CU policy PRO Newsletter

Dear CU PolicyPro Clients,

We are pleased to announce the second content update for 2014 for the CU PolicyPro Operations Manual - Update Version 2014.2.

This update includes **six new policies**, and **twenty five policy** updates. More information is available in the newsletter below.

Please note that the CU Solutions Group offices will be closed on Friday, July 4th in observance of Independence Day.

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June 2014 Content Update Information

The second content update for 2014 is now available! This update includes **six new policies, and twenty five policy updates.**

It is important to note that when updates are made to the Master Manual, these updates do not automatically go into your Working Manual. We do not want to take the chance of overwriting your content, or putting in content that may not apply to your credit union. The information and resources below will guide you through what was updated and what you will need to do to incorporate these updates into your policies.

Important Information and Resources

1. [Update Overview](). This document provides full list of the new and updated policies as well as a brief overview of what was updated and why it was updated.

2. **Tracked Changes.** The tracked changes version of each update can be found in the library section of the online manual. There is also a full word version of the new policy that mirrors the content found in the online Master Manual.

3. [Next Steps for your Credit Union](). Review the information on the support site to find out the next steps for your credit union, including how to incorporate the new and updated policies into your Working Manual. There is guidance provided in both written and video tutorial formats.

If you have any questions, please contact the CU PolicyPro support team at hrsupport@cusolutionsgroup.com.

Technical FAQ

Question. I see that the updates are in the Master Version, but I don't see them in my Working Manual. How do I get the updates into my Working Manual?

Answer: The updates do not automatically go into your Working Manual. We do not want to take the chance of overwriting your content, or putting in content that may not apply to your credit union.

For each new or updated policy, you must review the changes and decide if you want to:

1. Do nothing and leave your Working Manual as is (usually only if the update does not apply to your credit union, or you are not currently using the policy)
2. Remove the policy from your Working Manual and bring in the updated policy in its entirety (usually if your Working Manual version has little or no customization, or if our updates were very extensive and it would be easier to start with the updated content and re-customize for your credit union) or
3. Use the redlined version as a guide and manually incorporate the updates into your Working Manual version (usually if the updates were very minor, or if your Working Manual version is heavily customized and it would be less work to manually add the updates rather than re-customize the policy)

For more information on how to add the new or updated content to your manual, please visit the CU PolicyPro Support site. There are written instructions for #2 above and video instructions for #2 and #3 above.

If you need assistance, please contact the CU PolicyPro Support staff at hrsupport@cusolutionsgroup.com.

Content FAQs

Question. What services are currently offered through a cloud and how am I exposed to them?

Answer: If you use an Apple device the data for your device is on the Apple cloud. Additionally, looking at a photo that's on Facebook or Flickr; listening to music on Pandora; and watching a movie on Netflix or Amazon all use cloud stored data to deliver that technology to you.

Question. Should my credit union be concerned with the safety of data stored on a cloud?

Answer: Yes. Storing data on a cloud is simply storing information on a server that is located with a third party provider. If the third party server location is in another country they may not have to abide by the strict laws of the United States. Additionally, your credit unions' data could be stored with other non-credit union data which could jeopardize the confidentiality of the information.

Question. How would a credit union monitor cloud computing activity?

Answer: The FFIEC guidance suggests the use of auditing to effectively gauge the risk and risk mitigation associated with third party service providers, including those who offer cloud computing services. Because outsourced cloud computing involves shared environments and virtualized technologies auditing policies and practices may require adjustments and specialized training to provide adequate evaluation.

Question. How will cloud computing affect business continuity planning?

Answer: Business continuity planning in a credit union involves the recovery, resumption and maintenance of all credit union activities. Management needs to determine if the outsourced service provider has adequate plans and resources to ensure the credit unions continuity of operations, as well as its ability to recover and resume operations if an unexpected disruption occurs.

Monthly OPS Notes Release: Cloud Computing

As the need to address record and information storage demands increases credit unions continually look for new cost effective methods of processing and storing information. Cloud computing is a technological advancement that can be advantageous to credit unions because of potential benefits such as: cost reduction, flexibility, scalability,

improved load balancing, and speed. However every offer that sounds too good to be true should be carefully examined before being executed.

The Federal Financial Institution Examination Council (FFIEC) considers cloud computing to be another form of outsourcing with the same basic risk characteristics and risk management requirements as traditional forms of outsourcing. The FFIEC defines cloud computing as "a migration from owned resources to shared resources in which client users receive information technology services, on demand, from third-party service providers via the Internet "cloud.""

There is a misconception that "cloud" storage is somewhere in the sky, or in the Ethernet. The truth is far less fanciful. Information technology resources provided through cloud computing services are located on a server – somewhere in the world; and that is where one of the risks of cloud computing comes into play. The FFIEC has provided guidance on [Outsourced Cloud Computing](#) to assist credit unions in determining if this is a viable solution.

When considering a cloud computing solution it is required that credit unions evaluate potential issues, including:

- **Data classification:** How sensitive is credit union and member data that will be placed in the cloud and does the provider have controls in place to ensure it is properly protected? Does the cloud service provider appropriately encrypt or otherwise protect non-public personal information (NPPI) and other data whose disclosure could harm the credit union and its members?

- **Data segregation:** Will the credit union share resources with data from other cloud clients? Will the data be transmitted over the same networks, and stored or processed on servers that are also used by other clients? If so, what controls are in place to ensure the integrity and confidentiality of the credit union's data?

- **Recoverability:** Does the credit union's disaster recovery and business continuity plans include appropriate consideration of this form of outsourcing; and do the service provider's disaster recovery plans meet the regulatory and credit union's requirements?

Additionally, the credit union may have to provide additional controls to manage a cloud computing service provider. It is important to recognize this prior to contracting services so that they can be included in the overall cost of services. The need for additional due diligence stems from third party cloud computing providers being unfamiliar with the financial industry and the credit union's legal and regulatory requirements for safeguarding member information and other sensitive data.

The FFIEC asserts that the credit union must have agreements that are specific as to the ownership, location and format of the credit union's data, and dispute resolution processes. The FFIEC recommends that the credit union use an auditor to assist in the evaluation of the cloud computing provider's internal controls to ensure that they are functioning appropriately and that credit union data is segregated from other data.

Based on the risk evaluation of the credit union and the data that is stored the FFIEC recommends that in high-risk situations continuous monitoring may be necessary for the credit union to have a sufficient level of assurance that the servicer is maintaining effective controls.

Storage of data in the cloud can increase the frequency and complexity of security incidents; something the currently plagues the financial services industry. Therefore, the credit unions management process for cloud computing resources should include effective monitoring of security-related threats, incidents, and events on both credit unions and servicers networks; comprehensive incident response methodologies; and maintenance of appropriate forensic strategies for investigation and evidence collection.

Finally due to the nature of the cloud computing environment it is important to understand that often these solutions are provided overseas, due to the cost benefits. If this is the case the provider may not be aware of or comply with the myriad of regulatory requirements credit unions must comply with, including: privacy, security incidence response, record retention, and information technology requirements.

Careful consideration must be made when reviewing outsourced cloud computing service providers. To assist the credit union in this endeavor a new Cloud Computing Policy, Policy 4350, is being introduced in the June 2014 CU PolicyPro quarterly update.

This edition of OPS NOTES was prepared by the Michigan Credit Union League.

Questions?

If you have any questions regarding the CU PolicyPro content, or questions on how to use the system, please contact hrsupport@cusolutionsgroup.com.

If this information was forwarded to you, and you'd like to be on the distribution list to receive information and updates related to CU PolicyPro, contact hrsupport@cusolutionsgroup.com.

Thanks and have a great week!