

CONTROL OBJECTIVES AND RELATED CONTROL ACTIVITIES

Although the control objectives and related control activities are described in Section 4, they are, nevertheless, an integral part of RISLA's control environment.

The description of the service auditor's tests of operating effectiveness and the results of those tests are also presented in the testing matrices in Section 4, adjacent to RISLA's description of controls. The description of the tests of operating effectiveness and the results of those tests are the responsibility of the service auditor, and should be considered information provided by the service auditor. The control objectives include:

- 1) Controls provide reasonable assurance that IT functions are segregated and staff responsibilities are documented and monitored by management.
- 2) Controls provide reasonable assurance that loan originations are approved and processed according to program guidelines.
- 3) Controls provide reasonable assurance that access to negotiable instruments is limited to authorized personnel and negotiable instruments processed are reconciled and controlled.
- 4) Controls provide reasonable assurance that loan disbursements are processed accurately and timely.
- 5) Controls provide reasonable assurance that pre-disbursement and post-disbursement change requests are received from authorized sources and are processed accurately, timely, and completely.
- 6) Controls provide reasonable assurance that borrowers' inquiries are recorded and resolved in a timely manner by Loan Counselors.
- 7) Controls provide reasonable assurance that loan payments are recorded and processed accurately and completely.
- 8) Controls provide reasonable assurance that due diligence, collections, and default prevention activities are performed in a timely manner.
- 9) Controls provide reasonable assurance that cure and recovery procedures are performed accurately and completely.
- 10) Controls provide reasonable assurance that loan write-offs and refunds are processed and recorded accurately, timely, and completely.
- 11) Controls provide reasonable assurance that logical access to programs, data, and computer resources is restricted to authorized and appropriate users.

- 12) Controls provide reasonable assurance that data transmissions between RISLA and outside parties are secure.
- 13) Controls provide reasonable assurance that backup procedures are completed and monitored to minimize interruption in data processing.
- 14) Controls provide reasonable assurance that physical access to the server room and other resources is restricted to authorized and appropriate personnel.
- 15) Controls provide reasonable assurance that computer systems are environmentally protected to provide maximum availability.
- 16) Controls provide reasonable assurance that risk management practices are in place to monitor regulatory compliance and areas of potential risk.