



2020 Annual ACH Audit

Site-Four

December 31, 2020

Performed by Marsha Sapino AAP, BSACS



An objective, comprehensive evaluation of Site-Four's ACH policies, procedures and processes was conducted on December 31, 2020

The overall objective was to assess ACH Compliance with respect to the 2020 NACHA Operating Guidelines; Section VI Special Topics; Chapter 56 Rules Compliance Audits for RDFI Audit Requirements & Rule compliance and Third-Party Service Provider & Third-Party Sender Audit Requirements.

The annual ACH audit of the credit union consists of audit findings, observations and recommendations.

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General Audit Requirements

Audits

Verify that Site-Four has conducted an audit of compliance with the ACH Rules and retained for a period of six years. Ensure that any Third-Party Service Providers affiliated with Site-Four has also had an ACH audit performed annually.

Findings/Recommendations: Site-Four's last audit was performed in 2019. There was not an audit performed in 2017 but proof of all other audits was obtained.

Magic-Wrighter is a third-party service provider that partners with Site-Four clients. Proof of their audit was also obtained.

Record Retention

Verify that all ACH records, received, returns and originated entries are securely retained for six years from the date of the entry and access is restricted.

Findings/Recommendations: Site-Four has been a data center for core processors, CU*NorthWest and CU*South, since 2014. They provided a sample of various ACH reports and run sheets to prove out retention dating back to 2014.

Secure Transmission of ACH information via Unsecured Electronic Networks

Verify that required encryption or a secure session is used for banking information transmitted via an Unsecured Electronic Network

Findings/Recommendations: Site-Four provided proof of commercially reasonable encryption levels for the client core platform (CU*BASE GOLD), Go Anywhere (A2A and transmissions between Site-Four and MagicWrighter) and FedLine. Site-Four downloads and uploads files using the Federal Reserve's encrypted VPN connection directly to the Integrated File System (IFS) on the core system. Site-Four does comply with the Advanced Encryption Standard (AES) requirement by using, at a minimum, 256 bit encryption to move data between themselves and client credit unions

Site-Four has six employees with FedLine tokens and CU*NorthWest has one employee with a token as a backup for Site-Four. Restrictions have been placed on the tokens that limit anyone from using their token from an offsite location. All active token holders are still held by current employees.



Security of Protected Information

Verify the participating DFI has conducted an assessment of the risks of its ACH activities and has implemented a risk management program on the basis of such an assessment and has established, implemented and updated policies and procedures. Verify the Participating Third-Party Service Provider has implemented policies, procedures and systems to protect the confidentiality and integrity of Protected Information.

Findings/Recommendations:

Site-Four provided their SOC 1 Type 2 for period October 1, 2019 through March 31, 2020 for review. Site-Four did perform an ACH Data Security Self-Assessment in January 2020.

Site-Four does have the systems and processes in place to protect the confidentiality and integrity of ACH data.

ACH Entries Accepted

Verify that all types of entries that comply with these rules and are received with respect to an account maintained with the RDFI are accepted.

Findings/Recommendations: Site-Four does accept all ACH entries. CU*NorthWest and CU*Souths' client credit unions have their own policies in place to determine whether they will accept all entries or not.

Rights and Responsibilities of ODFIs, Originators and Third-Party Senders

Provisions for Internal Origination

Verify that transactions originated internally are in compliance with the related ACH rules.

Findings/Recommendations: Site-Four does not provide origination services to their clients.

Rights and Responsibilities of RDFIs and Their Receivers

Obligation to Provide Information about Entries and Notices to the Receiver for Credit Entries Subject to Article 4A

Verify that required information is made available for each credit and debit Entry to an Account, that the Receiver has been provided proper notice to ensure compliance with UCC 4A and that, when requested, payment related information is provided in a timely manner

Findings/Recommendations: Samples of client member statements were provided for review. The core processors do make the appropriate payment information available to members via the account statement and in the account history on Home Banking. It is a process that is hard coded at the core processor level.



Timing Requirements to Make Credit and Debit Entries Available.

Verify that all valid ACH transactions are accepted and consumer credits are made available no later than open of business on Settlement date.

Findings/Recommendations: The CU*BASE GOLD software allows clients to choose to configure up to four posting times and whether they want debits, credits or both to post. Site-Four posting schedule allows for timely posting and ensures Same Day credits are available by 5:00pm on settlement date. Run sheets, which also contain the daily procedures, were provided for review.

Return Entries

A Third-Party Provider must accept Return Entries and Extended Return Entries received from an RDFI. Dishonored Return Entries must be transmitted within five Banking Days after the Settlement Date of the Return Entry and contested dishonored Return Entries must be accepted, as required by these Rules.

A Third-Party Provider may Re-initiate an Entry, other than an RCK Entry, that was previously returned as established in these Rules. A Third-Party Provider may originate a Return Fee Entry to the extent permitted by applicable Legal Requirements and as established in these Rules.

Findings/Recommendations:

Site-Four does not process stop payments, unauthorized returns or make pay/return decisions on behalf of client credit unions. Each credit union is responsible for working their own exceptions.

Once the client credit unions have processed their exceptions and returns, Site-Four has a program that gathers and sends the returns by 4:00PM CT. A sampling of the return reports/run sheets for this audit period were provided for review. No exceptions to note.

Notifications of Change

An ODFI must accept a Notification of Change (“NOC” and “COR Entry”) or a corrected NOC and provide Originator with notification as identified in these Rules. An Originator must make the changes specified in the NOC or corrected NOC within six Banking Days of receipt of the NOC information or prior to initiating another Entry to a Receiver’s account, whichever is later.

Findings/Recommendations:

Site-Four does not create Notifications of Change (NOC) on behalf of client credit unions. Each credit union is responsible for working their own exceptions.

2020 ACH Audit Completion

Company Name: Site-Four

Date of Audit: 12/31/2020

Audit Period: November 9 – 20, 2020

Auditor Name: Marsha Sapino AAP, BSACS

This audit was performed remotely in compliance with the *ACH Operating Rules and ACH Operating Guidelines*.