

**SECTION IV**  
**GENERAL ADMINISTRATION**

**Reviewed: October 2018**  
**Approved: October 25, 2018**

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A. Risk Management

1. Purpose

- a. Red Crown Federal Credit Union will maintain a risk management program to identify, measure and control risks associated with operating a credit union.
- b. Red Crown will control risks through plans for safety and loss prevention, assumption and transfer of risk.

2. Responsibility

A security officer will be appointed by the Board of Directors each year. He/She will be responsible for reporting and presenting recommendations for change to the Board of Directors.

3. Assumption of Risk

In accepting a risk, consideration will be given to:

- a. The potential amount of the loss
- b. The probability of the loss
- c. The need for insurance carrier services

4. Transfer by Insurance

It is the policy of Red Crown to transfer all substantial risks to a professional risk bearer (an insurance company).

a. Bond

Red Crown will carry the maximum force Blanket Bond, which provides liability coverage and other business and hazard coverage as needed (As detailed in insurance binder)

A review prior to each anniversary date will be made by the President/CEO, who will report his/her findings and recommendations to the Board for approval of any action deemed necessary.

b. Federal Credit Union Insurance Program

Red Crown will participate in the program of the Federal Credit Union Share Insurance Program as required by the regulatory agency.

Red Crown will display the official seal of the Federal Credit Union Share Insurance Program in its offices.

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c. Temporary Disability Insurance (Accident, Health and Credit Life) for Members

A monthly deduction plan of accident, health and credit life insurance (temporary disability) may be offered to members on an optional basis. Such insurance will be paid by the member.

B. Safety and Loss Prevention

1. Red Crown Federal Credit Union will maintain plans for safety and loss prevention for all Red Crown offices. The plans outlined and provided through documented procedures will provide protection of personnel, facilities, cash in case of robbery, bomb threats, acts of nature and continuation of operation.
2. Management is responsible for maintaining a records preservation program in compliance with NCUA Rules and Regulations Part 749.

C. Possession of Concealed weapons on Credit Union Property

1. It shall be the policy of Red Crown Federal Credit Union that no person, whether or not such person holds a license to carry a weapon under the Act, shall be authorized or permitted to carry or possess any weapon, whether such weapon be concealed or unconcealed, on the premises of the credit union for any purpose or reason, unless such person is an active law enforcement officer authorized to carry weapons by state or federal law or unless such person has been specifically authorized by the credit union's Board of Directors to provide security for the credit union. This policy shall be applicable to all persons who are on the premises of the credit union or at any credit union sponsored function or within credit union property for any reason, including without limitation, all directors, officers and employees of the credit union and all members of the credit union.
2. As used herein, the term "weapon" shall include, but not be limited to firearms, whether loaded or unloaded, or any types of knives or physical devices used for the intent purpose of causing harm. The "premises" of the credit union shall mean and include any and all space occupied by the credit union in any and all buildings for the purpose of conducting any business of the credit union.
3. Any person known to be carrying any concealed weapon in violation of this policy will be asked to immediately leave the premises or function. Further, any violation of this policy by any member of the credit union will subject the violator to expulsion from the membership of the credit union by the Board of Directors; and any violation of this policy by any officer of the credit union will subject the violator to disciplinary action, including termination of employment.

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D. Business Recovery

1. It is the policy of Red Crown Federal Credit Union to make every effort to resume services in the event of a business interruption. To that end, a detailed Disaster Recovery and Business Continuity Plan will be maintained to serve as a written guide to be used in the event of an occurrence which inhibits the functions of Red Crown, on either a long-term or short-term basis. It is important to realize when such an interruption arises that common sense must prevail because no written plan can be detailed enough to provide for all possible situations. The underlying priorities of the Disaster Recovery Plan will be the preservation of life, security of assets, the saving of documentation, hardware and then the re-establishing of services to members.
2. The President/CEO will serve as Business Recovery Management Team manager and will provide the necessary direction and guidance for staff to implement recovery steps, including plan activation, emergency operations, facility restoration and notification alerts.

A copy of the Disaster Recovery Plan shall be located in the vault in each location. Said manual to be distributed to the President/CEO, Chairman of the Board and Supervisory Chairman, as well as Red Crown Management Team and other key employees, to be kept offsite.

E. Fraud

1. Red Crown Federal Credit Union will not tolerate any form of fraud or dishonesty from its employees. In an effort to protect the assets of the credit union and the employees, written procedures and policies for day-to-day operations must be followed. Failure to follow procedures and policies could result in termination of employment.
2. All employees hired by Red Crown Federal Credit Union will sign the fraud policy statement, Appendix A, at the time of hiring. A copy will be kept in the employee's personnel file.
3. Should an employee fraud situation arise, the appropriate authorities will be notified by management. Employees are encouraged to notify management of suspicious activity they think may involve fraud.

The employee will be temporarily suspended without pay during the investigation. If facts and charges are not proven, the employee will be reinstated with full back pay.

Conclusive proof shall result in immediate termination effective to the time of suspension. Appropriate law enforcement agencies will be contacted.

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F. Facilities

Management has the responsibility for study and initiation of actions related to facilities.

G. Americans with Disabilities Act

Red Crown Credit Federal Union will comply with all aspects of the Americans with Disabilities Act.

H. Data Processing

Management and staff in conjunction with the Technology Committee will be responsible for feasibility studies, implementation, conversion and operation of data processing.

I. Arrest of Volunteers

Upon the arrest of Red Crown Volunteers, they may be suspended from duties at the Board's discretion.

J. Member Relations

Red Crown Federal Credit Union is in business to provide services to benefit the members. The staff is to perform these services in a courteous, attentive and professional manner.

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**APPENDIX A**

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RED CROWN FEDERAL CREDIT UNION  
FRAUD STATEMENT

The Red Crown Federal Credit Union considers any form of fraud or dishonesty on the part of its employees as totally unacceptable conduct. Acts which are considered to be either fraudulent or dishonest include, but are not limited to:

1. Manipulation of loan accounts, documents, computer records, and share or share draft accounts.
2. Theft of any kind, including stealing from members' accounts, overpayment of dividends, and creating fictitious loans.
3. Check/share draft kiting.
4. Forgeries.
5. Unauthorized or unapproved salary advances or overtime reimbursement.
6. Intentional violation of credit union rules, internal controls, regulations or procedures.
7. Intentionally failing to secure collateral, to properly record a security interest in collateral, or pledging a member's shares as collateral without that member's permission.
8. Granting or requesting preferential treatment for ANYONE.

I have read the above Fraud Policy. I understand that management will not tolerate fraudulent or dishonest activities of any kind and that I am not to engage in acts of fraud or dishonesty while employed at Red Crown Federal Credit Union.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Employee