



NCUA
National Credit Union Administration

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Modern Examination and Risk Identification Tool (MERIT) Update

September 17, 2020

Enterprise Solution Modernization Overview

Program Established: November 2015
NCUA Business Innovation Staff Approved: March 2016

Purpose: Modernize NCUA's technology solutions to create an integrated examination and data environment and facilitate a safe and sound credit union system.

The Enterprise Solution Modernization (ESM) Program is a multi-year effort established to manage the modernization effort and includes three key projects.

Examination & Supervision Solution (ESS)

Replace the existing legacy examination system and related supporting systems

Data Collection & Sharing (DCS)

Define capabilities required for a common platform to securely collect and share financial and non-financial data

Enterprise Data Reporting Solution (DRS)

Implement business intelligence tools and establish a data framework to enhance analytics and provide more robust data reporting

Examination and Supervision Solution & Infrastructure Hosting

ESS Program Scope: Replace the existing legacy examination system and related supporting systems

- Examination and Supervision Solution & Infrastructure Hosting (ESS&IH): Project focused on replacing the Automated Integrated Regulatory Examination System (AIRES), establishing a secure portal to access NCUA applications, and creating the technical foundation for all future projects

ESS&IH Goal:

- Implement a secure, flexible, scalable, and user friendly solution to support the examination and supervision process ultimately providing a 360 degree, data driven, risk focused review of credit unions.

NCUA Strategic Goal Alignment:

- NCUA Goal 1.2: Provide high-quality and efficient supervision
- NCUA Goal 3.2: Deliver an efficient organizational design supported by improved business processes and innovation

Objectives:

- Process Efficiency and Scalability
- Process Flexibility and Adaptability
- Improved Analytics
- Robust and Flexible Data Collection
- Risk-based Examination Approach
- Modernize IT Infrastructure

Project Overview

Modern Examination & Risk Identification Tool (MERIT)	Analytics	Data Exchange Application (DEXA)	Admin Portal
Tool to manage the examination process, including secure document transfer within the context of an exam (i.e., AIRE replacement)	Integrate business intelligence technology and provide enhanced Call Report and Loan and Share data analytics to support the exam process	Enable NCUA employees, credit union employees, and examiners to upload loan and share information for further analysis.	Delegate authority to credit unions and State Supervisory Authorities to add and manage users for their organization
NCUA Connect: Common platform for access to mission-essential applications			
Infrastructure Hosting: Secure, cloud-based Infrastructure as a Service (IaaS) for future solutions compliant with government & industry security standards			

MERIT and Associated Systems are Secure

Technical Controls

Multi-layer encryption of information in transit between users and applications and at rest; penetration testing; continuous and proactive threat assessments, auditing and monitoring

Physical Controls

Rules of behavior, physical and personnel security, configuration and development security; assessment and authorization of information systems; and annual general and role-based security training for employees and contractors.

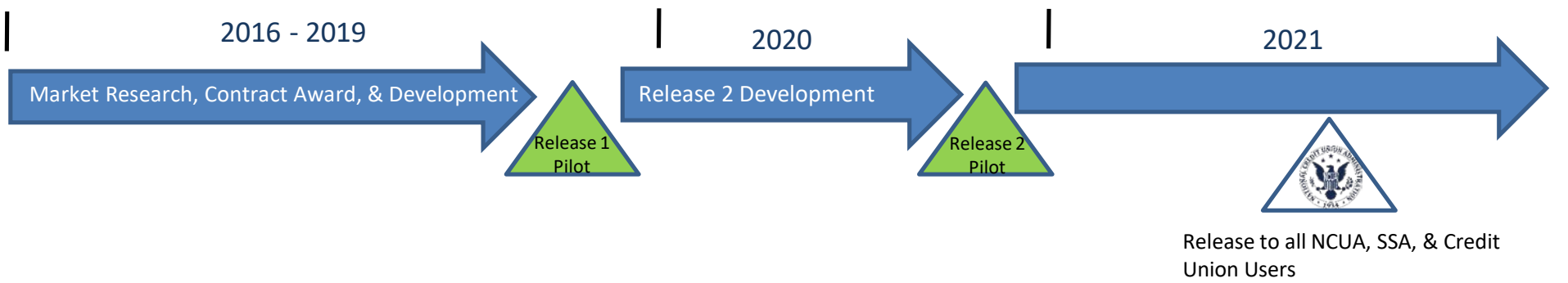
Incident Response

Security Operations Center, staffed with a team of subject matter experts, to monitor the NCUA network and to execute appropriate responses

Oversight

Subject to federal statutes (Federal Information Security Modernization Act of 2014, the E-Government Act of 2002, the Privacy Act of 1974 and various OMB policies and guidance concerning federal information management); OIG independent audits and investigations

Project Deliverables and Timeline



MERIT	Analytics	DEXA	Admin Portal
<p>Release 1: Configured for exams with largest credit unions; Integrated document request functionality</p> <p>Release 2: Configured for exams in all credit unions; Enhancements and system improvements</p>	<p>Release 1: Integrated financial analytics for NCUA and SSA users</p> <p>Release 2: Updated financial analytics; Integrated loan and share analytics for NCUA and SSA users</p>	<p>Release 2: Application development completed and deployed for NCUA, credit union, and SSA users</p>	<p>Release 2: Application development completed and deployed for credit union and SSA users</p>
NCUA Connect			
<p>Release 1: Application configuration completed & deployed for accessing MERIT</p>		<p>Release 2: Added DEXA to portal and other applications for NCUA</p>	
<p>Infrastructure Hosting: Secure, cloud-based Infrastructure as a Service (IaaS) for future solutions compliant with government & industry security standards</p>			

Benefits to Credit Unions

Secure file transfer within the context of an examination System reports with links to documents submitted to examiners

merit My Universe > Issues Exams Respond to Surveys

RESPOND TO SURVEYS

The Respond to Surveys page includes information on open and closed surveys. For open surveys, users can view a list of survey requests, open and responses from the "Reports" menu

Respond to Survey

Survey	Type	Requested By	Request Date
63425_Exam_06302020_4.9_NCUA - RFE - Credit Risk - Indirect Loans - 08/24/2020	Survey	.	08/24/2020

Reports

- Completed Surveys Report
- My Prior Responses
- Respond to Exam Survey
- Response Upload Log



1. Credit Risk - Indirect 1 - Monitoring/reporting occurring since the last examination.

Did you attach any files that contain PII? *

i If these documents are only available onsite due to sensitivity of information, please indicate availability in the comment box and select "NA."
File sizes are limited to 100mb per file and 1G per survey. If the document file name contains special characters like () / \ : * ? * < > or more than one period, the file will not upload.

[ADD ATTACHMENTS](#) [ADD COMMENTS](#)

Next Section: [Credit Risk - Indirect 2 - Dealer and/or third party contracts and due diligence.](#)

1. Credit Risk - Indirect 1 - Monitoring/reporting occurring since the last examination. (0/1)


2. Credit Risk - Indirect 2 - Dealer and/or third party contracts and due diligence. (0/1)

Collaborate:
Add other users to work on this survey

Benefits to Credit Unions

Secure access to completed examination reports
Email notifications when an exam report is available in MERIT

The screenshot shows the MERIT system interface. The top navigation bar includes the 'merit' logo and a breadcrumb trail: 'My Universe > Issues > Exams > Respond to Surveys'. The 'EXAMS' tab is active. Below the navigation, there is a section titled 'EXAMS' with a sub-section 'Completed Exams'. A paragraph of text explains that from this tab, users can access draft exam reports and related issues, and can download historical MERIT exam reports. It also notes that MERIT to exams and issues does not initiate a formal appeal and that lack of response from the NCUA (or SSA, as applicable) in MERIT does not indicate approval. Below this text is a table with the following columns: 'Exam Title', 'Organization', 'EIC', 'Effective Date', and 'NCUA Exam Re...'. The table contains one row with the following data: 'Exam Title' is blank, 'Organization' is 'NCUA', 'EIC' is blank, 'Effective Date' is '07/31/2020', and 'NCUA Exam Re...' has a blue download icon circled in red.

Exam Title	Organization	EIC	Effective Date	NCUA Exam Re...
	NCUA		07/31/2020	

Click to download the exam report

Benefits to Credit Unions

Provide updates and request due date changes on examination findings

The screenshot shows the 'merit' system interface. The navigation bar includes 'My Universe', 'Issues', 'Exams', and 'Respond to Surveys'. The main content area is titled 'MY ACTIONS' and contains a table with the following data:

Title	Description	Issue Title	Issue Description	Issue Identified
DOR Assigned to CU 070220	Action Description 070220	DOR Assigned to CU - ST 070220	DOR Description Assigned t...	06/30/2020

Integrated reports with status on current and past examinations

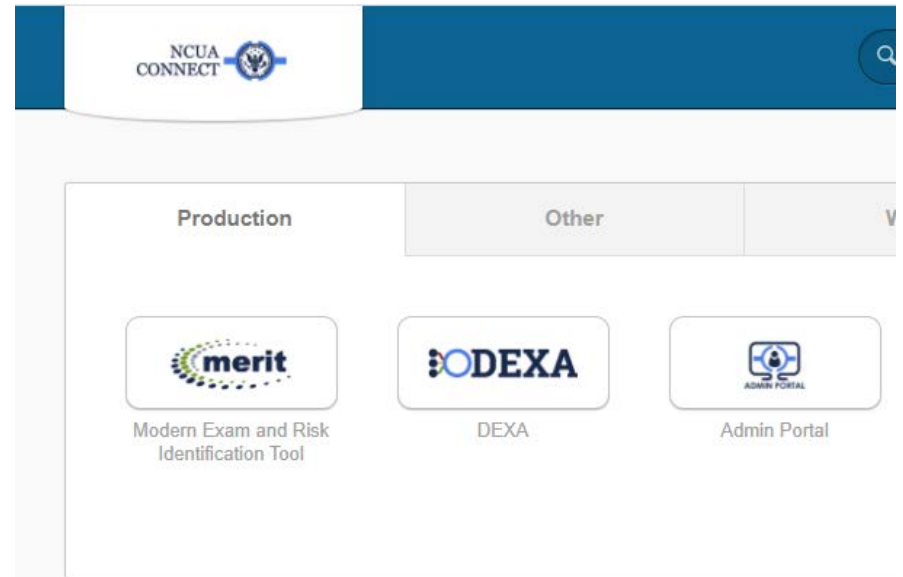
The screenshot shows the 'merit' system interface. The navigation bar includes 'My Universe', 'Issues', 'Exams', and 'Respond to Surveys'. The main content area is titled 'DETAILED ISSUES' and includes a refresh icon and the text 'Last updated a minute ago'. Below is a table with the following data:

Type	Issue Title	Description	Due Date	Acti...	Issue Status	Identified...
DOR	DOR Title	This is the description of the overarc...	06/30/2020	1	Action Plan Implementation	06/10/2020

Project Outcomes

The modernized solutions provide value and create a positive impact for both NCUA staff and stakeholders.

- 1 Emerging Technology
- 2 Secure Data Exchange
- 3 Reliable Data
- 4 Central User Interface
- 5 Centralized and 360° View
- 6 Enhanced Analytics
- 7 Earlier Risk Identification



Next Steps

2021 Communication

- Letter to Credit Unions
- NCUA.gov website updates
- System training updates

System Access

- Phased Access - access granted prior to first exam after broad rollout
- User Guides and training materials provided

Office Contact Information

Contact the NCUA's Office of Business Innovation with questions or comments.

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