Appendix 102F

REDUCED ON-SITE EXAMINATIONS – ROSE PROCEDURES

Purpose   The purpose of Reduced On-Site Examinations (ROSE) is to provide OCCU staff flexibility to conduct corporate credit union (CCU) examinations in the most efficient and effective manner. OCCU's objective is to optimize resources by allowing its staff to perform greater portions of CCU examinations from staff duty stations without sacrificing the quality of the examination process.

Other benefits derived through ROSE are as follows:

1. Reduced travel expenses;
2. Increased productive time; and
3. Improved quality of life.

ROSE Exams   OCCU management expects corporate examiners to use their professional judgment to determine which examination areas should be performed off-site. When EICs prepare the examination scope and team assignments, they should use professional judgment to determine the best approach to accomplish the examination's objectives. Professional judgment should take into account the financial stability of the corporate, CRIS ratings, operating authority/complexity, OCCU training needs, and other relevant factors.

The EIC (including the SSA EIC, if applicable) finalizes the proposed examination scope, team assignments, and budget; then submits it to their Corporate Field Supervisor (CFS). The CFS will communicate with the EIC if any questions or concerns arise from the review of the proposed examination scope. However, if examination scope changes occur, the EIC must be comfortable that the examination's objectives will be met, regardless of where portions of the examination are performed.

Pre-Examination   It is imperative for the EIC to provide the CCU with a
Planning   clear and comprehensive examination request list outlining the information needed and its format (i.e., electronic and/or hard copies, etc.). In addition, the examination questionnaires will need to be completed by the CCU well ahead of the anticipated examination commencement date so that this information will be readily available

to the examination team. Each EIC must verify that the examination request list only contains information which has not previously been provided to the EIC and/or the District Examiner.

During the pre-exam week the EIC electronically and/or by hard copy, sends examination materials to the examination team. The EIC may consider having a team participant(s) work on-site during the pre-exam week or other examination weeks to facilitate dissemination of the records request information to the examination team. The EIC should ensure all corporate policies and procedures are submitted electronically so they can be transmitted to team members via E-Mail. If a document is only available hard copy, the EIC can have the documents scanned and faxed through Rightfax for further distribution electronically. If the files cannot be distributed electronically the EIC will FedEx the files to each team member during the pre-week so they have the hard copies during the off-site week of the exam. As with any examination process, the EIC and the examination team must utilize a secure process (i.e., encryption, etc.) when transmitting CCU information electronically or in hard copy.

The EIC will also need to have a telephone contact established for each team member so that questions can be answered. In addition, E-Mail will be more critical and the EIC will need to establish a list of E-Mails and chain of command protocol for the corporate and team members. The EIC is responsible for some of the administrative duties (e.g., retrieving data files, making copies for all examination binders, etc.) for off-site exam team members, since performing some of these activities from a remote duty station is not feasible.

Administrative time demands on the EIC are increased under ROSE due to the changes to the data accumulation and distribution process (i.e., examination questionnaires, etc.). Therefore, it is critical the EIC handle the dissemination of examination data in an efficient and effective manner.

The EIC is responsible for ensuring all on- and off-site examination team members receive sufficient information (i.e., electronically, or otherwise) to perform their analysis.