

Chapter 305 Appendix D

EXAMINER'S GUIDE TO FEDPLU\$

Introduction

Fedplu\$ is a licensed software program used to facilitate the receipt and processing of wire transfer requests including communicating those requests to the Federal Reserve. The system has features to integrate the wire requests with general ledger systems, FAX systems, Internet connections, and other programs. The software is compatible with most current information technology (IT) networks and communication systems.

The system operates as a database. As the wire request is entered into the database, the entry is tested against various information and criteria stored within Fedplu\$. Testing is facilitated by Fedplu\$ displays and drop down menus.

Wire requests are segregated during the various stages of processing. These segregations are referred to as processing queues. Typically, a single entry would pass through an entry, verification, and a release queue; although, the system allows for extensive customization. Pre-established user authorities and system parameter settings control access to each queue and define the authorized actions a user may take at each stage of processing.

The program supports Fedline terminal communications for final transmission as well as direct connections with the Federal Reserve using high-speed bulk data communication lines.

Examination Goals

At a minimum, the examination should establish (1) there are sound controls on personnel having access to the software, (2) the authorized users hold appropriate authorities, and (3) the combination of user authorities and Fedplu\$ system settings result in a sound segregation of duties.

Three Fedplu\$ reports are necessary to complete this review. Including these reports as a requested item during pre exam planning is strongly recommended. Note that these reports must be reviewed together to properly understand the assigned authorities for each employee with access to the program.

<u>Area of Review</u>	<u>Fedplu\$ Report Title</u>
(1) System Access	(1) Access Profile Report
(2) User Authorities	(2) User Security Report
(3) System Parameter Settings	(3) System Parameter Report

Access Profile Report

The Access Profile Report is a listing of the corporate's generic user profiles. Each user profile is restricted to certain rights and permissions within four categories of access.

<u>Access Category</u>	<u>Rights and Permissions</u>
Message Level:	Types of messages a profile ID can access.
Queue Level:	Processing queues a profile ID may access.
Access Level:	Functions that may be accessed within a queue.
Bank Level:	Accounts that may be accessed.

The licensed software owner creates a single generic profile for each job category in the organization needing access to the program. Once a generic profile is completed, it may be applied to all employees holding the same job.

There are no standardized names for each generic user profile nor does the system require a minimum or maximum number of profiles. Typically, the user would define a low level Operator profile, a higher level Operator profile, a Supervisor profile, and a System Administrator profile; however, the complexity of the operation and available staffing may result in fewer or a greater number of profiles.

The functions assigned to each profile should be reviewed to determine they are appropriate for the position. The examiner on a case-by-case basis must determine inappropriate profile configurations. Examples of inappropriate profile definitions would include a System Administrator profile with processing queue access, a low level operator profile with override authority or access to verification or release queues, or a profile intended for inquiry use that includes access to processing queues or operational functions.

Note that the access profiles do not, in themselves, establish dual controls. Although a profile's access level may allow the creation of a wire transfer request, but not the release of the request, dual controls are only fully established by activating certain Fedplu\$ parameter settings. This will be discussed further under the System Parameter Report section of this Fedplu\$ chapter.

User Security Report

The User Security Report identifies the specific pre-defined generic profiles assigned to each employee. A separate profile is assigned to each user for each of the Fedplu\$ software's four categories of access. The profile's pre-defined authorities then apply for the individual employee. An individual may hold a different pre-defined profile for each of the four categories of access.

When the User Security Report is used in conjunction with the Access Profile Report, a complete picture of the employee's rights and permissions on the system can be determined. The Access Profile Report indicates the rights and permissions for each profile. The User Security report indicates which profile the employee holds.

Also listed on the User Security Report is a maximum dollar limit parameter setting for each employee. A determination of appropriate limits should be made taking into account the employee's responsibilities. This and other parameter limits are established as parameter settings and are discussed in the System Parameter Report section below.

System Parameter Report

The third report necessary to complete a review of Fedplu\$ controls is the System Parameter Report. This report includes numerous settings, an indication of the extensive customization available within Fedplu\$. This chapter will not attempt to define each of the over two hundred parameter settings that may be established. Examiners are referred to the Fedplu\$ Users Guide issued to each licensed user for reference. However, the examiner must review, at a minimum, the parameter settings crucial to the establishment of dual controls on processing and system administration. Review of terminal access and certain thresholds settings should be undertaken as well.

A list of a number of critical switches and the recommended settings for each is provided in the table below. Each licensed user will need to make their own determination as to all settings in terms of their own operational and security needs. However, each of the recommended settings listed within the table establishes an important internal control. Settings other than the recommendations should be investigated and justified.

Critical System Parameter Switch Recommended Setting

Archive admin messages	Yes
Archive securities messages	Yes
Update Local Balance	Yes
LTERM Password Expiration	30
Ignore OFAC in REMOTE	No

Threshold Requiring VERIFY	10,000 (or less)
Identical creator and verifier	No
Identical creator and releaser	No
Must enter PIN before CREATE	Yes
Dual verification for template	Yes
Number of allowed failed logon	3

Other Features

An operator is generally able to access PIN numbers for authentication and lists of authorized personnel for call back verifications using drop down menus available on screen. Verification of routing instructions for valid ABA numbers, Office of Foreign Asset Control (OFAC) compliance tests, and checks on available funds are generally automated.

Passing the request to each successive processing queue is also automated, dependent upon successful completion of certain defined actions while the request is in the previous queue. Examples would be requirements for a valid PIN number to pass from the entry to the verify queue, completion of a call back to pass from the verification to the release queue, and approval of a supervisor to pass from the release or exception queues to final communication to the Federal Reserve.

The software may be integrated with FAX communications. The Fedplu\$ FAX module provides a FAX signature authentication process. Note the use of the FAX module holds a high degree of liability on the part of a financial institution. Accepting wire transfer instructions via FAX may not provide “commercially reasonable” security as defined under UCC 4A. Acceptance of wire requests sent by FAX should be strongly opposed.

The LU Name function, available to users with “System & Maintenance” authority, will identify communication pathways between Fedplu\$ and outside systems.

There is a cash management host interface available that enables Fedplu\$ to accept and process wire payments created by an external cash management system. Payments should be queued into Fedplu\$ for review and release to the Fed. Bypassing this review and release queue is possible through parameter settings; however, this is not recommended.

OFAC compliance software can be used with the Fedplu\$ system. The system filters the beneficiary and financial institution against OFAC known prohibited parties. Examiners should verify that the software has been installed, is being used, and is up-to-date.

**Further
Information**

The examiner should request to review the Fedplu\$ users manual at the participating corporate credit union for an in depth discussion of the features and controls.