

Examination Work Program
Payment Systems
Wire Transfers and Automated Clearing House (ACH)
As of XXXXXX

1) *Organizational structure*

Evaluate the effectiveness of the functional organization, reporting structure, staffing, primary duties, responsibilities and technical expertise, segregation of duties, cross-training, coordination with other departments, and changes in the foregoing since the last examination.

2) *Establishment of risk tolerances and development of key policies and oversight by the board of directors. Adequacy of senior management and the risk management function.*

Assess risk tolerances, the development of key policies, and oversight by the board of directors. Evaluate the adequacy of senior management oversight and the risk management function for wire transfer and ACH activities, as applicable.

3) *Key FHLBank policies and procedures*

Identify and evaluate key FHLBank policies and procedures applicable to wire transfer and ACH activities.

4) *Risk assessment under Part 917 and internal control evaluation under SARBOX*

Evaluate the effectiveness of the annual risk assessment under Part 917 and the internal control assessment under SARBOX applicable to wire transfer and ACH activities, as well as procedures implemented to periodically attest to the adequacy of the control environment.

5) *Testing performed by external audit, internal audit or consultants*

Evaluate testing performed by the FHLBank's external auditors, internal auditors or consultants of controls over wire transfer and ACH activities.

6) *Information technology and controls*

Identify and assess the automated and manual systems and applicable controls utilized by wire transfer and ACH activities for processing transactions, including authorized users, vendor technical support, utilization of user developed applications and business continuity and recovery.

Examination Work Program
Payment Systems
Wire Transfers and Automated Clearing House (ACH)
As of XXXXXX

7) Identification and evaluation of controls and significant changes to the activity or function

Evaluate the workflow and processes as well as controls, including the level and direction of risk and the quality of risk management. If applicable, conduct an assessment of any significant changes to wire transfer and ACH activities that have been implemented since the last examination or are being considered that may affect the FHLBank's risk profile.

8) Testing

Conduct testing as appropriate. The scope of testing should be based on the preliminary review of governance, risk management, internal controls and audit coverage.

9) Assessment of Risks

Summarize the results of the activities or functions examined in a separate memorandum. The memorandum must articulate the risks and the management of those risks. It should also clearly and specifically describe the basis and analysis for the assessment. The memorandum should discuss the type(s) of risk (market, credit, operational); the level of the risk (low, moderate, high); the direction of the risk (stable, decreasing, increasing); and the quality of risk management (strong, adequate, weak). A memorandum must be prepared irrespective of whether the examiner's assessment is positive or negative.

10) Items requiring follow-up at the next on-site visitation

Identify key issues that have been communicated to management (written or oral) that require follow-up during the next on-site visitation.