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The Evolution of the Risk and Compliance Landscape

Over the last few years, senior executives and mid-level managers at many credit unions have become overwhelmed by increased corporate governance requirements and costs.

Corporate scandals and control issues of recent years have led to more stringent compliance requirements at various organizations. Many private companies, government agencies, and not-for-profit organizations, including credit unions and universities, are subject to industry specific guidance for corporate governance that are similar to the Sarbanes-Oxley act of 2002 that was enacted for publicly held companies. Included in these are the new auditing requirements defined in the Statements of Auditing Standards (SAS) No. 104-112 issued by the AICPA and regulatory pressure to implement true Enterprise Risk Management (ERM) programs.

These changes have been especially difficult for Financial Institutions. Already facing heavy regulations, they have been forced to adapt to a changing business environment and increased reliance on information technology to deliver their services. Added regulations pose a significant challenge for large financial institutions and are particularly onerous for smaller banks and credit unions with limited resources.

Risk management and other requirements continue to grow in scope and complexity, leaving organizations ill-prepared to properly plan and deploy resources. Fraud prevention, business continuity planning, information security, SAS 70 reporting, vendor management, and corporate policy management have all added to the workload that financial services organizations are facing. Many organizations are unable to institute an integrated approach to risk management and compliance, causing duplicative audits and reviews of similar people, processes, and controls.

This disconnected approach causes increased compliance costs, continued business disruptions, and reduced personnel morale.

Vital Insight is helping to redefine how credit unions approach compliance and risk management at an enterprise level. Our solutions provide an integrated approach to ERM, by helping organizations to plan, deploy, track, and report using our intuitive Governance Insight ERM Enterprise™ ("Governance Insight") solution set.

Product Overview

Our Governance Insight platform streamlines risk management and compliance by centrally managing control activities, audit project steps, documentation, workflow, and reporting. Beyond that, it provides a platform that leverages information gathered during corporate governance and reporting compliance and audit projects to manage all requirements within a single, easy-to-use application. Starting with a database of the company's organizational structure

(including processes, risks, controls, and policies), Governance Insight provides all elements needed for an integrated and successful risk management and compliance program.

Powerful Modules

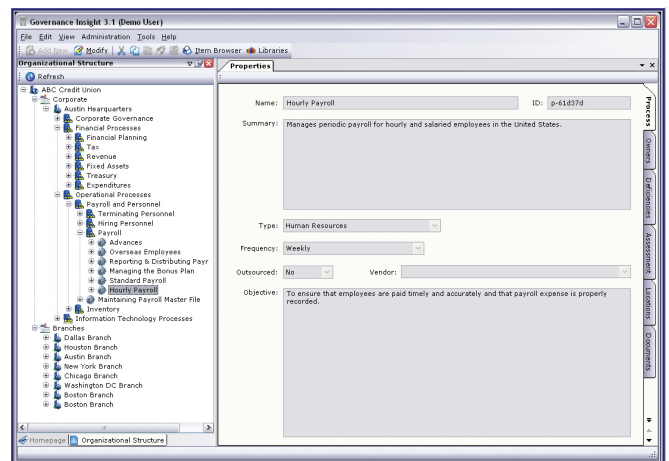
Six integrated modules enhance core Governance Insight platform functionality. The modules include: Organizational Structure, Documents and Deliverables, Standards and Policies, Risk Assessment, Project Management and Controls Monitoring.

Document and Maintain

The Organizational Structure module provides a powerful, and user-friendly, way to organize and manage internal controls data. It is flexible, scalable, and able to support and represent the design of any organization. The module provides a 'tree-like' architecture allowing users to easily create, change, and manage data in a hierarchal fashion.

An easy-to-navigate interface incorporates familiar user commands, such as Drag-and-Drop and Copy and Paste. The module also includes ready-to-use Risk and Control Libraries. There are numerous supported methods to develop and/or import internal controls data into our Governance Insight platform including:

Manual Data Creation: The intuitive menus, forms, and custom built document templates allow users to create internal controls data directly in Organizational Structure.



Organizational Structure

Using Process and Control Templates: Leveraging Vital Insight's proven Risk and Control libraries provides users with the ability to build internal control documentation using templates. Risk and Control libraries can also be used to evaluate the adequacy of existing processes and controls.

Importing: Vital Insight has authored the XML-based Enterprise Risk Markup Language (ERML). Existing internal controls documentation can simply be converted from an existing application into ERML, or exported into provided Excel Spreadsheets that conform to ERML. The internal controls data in ERML or template Excel format can be easily and quickly imported into Governance Insight.

Key Benefits

- Simplifies your compliance process by quickly securing your internal controls data in an intuitive, easy-to-navigate interface.
- Imports existing internal controls data easily using XML or Excel based template solutions.
- Reduces compliance costs by enforcing standardization and eliminating rework and retesting.
- Implements early warning signs to proactively identify control weaknesses before they become deficiencies.
- Eliminates manual status and deficiency reporting by leveraging real-time and interactive dashboards. Drill-down capabilities allow any user to navigate to specific data with ease.

Select Customers:

- WesCorp
- Southwest Corporate FCU
- Mission Federal Credit Union
- Redwood Credit Union
- Texans Credit Union
- Affinity Federal Credit Union
- Arizona State Credit Union

Technical Requirements

Client machine requirements:

Windows XP – Service Pack 2

.NET Framework 2.0

300MHz or faster Intel

Pentium/Celeron, AMD K6/
Athlon/Duron or compatible

256 Mb RAM

50 Mb free disk space

Server machine requirements:

Windows 2000 Server or

2003 Server

SQL Server 2000 or 2005

SQL Reporting Services

2005

.NET Framework 2.0

SMTP gateway for

notification distribution

1 GHz Pentium III-

compatible or faster

processor

512 Mb RAM

100 Mb free disk space

Analyze, Remediate and Improve

When the internal control documentation process is complete, it is necessary to review and analyze documentation. Determining whether deficiencies exist and improving the control environment is a task requiring reliable tools and effective management.

Our Documents and Deliverables module has the ability to encapsulate and assign users to complete or review data, while maintaining restricted change controls. Coupled with a robust and configurable workflow, our automated documents maintain complete audit trails and versioned archives, and allow management to oversee the status and schedule of projects from start to completion. Automated documents that can be created have the same look-and-feel as familiar spreadsheets and word processing documents, but with the power of an integrated, multi-dimensional database.

Perform and Monitor

Manually operated controls such as reviews, reconciliations, sign-offs, approvals and meetings can comprise 75% or more of an organization's key internal controls. Monitoring manual controls can be a daunting and time consuming task, requiring constant administration and frequent user interaction.

Our Controls Monitoring module provides a complete framework to help track controls. Any control can be monitored by defining a few simple preferences, such as monitoring frequency and duration. Once monitoring is established, the module assumes the role of reminding users of pending work and reviews, maintaining workflow, notifying management of delays, and collecting evidence for completion.

Status and compliance is reported to management quickly and easily, providing enhanced visibility into business operations.

Moreover, users can rely on the application to enforce proper control operations. When auditors or internal testers require documentation and reporting on the performance of these controls, our solution makes important data available at the click of a button. Controls Monitoring allows your organization to become proactive by enabling better identification of potential control problems before they become deficiencies.

Test and Report

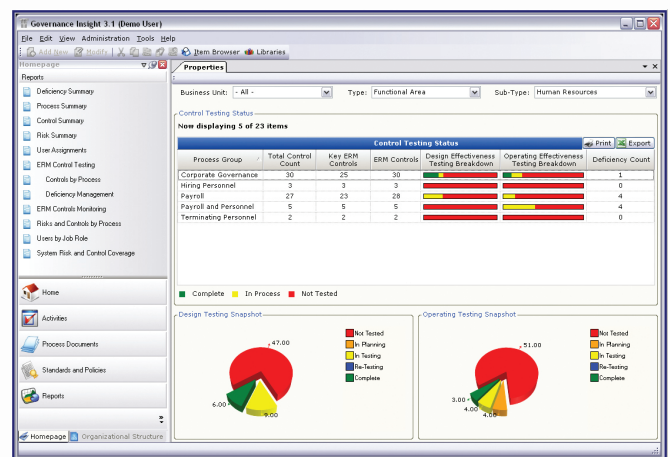
Executing an effective control evaluation process begins with being able to identify the proper testing coverage for your organization. Maintaining a consistent risk-based approach that links financial, operational, and environmental risks to your internal control data is a fundamental step towards appropriate control identification and test coverage. Our Risk Assessment module gives credit unions the ability to import financial statement data, and easily associate financial accounts (or reporting items) to business cycles, processes, and controls within your organization. After helping to identify the appropriate control coverage, our Documents and Deliverables module takes over and provides comprehensive automated testing documents allowing effective test procedure development, results capture, and deficiency management. Users can define test sample sizes, procedures, and methods for individual and shared controls. Observations and deficiencies are

easily created and directly associated to processes, process steps, or controls.

Governance Insight supplies a series of state-of-the-art grid-based and dashboard reports that provide real-time visibility into your internal controls data. Our dashboards present management-level views and provide project managers and executives with snapshots of monitoring, testing, and deficiency management information. The dashboards also offer complete drill-down capabilities, allowing users to easily navigate to an individual process step or control level, and to quickly take action when a problem is identified.

Technical Specifications

Governance Insight is a client-server application built on Microsoft .Net technology. Deployment of Governance Insight is managed through Microsoft's Click-Once deployment technology, which makes application deployment and updates as simple as clicking on a web link.



ERM Control Testing Dashboard

Client installations are controlled through the server by notifying users via e-mail. Client installations often take less than one minute, and upgrades are applied (if necessary) each time a user opens the application. Since Governance Insight is a client-server based application, network bandwidth usage requirements are very low when compared to a web-based solution. Of particular importance, our solution incorporates enhanced, familiar Windows-like capabilities that web-based solutions cannot effectively emulate. As a result, implementation and training times are greatly reduced, making software user adoption easier and accelerating time to benefit.

About Vital Insight

Vital Insight, Inc. was founded in 2005 by former Big Four accounting firm executives and visionary software architects with a single goal in mind - to help companies manage and simplify Governance, Risk and Compliance. With industry best practices built into the solution, our Governance Insight platform enables companies to automate, centralize, and streamline Enterprise Risk Management, audit, and global compliance programs. Our solutions help customers and partners to lower overall compliance and risk management costs, ensure greater regulatory compliance, and create effective corporate governance frameworks that can be leveraged across the enterprise.

To learn more about Vital Insight, please contact 1-888-618-4825 or visit www.vitalinsight.com.