

Risk And Compliance System (RACS)

Operation and Procedures

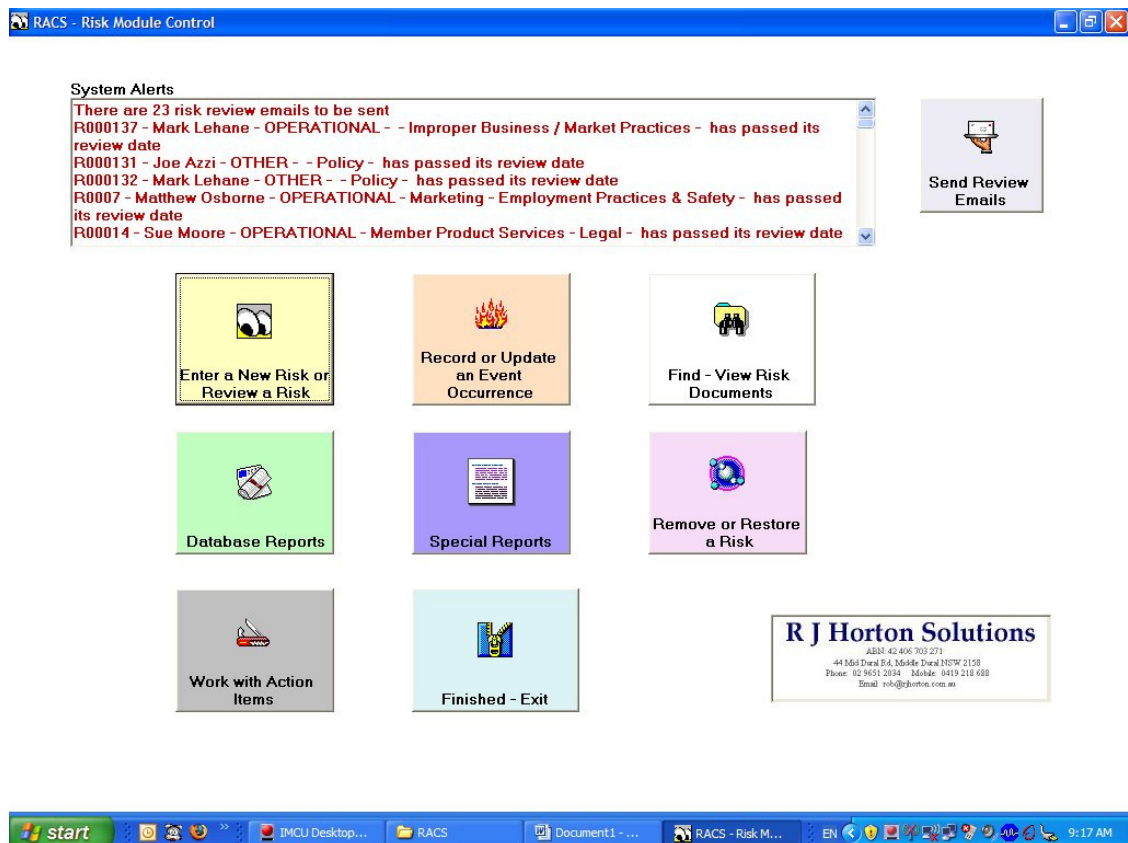
Introduction

RACS is an easy to use, but powerful system, which allows organisations to record, manage and report on their organizational risks, and policies.

This document details the operation and functions of RACS. It takes the operator through the various screens and explains their use.

The Control Panel

When RACS is opened the following control panel is provided. This provides alerts to action that needs to be taken and buttons to access various parts of the system.



SUMMARY OF CONTROL PANEL ITEMS

System Alerts

When RACS is opened it check to see if there are any risks, or events that have passed a Review Date. If so, the relevant items are listed in Red.

In addition, if the relevant item was tagged to send an email to a specific person, this fact is noted at the top of the list, and the **Send Review Emails** button is made available.

Send Review Emails

Clicking this button causes emails to be prepared in Microsoft Outlook to the specified recipients to remind them of the item that requires action. (See further explanation later in this document).

Enter a New Risk or Review a Risk

This button opens the main screen for recording viewing and amending risks.

Record or Update an Event Occurrence

This button takes you to the screen that allows recording events such as a specific risk occurring (such as a fraud). Events are also managed an updated via this screen.

Find – View Risk Documents

This opens a dialogue with all risk documents that have been prepared via the main Risk Recording and Updating Screen. Selecting a document from the list will open the document for viewing.

Database Reports

This opens the RACS Database and shows the Reports that are available in the system.

Special Reports

This provides a screen that allows development of one off reports based on the risks in the database. Reports are produced in Microsoft Word.

Remove or Restore a Risk

This opens a management screen where Risks can be Removed from the System, or if required, removed risks can be restored.

Work with Action Items

This allows the recording of action items that may be related to specific Risks. For instance if, a risk has checks that must be performed on a monthly basis, then these can be recorded. There are functions to print the Action Items for a risk, or all based on the frequency. For instance all risks which need to be actioned monthly.

Exit – Finished

Closes the System.

Enter a New Risk or Review a Risk

This is the main operational screen of the system.

The screenshot displays the 'Risk And Compliance System (RACS)' interface. At the top, there is a 'Spell Check' button. The main area is divided into several sections:

- Filters:** Pillar (Pillar 1), Category (OPERATIONAL), and Sub Category - If Required (Legal).
- List of Current Risks in the Database:** A list of risk IDs and descriptions, such as 'R000138 - Threshold and Suspicious Matter Reporting'.
- Associated Risks:** A list of related risk IDs.
- Risk Details:**
 - Risk ID:** R00051
 - Risk Description:** Transport vs Health spreading of risk
 - Responsible Officer:** Chief Executive Officer
 - Risk Causes:** Industry issues such as redundancies or employer issues.
 - Risk Impact:** Exposure varies according to industry. Could affect amount of funds being received by credit union. Could affect members abilities to repay loans. Could affect membership base if no longer working for industry group.
 - Person Responsible:** Joe Azzi
 - Email:** jazz@imcu.com.au
 - PC Logon:** imcuazzi
 - Work Phone:** 0288430011
 - Mobile:** 0419212750
 - Home Phone:** (empty)
- Considerations:** Positive and Negative Considerations text areas.
- Related Document:** A section for 'Pre - Mitigation' and 'Mitigation' (IMCU has a very diverse membership, which although is industry based covers many different employers and is also geographically diverse).
- Post - Mitigation:** Likelihood (1 Rare), Consequence (1 Insignificant), and Risk Rate (1).
- Acceptance:** A dropdown menu set to 'Accept Risk' with a 'Capital' value of 500.
- Reminder:** Email Reminder checked, Days Prior set to 30.
- Date Entered:** 31/01/2008
- Review Date:** 31/01/2009
- Auditor of Risk:** Internal
- Action Comments:** A text area for notes.
- Risk Review / Amendment History:** A list of previous reviews, including dates and times.

At the bottom, there are four icons: 'Clear Sheet for New Risk', 'Add / Update Risk Database', 'Produce a Risk Document', and 'Finished - Exit'. The Windows taskbar at the bottom shows the system time as 11:19 AM.

All the basic and relevant information about each risk is provided on one screen. New Risks can be entered, current risks viewed and if necessary updated.

The following looks at each segment of the screen and describes what it is used for and how it is entered.

The screenshot shows a web interface for risk management. On the left, there are three dropdown menus for filtering risks: 'Pillar' (set to Pillar 1), 'Category' (set to OPERATIONAL), and 'Sub Category - If Required' (set to Legal). To the right of these filters is a button labeled 'Risk - View and/or Amend'. Further right is a table titled 'List of Current Risks in the Database - Click on the required risk to view'. The table contains the following data:

Risk ID	Description	Category	Sub-Category
R000138	Threshold and Suspicious Matter Reporting	OPERATIONAL	Legal
R00014	New membership ID requirements	OPERATIONAL	Legal
R00080	Negligent misrepresentation	OPERATIONAL	Legal
R00081	Breaches of law/regulations	OPERATIONAL	Legal
R00036	ATM/EFT Disputes	OPERATIONAL	Legal

On the far right, there is an empty box labeled 'Associated Risks'.

There are three Hierarchical elements to the categorization of a Risk. These are **Pillar**, **Category** and **Sub Category**. These would normally be chosen when entering a new Risk. If selected and the **Risk – View and/or Amend** button is clicked, all risks in that Hierarchy are listed.

The screenshot shows a form for entering a new risk. It has three main fields: 'Risk ID' with the value 'R00051', 'Risk Description' with the text 'Transport vs Health spreading of risk', and 'Responsible Officer' with a dropdown menu showing 'Chief Executive Officer'.

Each Risk has a Risk ID a Risk Description and a Responsible Officer.



When Entering a New Risk, the **Clear Sheet for New Risk** button at the bottom of the screen is clicked and it brings up the new Risk ID. The Description needs to be entered and the Responsible Officer Selected.

Every Risk has **Causes** and **Impacts**. There are also options to enter Positive Considerations and Negative Considerations.

The screenshot shows a detailed form for a risk. It is divided into several sections:

- Risk Causes:** A text area containing 'Industry issues such as redundancies or employer issues.'
- Risk Impact:** A text area containing 'Exposure varies according to industry. Could affect amount of funds being received by credit union. Could affect members abilities to repay loans. Could affect membership base if no longer working for industry group.'
- Positive Considerations:** An empty text area.
- Negative Considerations:** An empty text area.
- Related Document:** A text input field with a 'Browse' button next to it.

The Risk Causes, Impacts, Positives and Negatives are entered.

If there is a **Related Document** it can be referenced using the **Browse** button. This opens a Windows Dialogue that allows you to find the document anywhere in your network. The details of the path and the document will be displayed here.

The next section deals with the personal information of the responsible officer and actions surrounding the Risk.

Person Responsible		Email	
Joe Azzi		jazzi@imcu.com.au	
PC Logon		Work Phone	
imcuazzij		0288430011	
Mobile		Home Phone	
0419212750			
<input checked="" type="checkbox"/> Email Reminder	Days Prior 30	Email Added Message	
Date Entered 31/01/2008		Review Date 31/01/2009	
		Auditor of Risk Internal	
Action Comments			

The Personal Details are self explanatory. Click the **Email Reminder** and Set the **Days Prior** and add an **Email Added Message**, if you wish the system to prepare an email x days before the Review Date of the Risk.

Note: The Alert for the email is provided on the Control Panel when RACS is opened. If RACS is not opened then no email alert or email will be sent.

The **Date Entered** is the date the Risk is/was entered into the system, the **Review Date** is the date by which the Risk must be reviewed and/or updated. The **Auditor of Risk** is selected.

Action Comments can be added if required.

Pre - Mitigation		Mitigation	Post - Mitigation	
2 Unlikely		IMCU has a very diverse membership, which although is industry based covers many different employers and is also geographically diverse.	1 Rare	
Consequence			Consequence	
2 Low			1 Insignificant	
Risk Rate = 4			Risk Rate = 1	
Clear Sheet for New Risk		Add / Update Risk Database		Acceptance Accept Risk Capital 500
Produce a Risk Document		Finished - Exit		

Risk Likelihood and Consequence are Selected, and the Risk Rate is automatically calculated.

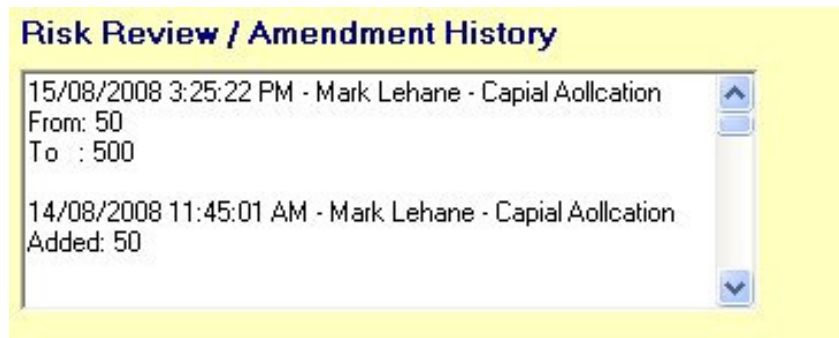
If the Risk can be Mitigated, then Mitigation details are entered and then post Mitigation likelihood and Consequences are Selected.

Whether the Risk is Accepted is selected, and any Capital Set Aside for the Risk is entered.

Clicking **Add / Update Risk** will add the new Risk or Update the Existing Risk on the Screen.

Clicking **Produce a Risk Document** Produces a document, in Microsoft Word, of the risk details on screen for the risk. The document is automatically stored in a Documents Sub Folder in the location of the RACS program.

The last section of the Main Risk Screen is the History Panel.



This shows each change made to the Risk, in Reverse Chronological Order.

Record or Update an Event Occurrence

This function allows the recording of details of any event that happened in relation to a Risk that is held in the system. For instance, if there was a risk to do with External Fraud, then if such a fraud occurred, then details of that occurrence could be recorded in the system.

Record or View an Event

Click to select the Risk Required - in order to View or Record an Event

Event Number - Click for Details

Division
OPERATIONAL

Sub Category - If Required

Record or View an Event

Date Event Occurred
15/12/2009

Date Identified
15/12/2009

Rectify By - Date
16/12/2009

Severity of Event
2 Low

Status of Event
Closed

Likely Cost to Credit Union
500.00

Loss Provision - If any
0

Amount Written Off - If Any
0

Reporting to Regulator
Reporting Not Required

Event Recorded By:
Sue Moore

Description of the event
There was a bomb scare at North Sydney Branch and the branch could not open.

Add Notation and Details of the Event Concerned or Update Details of Action Now Taken

History of this event

Update Existing Event

Add New Event

Finished - Exit

R000137 - Pin Key Compliance - OPERATIONAL
R000138 - Threshold and Suspicious Matter Reporting - OPERATIO
R000133 - Board and Package Insurance - OPERATIONAL
R0006 - Weekly opening of the North Sydney branch - OPERATION
R0007 - BDO site visits to promote credit union - OPERATIONAL
R00011 - Staff training and qualifications - OPERATIONAL

Details regarding completing the event are as follows:

Click to select the Risk Required - in order to View or Record an Event

Event Number - Click for Details

Division
OPERATIONAL

Sub Category - If Required

Record or View an Event

R000137 - Pin Key Compliance - OPERATIONAL
R000138 - Threshold and Suspicious Matter Reporting - OPERATIO
R000133 - Board and Package Insurance - OPERATIONAL
R0006 - Weekly opening of the North Sydney branch - OPERATION
R0007 - BDO site visits to promote credit union - OPERATIONAL
R00011 - Staff training and qualifications - OPERATIONAL

Select the Risk the Event relates to, by choosing the **Category** and **Sub Category** (if left blank, then all risks are listed). If there are currently events recorded for that risk, then they are listed, and clicking on the item in the list will display details.

Date Event Occurred	Date Identified	Rectify By - Date	Severity of Event	Status of Event
15/12/2009	15/12/2009	16/12/2009	2 Low	Closed
Likely Cost to Credit Union	Loss Provision - If any	Amount Written Off - If Any	Reporting to Regulator	Event Recorded By:
500.00	0	0	Reporting Not Required	Sue Moore

Description of the event
 There was a bomb scare at North Sydney Branch and the branch could not open.

Add Notation and Details of the Event Concerned or Update Details of Action Now Taken

Relevant Details need to be entered or selected.

History of this event

2/02/2010 9:32:49 AM Added By:
 The Staff member transferred the phone to her mobile and was able to answer calls.

Update Existing Event

Add New Event

Finished - Exit

To Add a new event, Click **Add New Event** or to update an existing event Click **Update Existing Event**. The history of action regarding the event is listed. Click **Finished - Exit** when done.

Find View Risk Documents

Open

Look in: Documents

- ~\WRL0435.tmp
- First Choice Docs.zip
- R0001 - Liquidity Policy Review.doc
- R0002 - CUFSS call on funds.doc
- R0003 - Death of the CEO or Incapacity.doc
- R0003 - Loss of Key Person.doc
- R0004 - Update stands in Market Place.doc
- R0007 - .doc
- R0008 - Hansen Unable to Provide Ongoing Facilities.doc
- R0009 - Bad Debts.doc
- R00011 - Staff training and qualifications.doc
- R00014 - New membership ID requirements.doc
- R00016 - Staff absences from work.doc

File name:

Files of type:

Open as read-only

Open

Cancel

Practices - has passed its

Practices & Safety - has passed

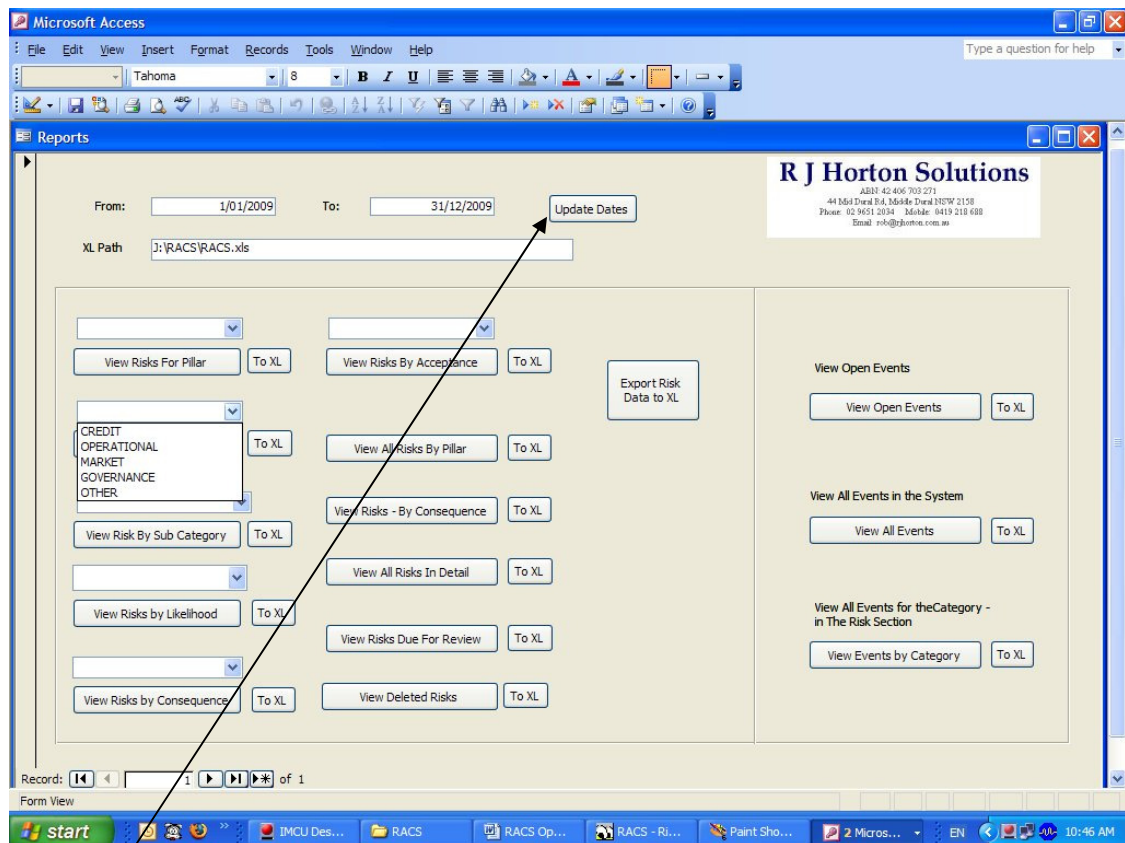
- has passed its review date

Find - View Risk Documents

Clicking on **Find – View Risk Documents** opens a dialogue box that shows the risk documents that have been produced. Selecting one, and clicking **Open** will open the document in Microsoft Word.

Database Reports

Clicking on **Database Reports** opens the database and displays the Reporting Screen.



Report Dates need to be Set. Reports can be selected by various criteria, and using drop down boxes where available. By clicking **To XL** next to the report required causes the Report Detail to be exported to Microsoft Excel at the location shown in the **XL Path**.

Special Reports

This is a facility to allow the construction of Specific Reports in Microsoft Word, based on Fields in the Database.

The screenshot shows the 'Special Reports' dialog box in Microsoft Word. It is divided into several sections:

- Field Selection:** A list of database fields with 'RMATRIXRESID' selected. An 'Add' button is next to it.
- Column Configuration:** Fields for 'Enter the Column Name you would like on the report for this field' (containing 'RMATRIXRESID'), 'Enter the Column Width in Inches' (containing '1'), and 'Ascending or Descending' (set to 'Asc').
- Field Lists:** A 'List of Fields - double click a Field to remove it from the list' containing: RISKID, RDESCRIP, RACCEPTANCE, RMATRIXHERENT, RMATRIXRESID. A 'Names to Appear as the Report Headings' list contains: RISKID, RDESCRIP, RACCEPTANCE, RMATRIXHERENT, RMATRIXRESID. A 'Column Width' list contains: 1, 2, 1, 1, 1.
- Formatting and Margins:** 'Select the Report Font' (Arial), 'Select Paper Size' (A4), 'Enter the Report Heading' (RISK ACCEPTANCE), 'Heading Font Size' (18), 'Report Font Size' (12), and margin sizes (Left: 1, Right: 1, Top: 1, Bottom: 1).
- Buttons:** 'Produce Report', 'Clear Sheet', and 'Done - Exit'.

Arrows from the text below point to these specific elements: 'Choose the fields you want reported' points to the field list; 'The Name for the field on the report' points to the 'Enter the Column Name' field; 'Set the Column Width' points to the 'Enter the Column Width' field; 'Click Add' points to the 'Add' button; 'And the Columns are added to the list' points to the 'List of Fields'; 'Set the Font Name, Font Sizes and the Heading Name' points to the font and heading fields; 'Click Produce Report' points to the 'Produce Report' button.

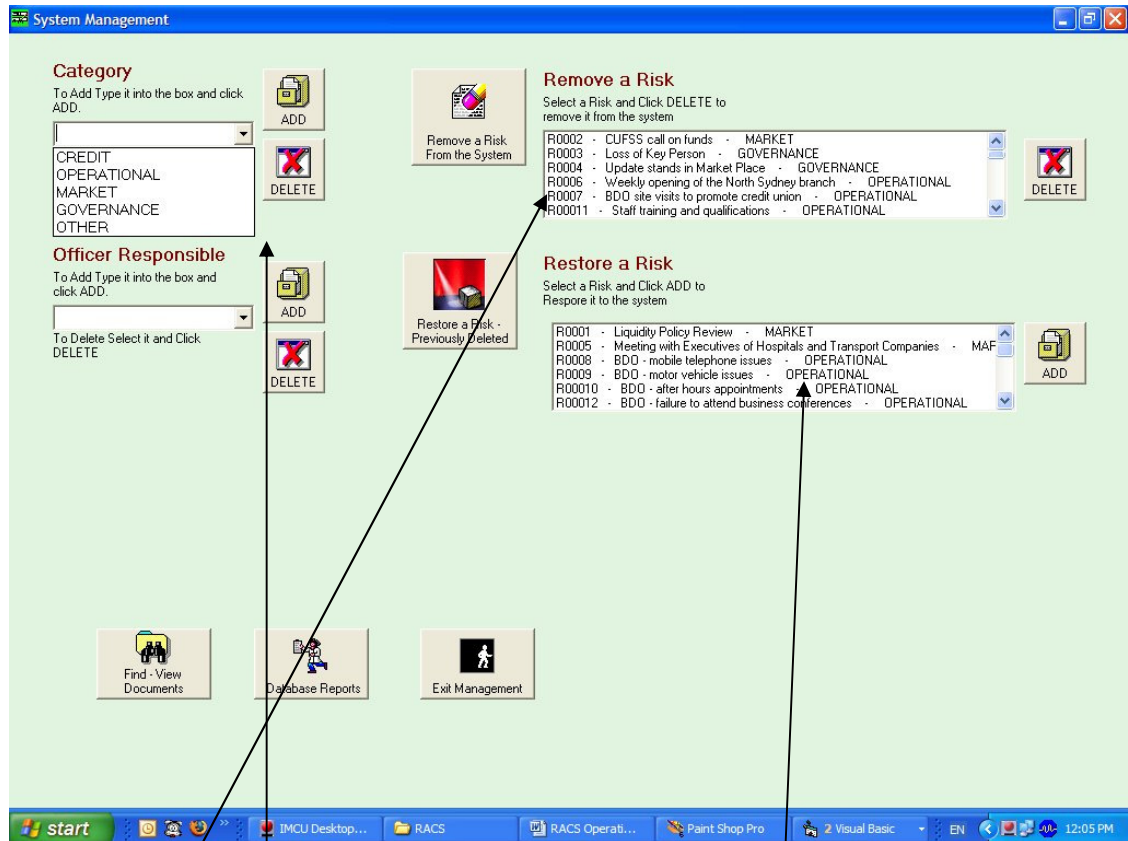
Choose the fields you want reported. The Name for the field on the report. Set the Column Width. Click Add. And the Columns are added to the list.

Set the Font Name, Font Sizes and the Heading Name.

Click Produce Report and the report is produced in Microsoft Word.

Remove or Restore a Risk

This screen has two main functions.



Adding and Removing Categories and Responsible Officers

Removing Risks. They are marked as deleted, but can be Restored if required.

Work With Action Items

This screen allows the setting of items related to Risks that require action on a regular basis. Reports on Actions for a Risk or all actions related to a Specific Frequency can be produced.

Click on the Risk required or enter the Risk number in the text box and click Get Risk

Risk Number: R0004

Risk Name: Update stands in Market Place

Current Action Items for this Risk: 52 - BDOs Must Do The stand ins the market pleva on a monthly basis

Enter the Action Item Here - OR - Cut and Paste Text from the Actual Policy Document

Choose Frequency - Number of Months: 1 OR Enter Number of Days

Buttons: Save the Action Item, Delete the Action Item, Report For this Risk, Report For Selected Frequency, Done - Exit

Set up an Action Item, by choosing the Risk, then Entering the Action Item Details, And Choosing the Frequency.

The Action Item is Saved, but can be Deleted.

End of Procedure

Rob Horton
February 2010