700 SW Jackson Street
Suite 803
Topeka, KS 66603

Kansas
Department of Credit Unions

Phone: (785) 296-3021
Fax: (785) 296-6830
kdcu.office@ks.gov
www.kdcu.ks.gov

Julie Murray, Administrator

Laura Kelly, Governor

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BULLETIN: **2022-KDCU-CUB-18**

TO: **Kansas Chartered Credit Unions**

SUBJECT: **Information Security Program**

INFORMATION SECURITY PROGRAM

Beginning this month, KDCU starts a series of bulletins addressing issues being found in a majority of the examinations of Kansas state-chartered credit unions.

It should come as no surprise the first topic discussed is the Information Security Program (ISP). Contained within NCUA Regulation Part 748, a "comprehensive" ISP includes "...administrative, technical, and physical safeguards appropriate to the size and complexity of the credit union and the nature and scope of its activities." All elements of the ISP must be coordinated to include all parts of the credit union.

The ISP should be designed to, among other items, ensure the security and confidentiality of member information and protect against any anticipated threats or hazards.

Development and implementation includes the following (Part 748, Appendix A):

- Involvement of the Board of Directors: the board approves the written ISP and oversees the development, implementation and maintenance of the ISP;
- Assessment of risk: identify reasonably foreseeable internal and external threats which could result in unauthorized disclosure, misuse, alteration or destruction of member information; assess likelihood and potential damage; and assess sufficiency of policies and procedures;
- Management and control of risk: design the program to control the identified risks commensurate with the sensitive of the information, as well as the complexity and scope of the credit union activities;
- Oversight of Service Provider arrangements: exercise appropriate due diligence in selecting service providers and require them, by contract, to implement appropriate measures;
- Program adjustment: monitor, evaluate and adjust, as appropriate, the ISP in response to any changes in technology, information sensitivity, changes in business arrangements, etc.; and
- Annual Report to the Board of Directors: each credit union should provide a report to its board (or appropriate committee) at least annually with a description of the overall status of the ISP and the credit union's compliance with Part 748.

In addition, the program includes, among other requirements, staff training, testing of key controls and systems, proper disposal of member information and measures to protect against environmental hazards. In addition to the regulatory violations, a breach would be a significant reputation risk. Do not be THAT credit union.