

Internet Banking and Website Audit

September 8, 2020

By: Andrea Ricketts

Scope: The purpose of this audit is to ensure adequate internal controls are in place to minimize error, discourage fraud, and provide an adequate audit trail. This is also to determine whether the Board of Directors has adopted effective policies for Internet Banking and these policies and procedures are being followed as well as contingency and disaster plans are adequate.

For the website review, a Website Audit Checklist was pulled from Banker's Online as a guideline. Several items were reviewed for accuracy including: Site Information, Logos, Pictures, Products, Disclosures/Brochures, Calculators, Links, and Retention.

Results for Belgrade State Bank Website using the Audit Checklist below:

Logos and Pictures:

- FDIC logo should be on all pages with depository accounts. **Yes**
- FDIC logo should not be on any pages listing any brokerage type investment accounts. **They are not on these pages.**
- Equal Housing Lender logo and legend should be on pages listing home credit products. **Yes**
- Is any picture or drawing of a human likeness used on any page? Look at entire site for possibility of discouraging specific classes. **This is good**

Products:

- Are products listed actually available? **Yes**
- Are advertised rates accurate? Are the APYs/APRs? **Yes**
- Are the rates and APYs displayed equally? Are rates and APRs displayed equally? **Yes**
- Is the term "Annual Percentage Yield" used at least once? Cannot use just "APY". **Yes**
- Is the term "Interest Rate" used and not just "Rate"? **Yes**
- If an APY is quoted, is there a disclosure stating it is accurate as of specific date? **Yes**
- If an APY is quoted and it is a CD, is there a disclosure stating the term and that a penalty may be applied for early withdrawal? **Yes**
- Is the term "free" used with any product? If so, is the product truly free? **Yes**
- If a minimum balance required to qualify for a specific rate, is it clearly disclosed? **Yes**
- If an opening balance is required, is it clearly disclosed? **Yes**
- Are there any stipulations on specific products on who can apply? Ex. Corporations cannot have NOW accounts. Are the stipulations disclosed? **Yes**
- Are products that are FDIC insured and those that are not clearly discernible? **Yes**
- Do brokerage type products have the three necessary disclosures? 1) are not insured by the FDIC, 2) are not deposits or guaranteed by your bank, 3) subject to risks including the loss of principal. **Yes**
- If it is a loan product and finance charge is mentioned by amount, is the term APR use? **N/A**
- If it is a loan product and down payment is mentioned, is the amount or percentage required disclosed? **N/A**

- If it is a loan product and payments, time period or amount are mentioned, is the total terms of repayment disclosed? You will need the number of payments, the amount and payment timing.

N/A

- If it is a loan product and a reduced rate is offered initially, is the limited term disclosed? N/A

- If it is a loan product and the rate can increase after the account is opened, is this disclosed?

N/A

Disclosures:

- Are disclosures presented in a “clear and conspicuous manner”? **Disclosures are not online - Customers can however, request disclosures at any time.**

- Are disclosures in line with regulations? Yes

- If using the same group of disclosure for walk in customers, verify both web and paper copies match. Yes

- Is there a disclosure on the use of the bank’s website? May be listed as legal notice. Yes

Calculators and Links:

- Does each calculator operate accurately? Yes

- Do all links go where they should? Yes, links- No, videos

- Is there a disclaimer whenever leaving the bank’s site for every external link? Yes

Retention:

- Is there a procedure in place to retain all data from the website on any given day? This includes all “blinking” text, as well. Yes, Hosted by Bancvue

- Is there a way or procedure in place for individuals to get a hard copy of the disclosures if they want? Yes

- If disclosures change, is there a way for customers to have access to the prior disclosures for 90 days? Or a means to get a paper copy? Yes

Website Errors Found:

- EMV Cards – this need to show ABU instead of the ASU. Needs to be called Auto Bill Update. Also, anywhere it states Visa it needs to show Mastercard.
- Fraud Text video doesn’t play- located in EMV Debit Card spot
- ID Theft video doesn’t play- under Education and Planning- Protecting your Identity online
- Rate page does not reflect the current Interest Rates as of 9/3/2020.
- Also on Rate page need to change “Rate” to “Interest Rate”- anywhere that is stated on this page.

Policies and Procedures

1. Determine whether the bank has established policies over hypertext links that enable consumers to clearly distinguish:

- Insured and non-insured financial products.
- Bank versus non-bank products.

- When leaving the bank's Web site.

All of the above mentioned are reviewed in the Website Audit and found to be within compliance.

2. Determine if policies and procedures governing access to and the disclosure of customers' confidential information are updated for electronic capabilities. Privacy policy is provided electronically through the Internet Banking website.

Administration

1. Ascertain if an Internet Banking Security Officer has been named, as well as a backup. Gidget Tiemann is considered the Internet Banking Security Officer and Marcella Warren is her backup.
2. On a sample basis, ascertain if users of the Internet Banking system have unique user IDs and passwords. Ensure passwords are changed quarterly. Users have unique IDs and passwords and passwords are changed every 90 days (quarterly). All Internet access is single sign-on and is required to be at least 8-25 characters, contain at least 1 letter and 1 number, and can use one of these special characters ~ ! @ # \$ % ^ & * () - = _ +
3. Ensure the ISP password and Master passwords are changed monthly. Yes, the passwords are changed monthly.
4. Determine if management generates and reviews exception reports on a periodic basis. Reviewed daily by the bookkeeping department
5. Determine that the bank has an adequate electronic banking security program that addresses the following, as appropriate:
 - Access to, protection of, and disclosure of customers' confidential information: Privacy Policy is disclosed on the Internet Banking website.
 - Methods for establishing the legitimacy of each party requesting an account action or submitting related instructions or data: This is detailed within the Internet Banking policy.
 - What information may be shared with third-parties: This is detailed within the Internet Banking policy.
 - The ability of third-party servicers to access or monitor electronic transmissions between the bank and any of its customers: This is detailed within the Internet Banking policy.

Accounting and Processing

1. Ensure all general ledger accounts related to Internet Banking are reconciled on a timely basis. GLs are all reviewed by Darlene through our settlement accounts and verified monthly by Penny Tinsley.
2. Determine if procedures are in place to control customer transfers of uncollected funds from each access point. Completed through Netteller Backoffice
3. Confirm that safeguards are in place to detect and prevent duplicate transactions

within each system. [Netteller backoffice takes care of this and are deleted if duplicates are recognized.](#)

4. Determine if the Daily Task Log is being completed daily and if a supervisor is reviewing it. [Our new system within Netteller Backoffice allows for reports to be viewed but nothing as far as a daily task log.](#)

5. Review customer comments, questions, and complaints logged since last audit. Ensure they were logged on the Customer Service Log and were handled timely. [Any questions that come through Netteller Backoffice are handled within a timely manner. Gidget or the bookkeeping department will handle most of these, but some other admins are able to as well. Any complaints are forwarded to Andrea Ricketts.](#)

6. Determine that written contingency and business resumption plans have been developed for failure of the Internet Banking system and/or communication lines. [Our IT Department has a BCP and Contingency plan available that will direct the IB system within it.](#)

Policies:

- The Internet Banking policy is within the E-Banking Policy which is going for approval during October 2020 meeting.

Results for Internet Banking:

There were 10 customers looked at on both the NetTeller side and the JHA side to verify that these customers had the correct accounts in their internet banking. Internet banking is set up online by the customer. Please see below for errors.

- **No errors on these customers**

Billie Silvery	700000000032
Amy Kearn	700000000070
Cassandra Wickerham	700000001143
Brandon Marler	700000001672
Amy Eisenbeis	700000001742
Michael Essmyer	700000001981
Kenneth Missey	700000002529
Deborah Mceuen	700000002712
Michael Brand	700000003219
Andrew Farris	700000003394

Conclusion:

For the Website review, any time account information is updated, the website coordinator needs to be made aware of the changes so the bank's website can be updated as well. All findings are requested with a response within two weeks of receiving this audit report.

This report will be reviewed with the IT Committee, Klint Silvey, marketing representative/Website coordinator, as well as Gidget Tiemann, Internet Banking Officer. Also, this report will be reviewed with the Board of Directors during their September 2020 meeting; a response by the Board will then be given.