



DCU BULLETIN

Division of Credit Unions

Washington State Department of Financial Institutions

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August 30, 1999

No. B-99-12

Year 2000 Reporting by September 30, 1999; Systems Conversions in Remainder of 1999

Y2K Update # 13

Reporting Due September 15 and September 30, 1999

- 1. Reporting due by September 15, 1999 – Filing of the BRCP Questionnaire.** The NCUA has prepared a questionnaire for evaluation of credit unions' Business Resumption Contingency Plans (BRCP). Please complete the enclosed questionnaire and return it to the Division by September 15, 1999. We expect that all credit unions will have completed their BRCPs to the extent that they can answer "yes" to all of the questions on the questionnaire. If this is not the case, please contact Mike Delimont at (360) 902-8790 to discuss your situation.

We expect that we will ask you to complete this questionnaire again in October.

- 2. NCUA Quarterly Reports due by September 30, 1999 – From credit unions not 100% implemented as of June 30, 1999.** Credit unions that were not fully Y2K implemented by June 30, 1999 should file an NCUA Y2K Quarterly Report by September 30, 1999, if they have not already filed a quarterly report indicating that they have achieved full implementation. Credit unions that do not expect to meet the September 30 implementation milestone should contact Mike Delimont well in advance of September 30 to discuss their situation.

Systems Conversion Reminder

Credit unions planning to convert or upgrade a system during the remainder of 1999 should review NCUA Letter No. 99-CU-10. The Letter contains regulatory guidance on conversions and upgrades and requires state credit unions to notify the Division of Credit Unions of the specifics of their conversion plans. The circumstances and content for such notifications are outlined in the Letter.

Attachment I

Contingency Plans

Charter #:	
CU Name:	

Section 1 - Contingency Planning

		Y, N, N/A
1-1	Does the credit union have a written BRCP? (If yes, complete Section 2.)	
1-2	Provide the date the credit union completed <u>or</u> expects to complete the BRCP (mm/dd/yy):	
1-3	Does the credit union have a written LCFP? (If yes, complete Section 3)	
1-4	Provide the date the credit union completed <u>or</u> expects to complete the LCFP (mm/dd/yy):	

Section 2 - Business Resumption Contingency Plan

		Y, N, N/A
2-1	Is the BRCP reasonable and acceptable for the credit union's <u>size</u> and complexity?	
2-2	Has the credit union established the BRCP Organizational Planning Guidelines?	
2-3	Are the Organizational Planning Guidelines reasonable and acceptable for the credit union's size and complexity? Evaluation criteria includes the following, as applicable:	
	1. Establish a continuity project work group and assign roles and responsibilities.	
	2. Identify core business processes.	
	3. Establish an event timeline.	
	4. Develop a risk management process and reporting system.	
	5. Review existing business continuity or contingency plans and disaster recovery programs.	
2-4	Has the credit union performed a Business Impact Analysis?	
2-5	Is the Business Impact Analysis reasonable and acceptable for the credit union's size and complexity? Evaluation criteria includes the following, as applicable:	
	1. Perform a risk analysis of each core business process which considers:	
	a) the status of Year 2000 readiness renovation or replacement plans for mission-critical systems, whether administered internally or by service providers;	

	b) the financial and marketing impact of the loss of a core business process, including what impact the loss might have on the viability of the financial institution; and	
	c) the impact of regulatory guidelines.	
	2. Define and document Year 2000 failure scenarios (consider the risk of both internal and infrastructure failures).	
	3. Determine the minimum acceptable level of outputs and services.	
2-6	Has the credit union developed a Core Systems Contingency Plan?	
2-7	Is the Core Systems Contingency Plan reasonable and acceptable for the credit union's size and complexity? Evaluation criteria includes the following, as applicable:	
	1. Evaluate options and select the most reasonable contingency strategy.	
	2. Develop a specific recovery plan for each core business process that considers the minimum level of acceptable output.	
	3. Document the products of the core business processes that may need to be recovered such as:	
	a) machine-readable copies of the institution's master-files and transaction files;	
	a) printed (or other similar medium such as microfiche) trial balances;	
	a) master list of Year 2000 readiness contact points of every client, supplier, bank, and government agency that shares data with the institution;	
	a) electronic text-format copies of all master files and trial balance reports; and	
	a) copy of machine-readable data files for all customers (in those instances where the financial institution's data processing facility is providing services to other financial institutions).	
	2. Other important review processes to consider include:	
	a) legal counsel reviews of data processing and service providers' contracts where necessary to determine the responsibilities of each of the parties;	
	a) comprehensive review of all of data processing insurance coverage;	
	a) public relations responsibilities that are organized and delegated to specific individuals or committees ensuring that appropriate staff make accurate statements;	
	a) review of all Local Area Network (LAN) and Wide Area Network (WAN) access to other systems; and	
	a) review and testing the financial institution's disaster recovery site to ensure that Year 2000 capable hardware is available if needed.	
	2. Establish trigger dates to activate the contingency plans.	
	3. Assign responsibility for business resumption of core business processes.	
	4. Implement an independent review of the feasibility of the contingency plan.	
	5. Develop an implementation strategy for the physical rollover.	
2-8	Has the credit union validated (tested) the BRCP?	

2-9	Is the Validation reasonable and acceptable for the credit union's size and complexity? Evaluation criteria includes the following, as applicable:	
	1. Perform periodic tests of the contingency plan (review, update, and validate on a continual basis).	
	2. Test plans approved by senior management.	
	3. Independent validation of test plans by one or more knowledgeable individuals who were not involved in the development of the plans.	

Section 3 - Liquidity Planning

		Y, N, N/A
3-1	Is the Liquidity Contingency Funding Plan reasonable and acceptable for the credit union's size and complexity? Evaluation criteria includes the following, as applicable:	
	1. Identify key liquidity personnel and resources.	
	2. Identify sources of liquidity.	
	3. Estimate liquidity needs:	
	a) perform a historical cash needs analysis;	
	b) estimate cash demand due to the century date change.	
	4. Obtain backup liquidity sources (if needed);	
	5. Address monitoring liquidity prior to, during, and after the century date change.	
	6. Address security issues such as vault limitations, bond/insurance coverages, armored car or other cash delivery services, etc..	
	7. Address currency delivery and handling.	
	8. Address member communication.	
	9. Provide for employee education.	
3-2	Was the LCFP approved by the board of directors?	
3-3	Has the credit union performed a Cash Needs Analysis?	
3-4	Is the Cash Needs Analysis reasonable and acceptable for the credit union's size and complexity? Evaluation criteria includes the following, as applicable:	
	1. Perform an analysis of cash needs for the periods prior to, during rollover, and immediately after the century date change.	
	2. Review existing lines of credit to ensure they are adequate to meet unanticipated needs.	
	3. Require at least quarterly reviews of the credit union's cash position and future cash needs prior to June 30, 1999, and monthly reviews after June 30, 1999.	
3-5	Has the credit union developed a Member Awareness Campaign?	
3-6	Is the Member Awareness Campaign reasonable and acceptable for the credit union's size and complexity? Evaluation criteria includes the following, as applicable:	
	1. Methodologies for disseminating information (such as statement mailings (such as statement stuffers), news letters, specific Y2K statement issuances, websites, or other means determined acceptable by	

	the credit union)	
	2. Discussing their Y2K statements with their attorneys prior to releasing the information.	
	3. Determining that Y2K statements are made in accordance with the Year 2000 Information and Readiness Disclosure Act (Note: Compliance with this Act is not required, but is recommended).	
3-7	Has the credit union developed a Staff Education Program?	
3-8	Is the Staff Education Program reasonable and acceptable for the credit union's size and complexity? Evaluation criteria includes the following, as applicable:	
	1. Education of key staff members on the credit union's Y2K efforts.	
	2. Assignment of key staff members to handle member inquires.	
	3. Assignment of key staff members to handle media inquires.	

The information provided in this report is certified correct by:

CEO/ Manager

Date