



VITAL INSIGHT: THE CREDIT UNION RISK ASSESSMENT PROVIDER

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The Risk Assessment Requirement

Over the last few years credit unions have seen increasing emphasis on risk management within their institutions. The push for strong internal control environments and risk management capabilities has presented credit unions with a seemingly daunting task. This emphasis has come in the form of increased scrutiny from regulators, auditors, boards, and members. These growing requirements are posing new challenges and affecting all levels of the organization.

All credit unions are now required to perform enterprise wide risk assessments related to their Information Technology infrastructure due to Bank Secrecy Act (BSA). Many credit unions are using this framework as the foundation for assessing and analyzing risk throughout the entire organization - the enterprise wide view. But some find that what works for Information Technology is not always appropriate for analyzing other types of risk. It is important for credit unions to understand these types of risks as well as their risk profile so that they can ensure that proper controls, management procedures, and other risk mitigation techniques are applied throughout the institution.

Tackling the Task

The goal of risk assessment is to provide management with an understanding of where potential risk exists in the organization. Risk assessments are typically conducted by personnel with strong internal controls, risk management, or audit backgrounds, and require a deep understanding of the business. Many credit unions currently lack internal personnel with these backgrounds and are not in the market to hire new staff dedicated to performing risk assessments. Given this, credit unions are turning to Vital Insight to support their needs.

Vital Insight is the only company dedicated to exclusively serving the risk management needs of the credit union market. The Vital Insight services team is comprised of individuals with extensive risk management, audit, and project management experience in the financial services industry. Vital Insight provides unparalleled services when it comes to performing enterprise wide risk assessments and detailed process analysis. With over forty years combined experience in the risk management and auditing fields, the Vital Insight services team has developed and refined its skill sets and approach to provide credit unions with an efficient and cost effective means for fulfilling their risk assessment, and overall risk management requirements. This core set of services provides each credit union with the proper foundation upon which to implement a comprehensive Enterprise Risk Management (ERM) program.

A Focused Approach

Vital insight has developed a unique top-down risk assessment approach that is enabling credit unions to meet their risk assessment requirements quickly and effectively. The risk assessment approach for credit unions is broken into four core steps and is detailed below:

Develop Process Inventory

The initial step in the risk assessment effort is to create an inventory of the credit union's key business processes. This inventory is created by the Vital Insight services team through review of existing documentation such as Disaster Recovery/Business Continuity Plans, Business Impact Analyses, Organizational Charts, as well as through surveys and interviews with process owners, internal audit, and management. A key goal in this effort is to minimize the impact and time requirements on process

"Vital Insight's professional services team helped us achieve our risk assessment objectives both efficiently and effectively! I was very impressed with their overall knowledge of risk management and the credit union industry."

*Mishel Kaufman VP,
Internal Controls Redwood
Credit Union*



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owners and management. Vital Insight's services team has extensive experience with credit union operations and has developed libraries of common operational structures that can be leveraged during the process inventory development.

Identify Key Risk Indicators

Once the key business processes have been identified and inventoried, the Vital Insight services team works with management to identify appropriate key risk indicators to facilitate the risk assessment. These risk indicators are used to identify risk "hot spots" and to prioritize processes across the enterprise from a risk perspective. Working with credit unions, Vital Insight has developed a core set of key risk indicators that are relevant to the credit union environment. This library of risk indicators can be used to facilitate the assessment process and can be adjusted as necessary based on any unique requirements or situations. Leveraging this library has proven to be quite effective and saves credit union personnel significant time and effort when trying to determine risk indicators.

Perform Process Assessments

Once the key risk indicators have been finalized, the Vital Insight services team works with management to evaluate the business processes according to the key risk indicators. This collaborative effort allows business management to be engaged in the process with minimum effort on their part. In addition to conducting the assessment, Vital Insight's services team provides assessment criteria and evaluation guidelines that can be used in future assessments. These criteria and guidelines provide for a simple way for business and line management to understand the risk assessment evaluation process for their respective areas. Providing this support also helps to gain acceptance of the overall risk assessment process and an understanding of the outcome and benefits to the credit union.

Report Results

After the business processes have been assessed and confirmed with management, the Vital Insight services team compiles and analyzes the overall assessment results. These results are provided to management in a series of report formats so that information can be reported up to executive management and the board. The Vital Insight services team works with management of the credit union to ensure that any unique reporting needs or requirements are met.

At the conclusion of the risk assessment efforts, the credit union will have a risk assessment foundation established and a repeatable process in place. Future risk assessments become more of a management function as initial analyses are tweaked and modified on a periodic basis (e.g., annually) or when there are significant changes to the business. In addition, if the credit union plans to establish and implement a formal ERM program in the future, the risk assessment results provide essential input and serve as the initial step for prioritizing where risk management projects and activities should be focused.

Vital Insight's services approach is one that has proven to be very cost effective and quite beneficial within credit unions across the country. Through effective teaming and management, credit unions are assured to have a consistent and effective process established within their institutions. Vital Insight is dedicated to ensuring complete satisfaction with its credit union customers and works diligently to establish a true partnering relationship. To learn more about how Vital Insight can help meet your risk assessment requirements and goals, please contact 1-888-618-4825 or visit www.vitalinsight.com.

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