

How to Use This Manual

The Bank Protection Act, as interpreted in the National Credit Union Administration's (NCUA's) Rules and Regulations, requires each credit union to prepare a written security program, and provide for security training and retraining of employees. This is a serious and time-consuming job that deserves full attention. The person designated as the credit union security officer may not have sufficient time to devote to planning and training and often already has a full-time job. *NAFCU's Security Manual for Credit Unions: Procedures and Training* offers a ready-to-use training program and the training material necessary for a credit union's security requirements. It provides the security procedures and standards commonly used in the financial industry today. The manual is designed specifically for you to:

- Adopt and modify for your written security program.
- Conduct the training and retraining of credit union employees on security and safety procedures.
- Follow security procedures designed to prevent fraud losses.

The manual is divided into eight parts:

- Part I — The Credit Union in Today's Environment
- Part II — Prevention of Financial Crime
- Part III — Response to Credit Union Emergencies
- Part IV — Physical Security
- Part V — Training Sessions
- Part VI — Credit Union Security Handbook
- Part VII — Appendixes

The manual also contains a User Guide for Diskettes, which explains how to customize the files provided in the diskette accompanying this manual.

Part I — The Credit Union in Today's Environment explains the requirements credit unions must meet in their security programs, discusses employee screening, and addresses management's and the security officer's roles in risk management.

- Chapter 1, *Formalized Security: A Must for Credit Unions*, discusses the regulatory environment in which credit unions operate and the ever-increasing need for formal security policies and procedures.
- Chapter 2, *Human Resources: The Starting Point*, points out that hiring honest employees is the basis of the credit union's risk management. The chapter provides aspects of employee screening that can help avoid hiring a potentially dishonest employee and provides human resource policies that can help minimize the credit union's risk of losses.
- Chapter 3, *Management and the Security Officer: Their Role in Security*, explains the roles these key individuals play in the credit union's security plan.

Part II — Prevention of Financial Crime discusses the procedures necessary to protect the credit union from robbery and fraud. The section then discusses the types nonviolent crime perpetrated against financial institutions and the credit union's responsibilities to report and investigate financial crimes. We have added a new Chapter 9A, which discusses member information security and provides a sample policy and sample procedures.

- Chapter 4, *Daily Operations: Prevention and Procedures*, outlines the branch office procedures that are necessary to protect the credit union's cash and other valuables and to ensure that credit union offices are secure at all times.
- Chapter 5, *White-Collar Crime: A Threat to Credit Union Assets*, outlines the types of fraud that credit unions are vulnerable to, including check fraud, forged checks, counterfeit checks and currency, and loan fraud. It also includes a discussion of scams that credit union members may fall prey to.
- Chapter 6, *Electronic Crime*, explains Regulation E and methods of protecting the credit union from losses due to electronic crime.

- Chapter 7, *Fraud: Member Education Is Essential to Prevention*, reminds credit union managers and security officers that member service is the most important mission of the credit union and reminds them that this mission includes educating members about scams and frauds that are currently taking innocent individuals' money.
- Chapter 8, *Currency Transaction Reporting: A Legal Requirement*, explains the Bank Secrecy Act requirements for credit unions.
- Chapter 9, *Financial Crime: Reporting and Investigation*, discusses the law enforcement agencies that investigate financial crimes and what the credit union can do to help those agencies capture criminals.
- Chapter 9A, *Information Security Policy and Procedures*, provides a sample information security policy and sample information security procedures to help you comply with the provisions of the Gramm-Leach-Bliley Act.

Part III — Response to Credit Union Emergencies provides sample procedures for credit unions to adopt when employees face violent crimes or emergencies, including robbery, bomb threats, fire, and threat against employees.

- Chapter 10, *Violent Crimes: Prevention and Response*, addresses the issues of robbery and employee conduct during a robbery. It also discusses how credit unions can prepare for hostage situations and bomb threats.
- Chapter 11, *Emergency Situations: Preparedness and Response*, discusses the necessity of contingency planning in the event of an emergency, either natural or human. The credit union must ensure the safety of employees and members, protect its assets, and resume business as quickly as possible.

Part IV — Physical Security provides information regarding vaults, safes and other security equipment that credit unions may be required by their bonding company to use in the office, or about equipment that they may wish to use to enhance security.

- Chapter 12, *Security Equipment: Standards and Inspection*, advises credit unions of the required establishment of procedures for inspection, testing, and servicing of physical security equipment on a regular basis.

Part V — Training Sessions contains the training program and the tools to be used in training sessions. The lesson plans provided will help the security officer plan and conduct meaningful training and retraining sessions and includes the following:

- Guidance on developing a training program
- Questions to initiate group discussions
- Role playing situations
- Assessment sheets to quiz individual employee's understanding of the material, which double as recordkeeping documents to satisfy NCUA security requirements
- Activities for reviewing and retraining
- Suggested lesson length and training objectives

Part VI — Credit Union Security Handbook, is a quick reference guide of procedures for each employee to use at his or her work station. The handbook is written in a concise style to facilitate quick reference. The handbook identifies the proper procedures for all situations, describes routine operations to criminal activity, and identifies the areas of responsibility.

Part VII — Appendixes provide regulatory reference material for use in reviewing and revising the credit union's security policy and procedures.