5 Sales				
<b>Employee Account Reviews</b>				
→ Employee Share Accounts-Unusual/Large Transactions (5 Employees-History For Entire Quarter)				
→ Related Party (Employees, Board Members And Families) Loans Documentation Review-5				

# Credit Union Internal Audit/Agreed-Upon Procedures Example Matrix *(continued)*

Description of Audit Area	Visit 1	Visit 2	Visit 3	Visit 4
<b>Lending Reviews</b>				
→ Collection Policy				
→ Documentation Review-New Loans (5 Per Month)				
→ Commercial Loan Review New-(2 Largest & 1 Other Per Quarter)				
→ Commercial Loan Review Annual Monitoring (3 Loans O/S Over Past 3 Years)				
→ Credit Card Loans-Review Credit Limit Increases-5 Per Quarter				
→ Credit Card Loans-New Loans-Select 5 Per Month				
→ VISA Charge Offs-Trace Totals To G/L And Approval In Board Minutes				
→ Charge Off Loans-Trace Totals To G/L And Approval In Board Minutes				
→ Credit Cards-Employee Delinquent/Over Limit				
→ Paid Ahead Loan Testing				
→ Current Balance Testing/Delinquent Loans-Sorts On AIRES, Discuss List With Collectors				
→ Evaluate Allowance For Loan Loss Account				
→ Loan By Interest Rate Report				
→ Prior Quarter Loan Confirmation Clearings				
→ New Loans-Select 5 Per Month For Confirmation				
→ Loan Processing/Underwriting Controls Walk-Through Review				
<b>Process/Technology Reviews</b>				
→ Wire Transfers (XX Selections)				
→ Wire Transfer Poces Walk-Through				
→ Electronic Cash Processing Walk-Through Update				
<b>Other Reviews</b>				
→ Asset/Liability Management-Process & Reporting				
→ Yield Analysis-Loans, Shares & Investments				
→ Disability/Death Claims				