

CAPS Online User Manual

The current CAPS Version 5 manual is now online. As a result, BDO will not be distributing any more hardcopy manuals to CAPS clients. Below are the relevant chapters that relate to each audit module in CAPS. We recommend that new CAPS users read the Introduction chapter before reading further.

If you have any comments, queries or notice any discrepancies within the content of these chapters please email us at:

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Preface

CAPS is a computer-assisted audit tool developed by BDO to help internal and external auditors of Financial Institutions using the following computerised financial packages:

- “FCS” by CUSCAL

* - “Ultracs” (formerly GCS) by ULTRADATA

Throughout this handbook they will be referred to as the 'Financial Package'.

This CAPS - Auditors Handbook is designed to give all the information needed by an auditor to conduct audit tests using the package. It also gives information to help the auditor plan an audit using the package, and suggests how to use the results of the tests.

This handbook assumes that you are:

- A qualified and experienced auditor
- Familiar with the Financial Package
- Familiar with the Financial Institution's accounting system and financial controls.
- A willing one-finger computer operator, capable of following screen-based instructions.

and also assumes you have not been trained in computer auditing.

If you are not familiar with CAPS we strongly suggest you read Section 0 - Introduction before trying to do anything else. It gives you the minimum information you'll need.

Once you are familiar with CAPS you probably won't need to refer to Section 0 again.

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Important Notes

While using the CAPS audit package the auditor will need to continue to use normal professional care, skill and diligence to fulfil his or her audit responsibilities. Every effort has been made to ensure there are no errors or omissions in either the CAPS package or this handbook. However BDO, its staff and its agents do not accept any liability for any errors or omissions, nor do they accept any responsibility whatsoever for any audit of any Financial Institution conducted using CAPS - whether conducted in accordance with the guidelines in this handbook or not.

Examples have been used throughout this handbook to help explain some of the points and audit tests. While some of these examples are based on real life situations, the details have been substantially altered to make identification impossible. Therefore any resemblance to any individuals or institutions is entirely co-incidental.

1.INTRODUCTION

This section is designed to give new users enough information to start using CAPS.

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1. WHAT IS CAPS

What is CAPS - Introduction

The idea of CAPS is to get the computer to do what it does best, leaving you free to do what you do best.

Computers are best at doing the repetitive, routine and predictable tasks of auditing. You, the auditor, are best at using your expertise, initiative and intelligence to investigate the problem areas, or high risk areas of the audit.

One of the standard problems of auditing computer-based accounts is that the auditor usually needs to be trained to understand the technical side of computers. They often need to write file interrogation programs, know about database structures, understand details of record linking, and so on.

With CAPS all that work has already been done. We have also gone that further to 'Package it up' so little knowledge is required about CAPS to be able to use it. Neither do you need to know much about how the Financial Package works. But you do need to know how to audit the accounts of the Financial Institution, and you must be prepared to use your imagination and initiative. That way you'll get the best out of CAPS.

CAPS includes thirteen different and independent 'audit modules'. Each module is designed to help you audit a different aspect of a Financial Institutions records. A list of the modules and a brief description of what each does, forms the main Table of Contents of this Handbook. You'll notice that each module is also described in its own Tabbed section.

As CAPS is a computer-based tool, it means your audits can be far more effective than before. For example, CAPS can easily add all balances on all the accounts in the subsidiary ledgers. Or it can perform a 100% check on the calculations of interest.

It also means you'll be able to do tests that were completely impractical before. For example, you could instruct CAPS to look through every transaction and find individual withdrawals greater than an authorised amount. And, just as important, you can be more confident CAPS will find all such transactions, rather than doing it manually.

Therefore one thing to recognise is that CAPS is going to change the way you audit Financial Institutions.

CAPS is actually very easy to 'drive'. It uses a standard 'menu operation', and you'll find the messages displayed on the screen very straightforward. However do expect a learning curve before you really know what CAPS can do and the best ways to use it.

Once you gain experience with CAPS you'll find yourself becoming much more adventurous with your auditing. You'll find you'll be able to use CAPS to audit some unusual features of the Financial Institution. Or, you might use it to carry out a special investigation for some reason.

The best thing to do is to 'give it a go'. You cannot do any harm. The worst that can happen is that you get a report you didn't want.

How CAPS works - the philosophy

There are three things you'll need to know about CAPS. They are:

- **CAPS consists of programs and files**

The 'programs' are what we have designed and written to tell the computer how to do what we want. The 'files' will contain important information about the particular Financial Institution you are auditing.

You can see a diagnosis of the programs CAPS used if you turn to Tab Section 1, CAPS UTILITIES, and look under option 4 - AUDIT MODULE RUN STATUS.

And if you look under option 5 - AUDIT FILE STATUS you'll see the expected size of the audit report in the "Count" column.

- **CAPS does not touch the Financial Institution's records.**

CAPS programs are designed to only read information from the Financial Institutions computer system. They do not update or alter this information in any way.

This approach has two very important advantages:

- It means you cannot damage the financial institutions computer records even if you are not quite sure what you are doing, or if you are 'trying something out'. (This is particularly comforting to new CAPS users!)
- It means the Financial Institutions normal day-to-day work can continue without interruption.

- **CAPS works directly on the Financial Institution's raw data files.**

It does not work on a printout or some other copy of the files. This means you can be confident CAPS is auditing the complete and original source records of the Financial Institution.

Night Audit - Run the queued audits.

This feature allows you to delay the start of the queued audits. There are two main reasons for CAPS having a 'NIGHT AUDIT' facility.

- Many of the CAPS programs consume considerable resources, using computing power and taking a number of hours to complete. For example, the CAPS interest calculation program calculates interest on every savings

or loan account. If a Financial Institution had 40,000 accounts and CAPS calculated 10,000 accounts an hour, it could take four hours to complete. At some CAPS sites it could take longer. It is imperative that you warn your computing manager if you intend to run NIGHT AUDIT. They may require you to delay the start time until after some other critical processes have been completed.

The Financial Institution may not want you to tie up a terminal for that length of time during the day.

- Some audit steps (like 'Loan Arrears' for example) must be run after the Financial Institution has run its end of day program called 'Finish'. This is normally run just before closing.

We have designed CAPS with what we have called a 'NIGHT AUDIT' utility. It's very simple. During the day you'll be generating instructions to CAPS telling it which audits you wish to run. CAPS does not do the work immediately. The audits are queued until you use the 'NIGHT AUDIT' utility to tell it when to start. You'll usually want it to do the processing overnight, when the institution is closed and computer usage is low. This is explained in more detail in Section 1 CAPS UTILITIES, Option 2 - NIGHT AUDIT.

Test Mode and Live Mode

As we have already said, many of the CAPS programs may take a number of hours to complete, and are therefore usually run overnight using the 'NIGHT AUDIT' utility. But you would find it very frustrating and inconvenient if you set a CAPS program running overnight, and next morning found that the program had not run properly, or that you had made a mistake setting it up. You would have to wait yet another day before you could get the results.

It would be much better if you could 'try it out' first.

That is exactly what the 'Test Mode' is for. It lets you 'try the audit' on a small sample of accounts giving you the result in seconds, rather than hours.

Once you are sure the test will work properly, you can ask CAPS to do the audit in 'Live Mode' (which means doing the full audit on all the accounts rather than just a small sample).

For example, if you make a mistake entering interest rates, CAPS will calculate an interest discrepancy for every account - and there could be thousands! Far

better to spend a couple of minutes trialing in 'Test Mode' on a couple of hundred accounts first. You would then quickly discover the mistake!

You might also find 'Test Mode' a useful audit tool on its own. For example, if you only want to quickly select a small sample of accounts or transactions, you could use Test Mode to do it. You may also audit specific accounts for: Cheque Clearance, Loan Arrears, Loans Interest, Savings Interest, Overdraft Interest, Investment Interest, Circularisation statements, and G/L account examination.

Passwords and User Management

CAPS has been designed for two levels of user. They are 'User level' and 'Manager level'. When you log on to CAPS you have to tell CAPS your name and your password. This is how CAPS knows whether you are a 'User' or a 'Manager'.

'Managers' may use everything in CAPS, including adding new users and assigning their 'Level'.

'Users' may use everything except the following;

Utilities Option 3.1 - LIST ALL USERS

Utilities Option 3.2 - DELETE A USER

Utilities Option 3.3 - ADD A NEW USER TO THE SYSTEM

Utilities Option 3.4 - CHANGE PASSWORD SEEDS

Utilities Option 7.3 - CLEAN LOG FILE

This structure has a number of advantages, for example:

- It allows audit managers to monitor the progress of staff involved in using CAPS, without the staff being able to delete or alter the log file records of their activities.
- It can be useful when both the external and internal auditors are using the system because it allows one party to take full responsibility for monitoring user access to the system.

Each user has two passwords. One password allows them to log into CAPS. The other allows them to print reports. This useful security precaution prevents unauthorised outsiders from printing reports even if they gain access to CAPS.

2. CONDUCTING AN AUDIT USING CAPS

Planning the audit

Before you can properly plan how you are going to carry out an audit using CAPS you'll obviously need to know what CAPS does and how it can help you.

That is why we have designed this handbook to make it easy for you to get a basic understanding of what each CAPS audit module does. You should spend a little time reading the 'Introduction' section of each audit module before trying to plan your first CAPS audit.

On the next couple of pages is an example of how and when you might want to use the audit modules to audit the records of an average Financial Institution. Note that internal auditors are going to use CAPS differently to external auditors.

An External Auditor might use this general audit plan to audit an average Financial Institution:

OCTOBER

- Transactions Audit Module to check July to September transactions.
- Interest Audit Module to check July to September interest calculations.
- Dormancy Audit Module to do your quarterly review of dormancy.
- Arrears Audit Module to check calculation of loan arrears.
- General Ledger Module to produce a profile and select and examine ledger accounts.
- Incompatible Duties Module to check on segregation of duties.

JANUARY

- Transactions Audit Module to check October to December transactions.
- Interest Audit Module to check October to December interest calculations.
- Dormancy Audit Module to do your quarterly review of dormancy.
- Arrears Audit Module to check calculation of loan arrears.
- Biographical Audit Module to check standing information on file.
- Balances Audit Module to print out a 'profile' of balances and to carry out special tests looking for unusual balances on accounts.

- General Ledger Module to produce a profile and select and examine ledger accounts, review the first six months results and budget figures.
- Incompatible Duties Module to check on segregation of duties. Conduct special branch and operator reviews.

APRIL

- Transactions Audit Module to check January to March transactions.
- Interest Audit Module to check January to March interest calculations.
- Dormancy Audit Module to perform your quarterly review of dormancy.
- Arrears Audit Module to check calculation of loan arrears.
- General Ledger Module to produce a profile and select and examine ledger accounts.
- Incompatible Duties Module to check on segregation of duties.

JUNE/JULY

- Transactions Audit Module to check April to June transactions.
- Interest Audit Module to check April to June interest calculations, and check the total interest income and expense for the financial year to the profit and loss account.
- Dormancy Audit Module to do your quarterly review of dormancy.
- Arrears Audit Module to check calculation of loan arrears and to assist the check of provision for bad and doubtful debts.
- Biographical Audit Module to re-check standing information on file.
- Balances Audit Module to print out a 'profile' of the balances, check the additions on the ledger and select a sample of accounts for third party confirmation and detailed audit investigation.
- Term Deposit Module to check interest calculations and the balance sheet interest accrual.
- General Ledger Module to produce a profile and select and examine ledger accounts, review the second six months results, check prior years balances and budget figures.
- Incompatible Duties Module to check on segregation of duties. Conduct branch and operator reviews.

An Internal Auditor might use this general audit plan to audit an average Financial Institution:

Daily or Weekly

- Transactions Audit Module - looking for unusual or unauthorised transactions

At the end of each month

- Loan Arrears Audit Module
- Interest Audit Module
- Term Deposit Audit Module - looking for unusual interest rates
- Dormancy Audit Module
- General Ledger Module to produce a profile and select and examine ledger accounts
- Incompatible Duties Module to check on segregation of duties

Every three months

- Biographical Audit Module.
- Transactions Audit Module - selecting samples for testing.
- Balances Audit Module - selecting samples for testing and circularisation.
- General Ledger Module to produce a profile and select and examine ledger accounts, review each quarter.
- Incompatible Duties Module to check on segregation of duties, conduct special branch and operator reviews.

Note: That this plan is not designed for internal auditors who are auditing under the direction of external auditors.

Liaison with the Computer Department

- What you'll need to do

It's generally acknowledged to be a good idea for you (as an external auditor) to keep in close contact with your clients. But it's not often done as regularly as it could be.

As an external auditor you'll find one of the advantages of CAPS is that it forces you to keep in closer contact with your Financial Institution client. This is because:

- The effectiveness of some of the CAPS tests will be destroyed if the Financial Institution's computer department purges transactions from the system without letting you know. You will need plenty of warning (at least two weeks) so you can arrange to do all the necessary audit tests before the purge takes place. So, even if you have asked them to let you know, you'll probably want to keep in touch - just in case!
- For the same reason, you are more likely to carry out regular interim audits to keep the CAPS files up to date. This is good audit practice, but it also highlights problems sooner, and gives you a better chance to advise your client constructively. And it means questions are more likely to be about current topics, rather than something forgotten about nine months previously.
- o Your CAPS files are stored on the Financial Institution's computer system at all times. So you are going to be directly concerned if the Financial Institution upgrades or changes to its computing equipment. You'll need to make sure the computer department discusses any such plans with you before it goes ahead. Contact the CAPS Support Manager to discuss.
- From time to time the Financial Package is upgraded and enhanced. Whenever this happens we alter CAPS to take account of the changes. You'll need to know if the Financial Institution installs an upgraded version of the Financial Package, because you'll have to make arrangements with us to install the matching version of CAPS. Contact the CAPS Support Manager to discuss.
- CAPS programs do not need the whole computer system to themselves. The Financial Institution's programs can be running at the same time. However it is recommended that CAPS programs should not be running when the computer has a heavy processing load. So you'll need to arrange with the computer department which night, or weekend, is most suitable for running the CAPS audits (via NIGHT AUDIT).

General Sequence of running each module

We have designed CAPS so that each time you use an audit module to conduct an audit, you follow the menu options in that audit module step by step, completing step 1 before moving on to step 2, and so on.

We have tried to design the CAPS audit modules to be as similar to each other as possible. This makes it easier for you to understand and use CAPS.

However you should note that each audit module is different. So you'll be well advised to refer to the appropriate section in this handbook before trying to use a module.

You might also note that some audit modules can take two or three days to complete, because one or more of the menu options might need to be run overnight. You should try to take this into account when planning your audit visit.

Housekeeping and clearing audit files

Now that you have read this far, you'll understand that CAPS is a special package which is physically installed on the Financial Institutions computer. It physically takes up space on the disk. You'll also realise that some CAPS programs copy information from the Financial Institutions computer files, and store it in its own files, thus putting a 'snapshot' of that information under your control.

Therefore the CAPS files take up disk space. If the Financial Institution has ample spare disk space and spare computing power, this is not a problem. However, if it does not have much to spare, your audit files may be taking up valuable space.

Therefore it is a courtesy to the Financial Institution's computer department to clear all your audit files when you no longer need them. The other reason to clear the files is for security reasons. If the test results have been printed onto paper and the data then removed from the system there is no way it can be inspected or tampered with.

Other than the above two reasons there is no need to clear the data off the system between audits. Each audit will clear the previous results as part of its initialisation procedure automatically.

To clear the files choose the 'Clear Audit Files' menu option on each audit module menu. Note that this does not delete any Data Capture files containing information CAPS might need to carry over to the next audit, nor does it delete any of your parameter data.

Technical Note

CAPS has been designed to be self-contained so that, in emergencies, its programs and files can be removed from the system when not in use and stored on tape. To do this the Technical staff need to use the 'Account Save' facility

which is available on the Pick operating system. You will need help from the computer system operator to do this, as this procedure is outside the scope of this handbook.

3. HOW TO USE THIS HANDBOOK TO GET THE BEST OUT OF CAPS

Main Menu - and Main Table of Contents

If you log into CAPS and look at the CAPS Main Menu, you'll notice that it is arranged like the Main Table of Contents for this handbook. For example, TRANSACTIONS AUDIT is option 3 on the Main Menu. It is also Tab Section 3 in this handbook.

This makes it easy to find the right section in the handbook if you are working on the system. It also makes it easy to find your way round the system after reading about an audit module in the handbook.

If you now look at the main Table of Contents, you'll notice this handbook is split into two parts.

Part A contains this introduction which you'll probably only need to read once or twice. It also contains the instructions on how, why and when to use the CAPS utilities. You'll probably need to refer to these quite regularly - particularly if you are a new CAPS user.

Part B explains all the individual audit modules. To make it easy for you to use, you'll notice that each module is documented in the same standard way. We'll explain the standards on the next page.

Notice that each tabbed section has its own Table of Contents. This means that the main Table of Contents does not get cluttered with too much detail.

Notice also that each page within a tabbed section is given a page number on the bottom of each page.

The Audit Modules

Each Audit Module in this handbook is documented in a standard way like this:

Section 1 - Introduction to the module

We suggest you read this first section before trying to plan or carry out any audit using CAPS. It is separated into three sub-sections:

- Description of audit tests performed by this module.

This lists the tests, explains the reasons for the tests, explains why you might want to do them, explains briefly what the tests do and what form the results are in, and suggests some of the audit weaknesses that might be discovered by the tests.

- Suggested sequence and frequency of using this module.

This explains when you would use this module, the sequence of events you would normally move through, how long it might take to complete, how you would plan the tests, and gives suggestions on what you'll need to organise before you start.

- Essential Financial Package information

This sub-section is only included if it's needed. It briefly explains any important but not obvious information you'll need to know about how the Financial Package works before you can properly do the audit tests.

Section 2 - Operating Instructions

You'll notice the contents of this section exactly match the audit menu steps for each audit module. For example, section 3.1 in the Transaction Audit module is called 'Input Parameters'. This is the same as selecting menu option 3 on the Transactions Audit Menu, and then selecting menu option 1 from the resulting Parameters Menu.

Each menu option is explained in a standard format which has three phases:

- The name of the menu option and a brief description of the menu option. If you are new to CAPS you'll find it useful to scan through

these brief descriptions before planning to use an audit module. It won't take long, and it will give you a good overview of the module.

- The screen prompts, and explanations.

This explains step-by-step exactly what happens when you use CAPS, and explains each of the questions CAPS asks you, and the effect of different answers. You won't need to read this part. It's designed as a reference to help you when you are entering details of the tests you want to carry out.

- The result of running the menu option.

Usually, a CAPS file is generated, or a printout is produced, or a file is cleared. Do not worry too much about this when you start using CAPS. You will find it interesting and useful after a little more experience.

Section 3 - Further Technical Information

If there is any technical information about the module which may be useful for a deeper understanding of its audit implications it will be included here. Audit modules are very straightforward, thus this section is not always included.

GLOSSARY OF TERMS USED

Account levels

Sometimes referred to as Account Types or Products. The Financial Package has three ledgers, LOANS, SAVINGS, and INVESTMENTS. Each ledger contains any number of member's accounts. These accounts can be grouped in any way convenient to the Financial Institution. These groups are called 'account levels'. For example, account level 'L1' could contain all loan accounts secured by a first mortgage.

Default

To save you time and make it easier to operate, CAPS will often anticipate your answer to a question it asks. It will actually enter the expected answer for you. This is called a 'default'. If you agree with CAPS default just press (RETURN) to accept it. Otherwise enter the answer you choose. Note that CAPS always defaults to the 'safest' answer - the one which won't alter or delete any information.

Data Capture

In some cases CAPS needs to take a copy of part of the Financial Institutions accounting records as they exist at a point in time. It keeps this as a starting point or opening balance for the subsequent audit some time later. This starting point copy is called a 'Data Capture'.

Error Messages

If you enter information incorrectly an error message will be displayed on the bottom left of the screen.

Profile

CAPS gives you profiles - for instance, a 'Balances Profile' (which is a statistical summary of all the balances on members accounts), and a 'Transactions Profile' (which is a statistical summary of transactions made between any two dates).

Prompt Help message

These are displayed on the bottom left of the screen. These are designed to tell you the form the input should take, as you move through the prompts of a parameter input screen.

Purge

Transactions have to be 'purged' from the computer system by the Financial Institution from time to time. This simply means chosen transactions are deleted by the Financial Institution's Technical staff (thus regaining disk space) and appropriate carry forward balances are calculated.

Transaction code/type

The Financial Package allows the Financial Institution to define different transaction codes. The F.I. does this by allocating a code to each transaction. (see TRANSACTION AUDIT - section 3 for more details).

TCL - The Command Level

When you have exited CAPS and are prompted by the Operating System for a command. Usually, the prompt symbol is '>'.

4. GETTING STARTED

How to get started with CAPS

- Log On instructions

CAPS must have been properly installed and tested on the Financial Institution's computer system by a qualified CAPS system installer. This process normally takes about two hours.

You must have been assigned a terminal by the Financial Institution. It does not need to be any special terminal, nor does it have to be the same terminal you used the last time you worked with CAPS.

Here's what you do:

1. Login Please

Type in the Login Code (and password) to login on the machine.

This will be given to you when CAPS is installed. If the Financial Institution also has a password set up you will also have to enter the password.

2. Ensure you are in the proper computer account from which to run CAPS.

3. At the Command prompt, type 'CAPS'

Once logged onto the machine, AWA and Prime computers will then reply with a colon (:), Universe Operating Systems will reply with a 'greater than' sign (>). You should reply by typing 'CAPS' and press [Enter].

4. CAPS User Name

Type in your user name

The system shows you the CAPS logo and asks for your 'user name'. Note that you are now under the control of the CAPS programs. You should have been given a 'user name' by the CAPS installation representative. If you don't know it you won't be able to proceed. **Note:** If the CAPS banner is improperly displayed, see the section "How to set up for different terminals".

5. Password

Type in your password.

When you have successfully entered your user name, CAPS wants you to enter your password. This is an important security measure, do not let anyone know your password or user name.

This will not be echoed on the screen, as a security precaution CAPS gives you two chances of entering your password and then automatically logs you off.

But note that CAPS records each unsuccessful login attempt. See Section 1 CAPS UTILITIES Option 7.2 - list illegal attempts.

6. Main Menu

If you entered the correct password CAPS shows you its main menu.

You may notice the menu looks unusual, or the cursor is in the wrong place. If so, it's probably because you are using a different terminal to the one CAPS last used. Refer to the next section "How to setup for different terminals".

How to set up for different terminals

The Financial Package can be operated using a number of different terminals. We have designed CAPS so that it does not matter which type of terminal you use. It works with most terminals that use the PICK operating system.

However, different terminals can have slightly different characteristics.

What this means is that if you run CAPS on different terminal types, you may have to tell CAPS what terminal you are using. You'll know immediately if you need to, because you'll notice the initial CAPS logo will look odd, and CAPS might put the cursor in strange places on the screen. If so, type 'END' for the user name to return to the TCL prompt.

If you find this happening to you, then it may be necessary to change the 'emulation' on your terminal. To do this consult with your Technical support people. Use the 'TERM' command to set the correct terminal type. Try 'TERM ansi' or 'TERM vt100' or 'TERM wy50'. Type 'CAPS' after each try to get back to the CAPS user name prompt.

5. GENERAL OPERATING CONVENTIONS

The following sections detail the general operations of the input screens. The operations on most CAPS input screens are standard and therefore this guide is applicable to most screens.

5.1 Definitions

- **Data Item:** a data field to be manipulated. It is displayed on the screen with an item number in front of it, e.g. <10>. A data item can contain one piece of information only.
- **Row:** a row is a group of data items, when grouped together has a special meaning. For example, the data items: General Ledger number, reference, description and amount form a transaction.
- **Window:** a window is a section of the screen where rows of information are manipulated. In a window, more than one row of data can be entered. The number of rows that can be displayed within the window at one time depends on the window size, but the number of rows that can be entered through a window is generally not limited. There is one item number for the whole window and a

row number for each data row within the window (eg: Transaction Selection parameter screen).

- **Record ID:** is the key to a record. It does not have an item number in front of it.

5.2 Use of Keys and Conventions

The following key definitions are used to move the cursor around the screen to indicate where you want it to go. All the key strokes should be followed by a RETURN.

- **'\'** (the back slash key)

- use to delete the current data item,
- if used at the first data item of the row within a window, the whole row will be deleted (because the first data item of a row must not be nil).

- **'!'** (the exclamation mark)

- to go back to previous data item,
- when operating inside a window and on the first data item of a row it will take you back to the first data item in the previous row. If the current row is the first row, the cursor will jump back to the previous data item before the window,
- !n can be used inside a window to move back n rows.

- **'+'** (the plus key)

- this key is only applicable when entering the first data item of a row within a window,
- '+' alone will move the cursor to next row (as will the [Enter] key),
- +n will move the cursor n rows from the cursor.

- **'^'** (the caret key)

- this key is only applicable when entering the first data item of a row within a window,
- it adds a row before the current row.

- '#' (the hash key)

- move to the “Action” prompt at the bottom of the screen,
- if this is a regular data item, #n will move to that numbered data item on the screen,
- if this is a window prompt, #n will put the cursor to the nth row of the current window. If n is larger than the number of rows within the window, the cursor will be positioned at the row after the last row.

- '*' (the asterisk key)

- on a window item, skip to the next data item.

- [Enter] key only

- to accept a default data item, if any,
- when operating in a window and on the first data field, pressing [Enter] only on a blank first field means move to the next data item.

- ']' (the closing square bracket key)

- exit from the screen immediately without saving any changes.

All the above key strokes are applicable when you are entering or editing the data items on the screen. At the bottom of each screen, there will be an “Action” prompt like the following:

'Hit <CR> to proceed, 'EX' to cancel or item ID to edit item'

You can hit the [Enter] key to accept what you have entered or changed. Or you can hit 'EX' and the [Enter] key to cancel the changes you have made. Or you can input the item number for the data prompt you wish to make further changes. The item numbers are enclosed by '<' and '>', e.g. <10> for item number 10 on a parameter screen.

Chapter 1 - CAPS Utilities

0. INTRODUCTION

The Utilities module is designed to help you maintain your CAPS system. Utilities is the general purpose module.

0.1. Description of System Utilities functions

- Account Enquiry allows you to have a look at the transaction details of a particular account.
- During the course of your audit you will have to ask CAPS to do some work overnight because it may take too long to do during the day. CAPS does not actually start doing any of this work until you use NIGHT AUDIT option. NIGHT AUDIT allows you to specify the date and time to start these overnight audits.
- Create new users and display passwords and change password seeds if required.
- Audit Module Status shows you details of the last time each 'audit step' (or CAPS program) was run. You should always check this the morning after NIGHT AUDIT was run. It tells you when CAPS started work on each audit step and how long each step took to perform. It also tells you if it struck a problem - warning you to look more closely at the results.
- Audit File Status shows the details of each CAPS 'audit file'. You should always check this after NIGHT AUDIT was run. It tells you that CAPS completed work on each file, and how many records it selected for audit testing. You can then decide if there are too many to print. (Otherwise you could end up with a large pile of printout which you could never possibly check properly).
- Control Parameters let you switch between 'Test Mode' to 'Live Mode' and back, and also lets you vary a 'delay factor' used by some CAPS messages. Shows the account name for the data being used by CAPS for the audits. This will confirm that you are using the database you intended.
- Log File Maintenance allows you to keep track of who uses or attempts to use the CAPS system.
- Installation Parameters are certain internal variables used by CAPS. These may only be changed by the CAPS Support Manager and are set at time of installation.

1.0 ACCOUNT ENQUIRY

This facility lets you conveniently examine the transaction details of a member's account on the screen or printer without having to log out of CAPS and log into the Financial Package.

The Account Enquiry parameter input screen looks like this:

Enquiry Parameters

Account ID	: <1> 113997351
Period Start	: <2> 01/05/96
Period End	: <3> 31/12/98
Destination	: <4> S
Show OP & BR	: <5> Y

< 1> Account ID

Enter the account ID of the account you want to see details of. The account ID will be remembered for the next time you enter the screen. To exit the enquiry press '\ ' and then [ENTER]

NOTE - Do not enter a space between the member number and account level.

< 2> Period Start

In many cases you'll only want to see the more recent transactions on the account. To avoid having to scroll through lots of early transactions before getting to the one you want, you can enter a 'Period Start' here. CAPS won't list any transactions before this date.

< 3> Period End

This is provided for the same reason as the "Period Start" above. It limits the enquiry period by cutting off any transactions after the date input.

< 4> Destination

CAPS gives you the option to either view the information immediately on the screen or have it printed on the printer. To view on the screen type 'S'. To have the Account Enquiry printed type 'P'.

<5> Show OP & BR

Enter 'Y' if you wish to display the Operator number and Branch number of each transaction. This option will reduce the size of the narration field.

CAPS then sends the information to the specified destination. Please refer to the example at the end of the chapter. If you chose to display the details to the screen then you will be prompted with "Q to quit or RETURN" (to continue) after a screen full of information.

Note that this facility may not give you the same amount of detail as using the Financial Package's enquiry program.

When you have finished and want to return to the CAPS system utilities menu, press [Enter] instead of entering another Account ID.

2.0 NIGHT AUDIT

During the course of your audit you will have asked CAPS to perform some work overnight because it may take too long to do during the day. CAPS does not actually start performing any of this work until you use this NIGHT AUDIT option.

CAPS shows you a numbered list of all the audits you have asked it to run overnight. It then displays the prompt:

Hit RETURN to accept or program number to cancel one

If you don't want CAPS to run one of the programs on the list, enter its number and press [Enter]. CAPS immediately deletes it from the list of audits.

When you are happy with the list, press [Enter].

Start Execution Time

You need to inform CAPS when you want it to start performing all this work. Enter the time and date. If you just press [Enter], CAPS assumes you want to run the audit(s) now. This option lets you choose a convenient time when you know the Financial Institutions computer processing time will be low.

Entering the time in the following format: [hh:mm dd/mm/yy]

For example, [20:20 18/10/95] would start the CAPS programs running at 20 minutes past eight on the evening of the 18th October, 1995.

Note that there is a limit of four days from the current date.

Do you wish to start?

As soon as you answer [Y], CAPS takes over control of the terminal. You will not be able to do any more work on it until it has finished running NIGHT AUDIT. In most cases you would therefore only start NIGHT AUDIT when you have finished all your work for the day.

If you answer [N] CAPS returns to the system utilities menu without doing anything. All the programs you have loaded for overnight running are still available, and you can run NIGHT AUDIT (or NIGHTCAPS) again when you want.

Result

The following message appears on the screen:

```
C A P S  AUDITS QUEUED TO START AT hh:mm  dd MMM yyyy
```

PLEASE DO NOT TOUCH !!!

CAPS runs a program called NIGHT AUDIT which takes control of the terminal until the 'start execution time' you entered. It then creates a job-stream which runs each of the audits you asked CAPS to run overnight. It will run the programs in the order displayed on the numbered list it shows you when you first select this option.

The next morning, after NIGHT AUDIT (or NIGHTCAPS) was run, you should use Option 4 - Audit Module Run Status, and Option 5 - Audit File Status to check the audits were completed successfully.

PRACTICAL NOTE

In some cases you won't be able to set a time for NIGHT AUDIT to start. This is because the Financial Institution may decide to undertake system maintenance and housekeeping duties. To do this it may need to take control of all terminals, and stop all other work on the system - including NIGHT AUDIT.

There are three possible solutions:

1. You may insist that CAPS be allowed to run in preference to any other work.
2. You come in at night after the maintenance work has been completed and start NIGHT AUDIT.
3. You use a special feature called NIGHTCAPS which lets the system operator start NIGHT AUDIT after they have finished with the housekeeping. This has been specially designed to ensure the system operator cannot do anything with CAPS other than start the NIGHT AUDIT program. See Option 3.3 - Add New User To The System, for more details.

The instructions for the system operator to start NIGHTCAPS are given on the next page.

It is also possible that the programs started at the wrong time because the operator has stopped your process or the time was not entered in 24 hour format (ie 20:00 is 8pm); or there was a power failure or system crash or "auto logout" occurred due to no activity at the keyboard.

NIGHTCAPS

NIGHTCAPS is a special feature of CAPS which lets the system operator of the Financial Institution start the NIGHT AUDIT program after Operations staff have completed their housekeeping.

First Logon to the Financial Institution account as normal or if CAPS is not run from within this account, logon to the CAPS Run Account (see auditors for access details).

At the Command prompt type 'NIGHTCAPS'

CAPS responds with the CAPS logo and asks for a password.

Enter the password given to you by the auditor

CAPS responds by asking the following question:

“ Start Execution Time:”

You need to inform CAPS when you want NIGHT AUDIT to start executing the audit program job stream. Enter the time and date (or press [Enter] to start immediately).

Enter in the following format: [hh:mm dd/mm/yy]

For example, [20:20 18/10/95] starts the CAPS audit programs running at 20 minutes past 8pm on the 18th October, 1995.

Check the time/date carefully before pressing [Enter], as CAPS takes control of the terminal. You will not be able to do any more on it until it has finished running all the audits you queued.

Result

CAPS takes control of the terminal until the 'start execution time' you entered has been reached. It then runs each of the audits selected by the auditor.

3.0 USER MANAGEMENT

The User Management option allows you to add and delete users to the system. It allocates passwords and allows the change of password seeds if required.

The User Management screen looks like this:

CAPS Utilities Module - User Management

1. List all users
2. Delete a user
3. Add a user
4. Change password seeds

Option :

The only reason for adding users is to monitor what users are doing. All access to CAPS menu items and audits are logged. See Option 7.1 - “List Access Records”.

3.1. List All Users

This option allows you to see who is entitled to enter the CAPS system. Only managers (a user with an access code 'M') can utilise this option.

CAPS produces you a list of the User Names and their authority Access Status Code, (which can be either U for user or M for manager). The resulting screen is not shown here.

3.2. Delete A User

This option allows you delete a user from the system. Only managers (a user with an access code 'M') can utilise this option.

CAPS Utilities Module - User Management

Delete a user

User Name:

User Name

Enter the name of the user you want to delete, or press [Enter] to return to the 'User Management' menu.

Are you sure you wish to delete this user ?

CAPS is giving you a chance to check. If you are sure it's OK to delete, enter [Y], and the user will no longer be allowed access to the system. Otherwise, enter [N] to return to the 'User Management' menu with no change.

Note - if you delete a user name, it is possible to add it again using Option 3.3 - "Add a new user to the system". If you do, CAPS will give it the same password they had before they were deleted

3.3. Add a new user to the system

This option allows you to add a new user who is authorised to use the CAPS system. Only managers (a user with an access code 'M') can use this option.

The Add a New User screen looks like this:

CAPS Utilities Module - User Management

Add a New User

User Name:

User Name

Enter the name of the user you wish to add, or simply press [Enter] to return to the User Management menu. Do NOT use spaces in your user name. Your user name should be between 4 and 8 characters long.

Access Status

Enter either [U] for a normal 'User Level' access, or [M] for a 'Manager Level' access. Remember a manager can create other users, use the Log File Maintenance option and change the password seeds.

Are the answers above correct?

If you answer [N] CAPS does not add that user, but asks you to enter another user name.

If you answer [Y] CAPS then calculates and displays the two passwords (logon password and print password) the user must use to gain access and use CAPS.

Note: These passwords must be carefully recorded before pressing [Enter]. If a user forgets their password, they must be deleted from the system and added again so that the passwords are regenerated and displayed.

3.3.1 Special NIGHTCAPS User

If you wish to use the NIGHTCAPS facility (see Practical Note above) then you will need to add a user name for the system operator to use. The user name is displayed as "Computer Operator" with 'User Level' access. Contact the CAPS Support Manager for the password, and give it to the system operator.

3.4. Change Password Seeds

This option allows you to alter all CAPS user passwords. It means you can always retain control of who is authorised to use CAPS. Only managers (a user with an access code 'M') may utilise this option. The 'seed' is used in the algorithm that generates the user passwords.

For security reasons we have not included a detailed description of this option. It is very straightforward to operate. It is recommended that password seeds are changed regularly.

The effect of using this option is that all other user names are deleted. You must add them again using option 3.3.

There are 24 possible password seeds.

4.0 AUDIT MODULE RUN STATUS

This shows details of the last time each 'audit step' (or CAPS program) was run. You should always check this after NIGHT AUDIT was run. It tells you when CAPS started work on each audit step and how long it took. It also indicates if it struck a problem - warning you to examine the results closely.

If you select this option, CAPS shows you a menu of all the audit modules as follows:

CAPS Utilities Module - Audit Module Run Status

- 0. Return to System Utilities Menu
- 1. Utilities Module
- 2. Balance Module
- 3. Transactions Module
- 4. Biograph Module
- 5. Arrears Module
- 6. Interest Module
- 7. Term Deposit Module
- 8. Dormancy Module
- 9. Incompatible Duties Module
- 10. Circularisation Module
- 11. General Ledger Module
- 12. AFIC Module
- 13. YEAR 2000 Module

Option :

Enter the number of the module you want to check. CAPS then lists the 'sub-modules' (which are equivalent to the audit steps) for the audit module you selected.

For each audit step CAPS gives you the following information:

Start Time Date

This gives you the start time and date the audit was last run.

End Time Date

This gives you the time and date the audit was completed. If no date is shown, then the program abnormally stopped or there was a system failure during the audit. In either case it is recommended the reason be investigated.

Mode

This shows you the last mode that the audit function was performed in. This will either display LIVE or TEST mode. This function is helpful in releasing what function the audit was performed in. Audits that show a small result or discrepancies often mean that the audit was performed in test mode with a small sample.

Error

If CAPS struck some kind of error whilst the audit was running, it will indicate 'Yes' in this column. If no problem was discovered it will indicate '---'.

CAPS will also give the following prompt at the bottom of the screen.

Which sub-module would you like to diagnose?

If a sub-module indicates 'Yes' in the error column you can display the error log by entering the number of the sub-module.

CAPS shows you a log of the specific errors or warning messages it noted whilst that sub-module was being used. You should carefully note and immediately follow up these errors. If you cannot verify them, then you should contact your CAPS representative as soon as possible.

The possible errors and their meaning are as follows:

Can't read a "file" or Can't read an "attribute"

This usually means you have run the audit steps in the wrong order. For example, you have asked CAPS to do a Dormancy Audit without first having a Dormancy Data Capture.

Check that you have carried out all the audit steps in the right sequence.

CAPS identifies errors in client records, or transaction records

This might indicate a problem with the computer system or its records. You should follow these up thoroughly, and carefully consider the implications.

File not opened

This is an internal CAPS problem. For assistance call the local CAPS representative immediately.

{TRAN.ID} - NDD on Dump is null while Loan Bal = nnnnn.nn

This is from Loan Arrears and indicates that the saved information for this account on the Data Capture file shows that the Next Due Date was empty, but this account now has a loan balance.

Cannot read PAYTABLE rec for ID {TRAN.ID}

This is from Loan Arrears. All repayment history is kept in this file, so if this record is missing, this is a serious error.

S{nn} not on OFFSET.PRODUCT

This is from Loans Interest audit. If a loan has an offsetting savings account, the details of this should be on the OFFSET.PRODUCT file, but did not exist.

{TRAN.ID} BAD RATE ON {dd/mm/yy} {narration shown here}

This is from Term Deposit Accrual or TD Interest audit. During the audit process, CAPS tries to extract rate information from narrations on a transaction. CAPS failed to find the rate on this particular transaction.

NO CURRENT DEPOSIT DETAILS FOR {deposit number} IN {tran ID}

This is from TD Interest audit. There should be 'certificate' details for each deposit held by an account. In this case, there was no record of this deposit number for this account.

You must specify acct levels to audit. Use 'Account Levels to Include'

This is from Overdraft audit. You must indicate which account levels you want to audit with this module. There were no account levels specified.

Cannot read ASSN-ADDR (society data) from CLIENT, nulls assumed

This is from the Circularisation audit. Normally, the address details for the Credit Union / Building Society, are kept in a record in a file. None could be found. This is the address that would print in the letter head area of the statement to the member.

End of list encountered and cannot find last statement nnnnn

This is from the Circularisation audit. If you entered a Member number on the "Last Member Printed" prompt in the Statements Parameters screen, CAPS could not find this when scanning through the "Source File" you have indicated to be used which holds the list of Members to be used to print these statements. If you simply want to print from the beginning of the select Source list, then clear out this prompt by type '\ ' and press [Enter].

5.0 AUDIT FILE STATUS

This option shows details of each CAPS 'audit file'. You should always check this after NIGHT AUDIT was run. It indicates that CAPS completed work on each audit process, and how many discrepancies were found. You can then decide if there are too many to print. Otherwise it is possible to end up with a large pile of printout which you could never possibly check properly.

Select this option, and CAPS shows you a menu listing all the audit modules as follows:

CAPS Utilities Module - Audit File Status

- 0. Return to System Utilities Menu
- 1. Utilities Module
- 2. Balance Module
- 3. Transactions Module
- 4. Biograph Module
- 5. Arrears Module
- 6. Interest Module
- 7. Term Deposit Module
- 8. Dormancy Module
- 9. Incompatible Duties Module
- 10. Circularisation Module
- 11. General Ledger Module
- 12. AFIC Module
- 13. YEAR 2000 Module

Option :

Enter the corresponding number of the module you wish to check. CAPS then will ask you how you want the file status information displayed by prompting you with:-

Please indicate your checking/destination option : 'A'll, 'C'hosen, 'P'rinter

If you choose "All" by typing [A], CAPS will display the information on the screen for all audit processes for the selected module.

If you choose "Chosen" by typing [C] CAPS will display the audit step one by one, prompting you to indicate if you want to display the discrepancy count for this audit file.

Do you require checking on this file?

If you type 'N', the records for this audit process will not be counted and you will be prompted for the next audit file.

If you choose 'P' to print, the information will be directed to the printer showing the record count on every audit process in the selected module.

For more information on the details displayed on this screen please refer to the example at the end of the chapter.

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6.0 CONTROL PARAMETERS

This option allows you to switch between 'Test Mode' to 'Live Mode', and also lets you vary a 'delay factor' on messages that are time-delayed. Those messages will be display for the delay time you specify and then cleared.

The screen will display the following list of options:

CAPS Utilities Module - Control Parameters

1. Account Name : ABCU
2. Live/Test Mode : Live Mode
3. Message Delay Factor : 5
4. TD Auto Data Capture frequency (days) :

Option :

The screen will display the following list of options:

Account Name

This shows you the name of the Financial Institution you are auditing. This cannot be altered.

Live/Test Mode

This indicates your current operating mode.

Message Delay Factor

This 'delay factor' lets you control how long a timed message remains on the screen. The time is in tenths of seconds.

Enter a number from 1 (=short delay) to 50(=long delay).

TD Auto Data Capture frequency (days)

Enter the number of days you want to leave between each Data Capture process. CAPS will check this each time when you log in to see if the previous Data Capture was run more than this number of days in the past. If so, CAPS will automatically queue this process to be run via 'NIGHT AUDIT'. Set to zero to disable this feature.

Which parameter would you like to change?

Enter [2] to change Live Mode to Test Mode or vice versa.

Enter [3] to change the Message Delay Factor.

Enter [4] to change the TD Auto Data Capture.

Press [Enter] to return to the system utilities menu.

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7.0 LOG FILE MAINTENANCE

This option allows you to keep track of who uses or attempts to use your CAPS system.

The Log File Maintenance displays the following options:

CAPS Utilities Module - Log File Maintenance

1. List access records
2. List illegal attempts
3. Clean log file

Option :

7.1 List Access Records

This lists the CAPS log file and shows user access to CAPS, what work they undertook, and their login/logout times. You can use it for audit working papers to check on the training progress of a new CAPS user, or to help prepare audit fees. It is also helpful as a quick reminder of what you were last working on.

The List Access Records parameter input screen looks like this:

CAPS Systems Utilities Module - Log File Maintenance

Parameters for Listing Log File

User Name :	<1> SMITH
Starting Date :	<2> 01/03/97
Destination :	<3> S

< 1> User Name

If you wish to see what a particular CAPS user has been doing, enter their User Name. Or, if you want to check all users who has accessed CAPS, type [ALL]. To return to the Log file Maintenance menu press [Enter].

< 2> Start Date

In most cases you will only be interested in the recent access. To avoid scrolling through earlier information you may choose to enter a 'Start Date'. CAPS will only show you access records after that date.

< 3> Destination

Enter [P] if you wish to print the log file. Enter [S] if you wish to view the information on the screen.

If you selected [S] CAPS gives you a numbered list of each time CAPS has been accessed, and prompts:

Enter the line number to show detail, or [Enter] to continue or Q to Quit.

If you are interested in the details of a user's activity after accessing CAPS, enter the number shown against the access you are interested in.

CAPS shows you details of exactly what audit steps they performed, and at what time. If there is more information than fits on the screen, press [Enter] to view the next screen of information. When CAPS has shown you the complete list it returns to the Log File Maintenance menu.

If you selected [P], CAPS prints the complete details of each access on the printer. A sample report appears at the end of this chapter.

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7.2 List Illegal Attempts

This shows each time someone has attempted to access CAPS without entering a valid user name, or failed to supply the correct password. It displays the time, date and name used for the illegal login.

This is designed to warn you of attempts to tamper with CAPS. Do not ignore these warnings. For security of the CAPS system, attempts should be made to discover who is trying to access the system.

-o0o-

7.3 Clean Log File

This option deletes the log file and regains disk space on the computer. Only managers (a user with an access code 'M') may utilise this option.

Cutoff date

Enter a date. CAPS will delete every log file entry before this date. If you press [Enter] with blank date it will delete all log file entries for the previous day and before.

Delete Illegal Access Record

You may wish to keep these files. If so, enter [N]. Otherwise enter [Y] to delete them.

Are the above answers correct?

CAPS is giving you a chance to correct any mistake you might have made in the above prompts. Enter [Y] to clear the log file, [N] to try again.

Log file clean up finished. nnnn log entries deleted.

Note: you should use this option regularly. It is inconsiderate to the Financial Institutions computer department to allow the log file to build up and consume considerable space.

-o0o-

8.0 INSTALLATION PARAMETERS

This lets you view the installation parameters which are tuned to your site's requirements. The screen will display the following list of options:

CAPS Utilities Module - Installation Parameters

Software Package :	F
Operating System :	F
Patch Level :	758
Tran Code Offset :	0
Financial Institution :	1
Sleep Method :	1
Hex Data Format :	Y

This screen is for your information only and the values will only need to be changed if advised by BDO.

CAPS utilities example

REPORT 1:

Example of an Account enquiry output:

Account ID: 3235481

Name: TEIBINGER R T

Balance: 285.75

Page: 1

<u>Pr. Date</u>	<u>Eff. Date</u>	<u>Tcode</u>	<u>Opr</u>	<u>Br</u>	<u>Narration</u>	<u>Amount</u>	<u>Balance</u>
29/02/88		34	1099	1	INTEREST CREDIT	2.32	197.75
31/05/88		34	1099	1	INTEREST CREDIT	4.00	201.75
01/06/88		69	600	34	CASH WITHDRAWAL	-16.00	185.75
15/06/88		22	127	9	CHEQUE DEPOSIT	100.00	285.75

* * * * End of List * * * *

NOTES:

<i>Pr. Date</i>	The date the transaction was processed.
<i>Eff. Date</i>	The date the transaction is effective on.
<i>Tcode</i>	Transaction Code.
<i>Opr</i>	Operator number who processed this transaction.
<i>Br</i>	Branch number where this transaction was processed.

By not showing Operator and Branch, more room is available for the narration.

REPORT 2:

Example of an Audit Module Run Status report:

Module: Balances

	<u>Submodule</u>	<u>Start Time Date</u>	<u>End Time Date</u>	<u>Mode</u>	<u>Err</u>
1	Balances Menu				---
2	Balances Profile	02:32:40, 29/10/88	29:32:45, 31/10/88	Live	---
3	Print Balances Profiles	09:50:23, 30/10/88	09:50:23, 30/10/88	Test	---
4	Stratified Sampling Plan	12:33:31, 31/10/88	12:33:34, 31/10/88	Test	---
5	Dollar Value Samp Plan	* * No record found * *			
6	Stratified Selection	12:34:15, 31/10/88	12:34:23, 31/10/88	Test	---
7	Dollar Value Selection	* * No record found * *			
8	Print Selection	12:50:32, 01/11/88	12:55:43, 01/11/88	Test	---
9	Special Selection	12:35:06, 02/11/88	12:35:10, 02/11/88		
10	Print Special Selection	09:34:43, 03/11/88	09:38:43, 02/11/88		

NOTES:

<i>Submodule</i>	The procedure within the module menu that was executed.
<i>Start Time Date</i>	The date that the particular procedure began to run.
<i>End Time Date</i>	The date that the procedure ended its run.
<i>Mode</i>	Indicates if process was run in 'Test' or 'Live' mode.
<i>Error</i>	If there was an error in the run, 'Yes' will appear here, else 'No Error Found'

REPORT 3:

Example of an Audit File Status report:

Module: Balances

<u>Log Date</u>	<u>Description</u>	<u>Count</u>
31/10/88	Balances Circularisation	23

31/10/88	Sampling Plan	9
31/10/88	Print statement parameters	15
31/10/88	Parameters	2
31/10/88	Loans Selection	24
31/10/88	Savings Selection	1
31/10/88	Investigation Selection	1
02/11/88	Special Selection 1	2
02/11/88	Special Selection 2	2
29/10/88	Balances Profile	2
31/10/88	Summary - Account type level	4

NOTES:

<i>Log Date</i>	This is the date that the information was last put on file.
<i>Description</i>	A brief description of the audit process for this module.
<i>Count</i>	Shows the number of items in a file. For exception files, this number will be slightly higher than the actual number of exceptions on file because there will be 2 or 3 administration items.

REPORT 4:

Example of a Log File report:

Listing of access records

User: CAPS	Login:	12:41:37	17 NOV 1988	Logout:
		12:41:37	17 NOV 1988	Main Menu
		12:42:11	17 NOV 1988	Utilities Menu
		12:42:17	17 NOV 1988	Log File Maintenance
User: CAPS	Login:	12:36:48	17 NOV 1988	Logout: 12:36:48 NOV 1988
		12:36:48	17 NOV 1988	Main Menu
		12:36:48	17 NOV 1988	Finish

NOTES:

Some entries may not have a logout time because the user did not exit CAPS normally. That user may still be logged in, have broken out of CAPS using the break key, or there was a system failure.

Chapter 2 - Balances audit

0. INTRODUCTION

0.1. Description of Audit Tests

The Balances Audit Module is mainly concerned with checking that the balances as shown on the Loans, Savings and Investment ledgers are accurate and complete. CAPS does this by examining the balance on every account in each of the three ledgers. CAPS then:

- checks all the additions by type and level
- prepares a summary 'profile' of all the balances
- selects samples of accounts for detailed checking and confirmation
- highlights accounts with unusual balances such as overdrawn savings.

Lets have a look at this in more detail.

0.1.1. Check of additions

This is quite straightforward - but in normal circumstances it's a check you would never consider doing manually. Important points to note are:

CAPS does all the additions independently of the Financial Package.

It includes every account on file.

It adds each transaction to arrive at an independent balance on each member's statement. To confirm the closing balances, use the Transactions Profile.

NOTE: CAPS works backwards from the current balance of each account, deducting transactions, until it reaches the Balance Date as specified in your parameters. If the Balance Date is set to the current date (today's date) then CAPS will simply add the current balance of every account and produce a summary profile. If you wish to run the Balance Profile as at the current date but still wish to check the additions on each members account then you can run the Transaction Profile. See the Transactions Module for more information.

0.1.2. Prepares a summary 'profile'

For each of the three ledgers CAPS analyses and prints the total number and value of balances in each of up to 22 suitable strata. A strata could be all accounts with balances between \$5,001 and \$7,000 - see Menu option 2 PRINT BALANCES PROFILE for an example of specified strata. It is strongly recommended that you use the Manual method rather than the Automatic method, whereby you specify the strata to be used. This way, it saves having to make two passes of the entire database!

This profile helps you gain an overall picture of the accounts in your Financial Institution, and helps you design appropriate tests to audit it in the most effective way.

You'll find this 'profile' useful. For example, it immediately indicates if there are any overdrawn savings accounts, or even loan accounts in credit. It means that if they occur, you can concentrate on these to find out why they have occurred and decide if the exposed internal control weakness warrants further work.

0.1.3. Selects samples of accounts for detailed checking and confirmation

One of the time-consuming and statistically inaccurate areas of manual auditing is selecting samples of balances for detailed checking. Usually this is done by selecting perhaps every 10th balance in a supposedly complete list of balances - and perhaps also selecting every account you notice that is over \$10,000. Complete details have to be laboriously written out on a 'control sheet'.

CAPS does all this work for you. You have a choice of four statistical methods of selection: Dollar Value Sampling, Stratified Sampling, Manual Stratified and Manual Dollar Value Sampling. You control the details of any bias you might want (towards larger balances for example), and statistical confidence levels you want to get from the results. CAPS then statistically calculates how big your sample should be. Depending on which method you choose, it will automatically select the sample at random according to the ground rules (or 'parameters') you give it.

Note that the statistical calculations CAPS performs to decide how many balances to select to get a required degree of confidence in the result of the audit tests are quite complex. You don't need to know the details in order to do the audit.

As well as selecting a sample of balances for you, CAPS also does the following:

CAPS can prepare and print audit third party confirmation statements for the selected accounts. This means you can have complete control over the statements before they are posted. For more details of statements, please refer to the Circularisation Module chapter.

CAPS produces a convenient 'control listing' of the accounts to be confirmed so you can keep track of the responses. This saves time (and copying errors!) and resources.

CAPS lets you print a message of your choice on the confirmation statements. This means you can do a positive or negative circularisation very easily, simply by wording the message appropriately.

For your convenience, CAPS lets you choose the order (alphabetical order, account number order etc.) to print the statements. You are given a choice of four possible orders.

This might produce interesting results. For example: A number of loans over the approved maximum limit might have been granted to a member and his immediate family. Each loan may be allocated a different 'loan level' which keeps them separate on any Financial Package printouts. However, using CAPS

to print the statement control listing in alphabetical order, the identical names and addresses would be printed as a group.

0.1.4. Highlights accounts with unusual balances

As well as being able to select accounts using a random statistical basis, CAPS also allows you to select accounts using 'manual stratified' sampling. This lets you instruct CAPS to (for example):

- Select all loan accounts with balances greater than the authorised maximum of \$50,000.
- Select all savings and investment accounts with a negative balance, or all loan accounts in credit.
- Select all savings and investment accounts greater than \$75,000.
- Select all investment account balances less than the minimum \$500 limit.

0.1.5. Selects accounts according to special criteria

- Selects all closed accounts with transactions after the closing date.
- Selects the largest accounts for examination.
- Selects accounts with balances within specified ranges.

0.2. Suggested sequence and frequency of using this module

This module is essentially a balance sheet audit tool. Its main purpose is to help you satisfy yourself that the balances for Loans, Savings and Investments shown in the Financial Institution's balance sheet are true and fair. However, it does also have some very useful internal control audit tests as a by-product, and can be used during interim audits.

Step

1 Construct a profile of the Financial Institution's Loans, Savings and Investment accounts overnight using menu option 1 - BALANCES PROFILE.

2 The following day (or at any time later) use menu option 2 - PRINT BALANCES PROFILE to see the results. Check the CAPS total of the balances as at that date with the totals shown on the Financial Institution's 'Balance Report' for the same date.

After looking at the profile, decide what audit tests you should carry out. In particular you should decide what kind of sample of individual accounts to select. You can use menu option 3 - SAMPLING PLAN to help you decide.

When you have decided what sample to choose, use menu option 3 - SAMPLING PLAN to tell CAPS your choice.

Finally use menu option 4 - BALANCES SELECTION to instruct CAPS to select the sample. CAPS will perform this overnight.

- 3 The following day (or at any time later) use menu option 5 - PRINT SELECTION to print out a listing of all the accounts CAPS has selected.

Carry out your audit tests on the individually selected accounts as appropriate.

- 4 Use menu option 6 - SPECIAL SELECTION PARAMETERS to input parameters for the special selection. Select the sample using menu option 7 - SPECIAL SELECTION overnight and print it the next day using menu option 8 - PRINT SPECIAL SELECTION.

- 5 When you are satisfied the balances audit is complete, and you have no further use for any of the CAPS files generated during the audit, you can select menu option 9 - CLEAR BALANCE AUDIT FILES to release the space taken on the Financial Institution's computer system.

0.3. Essential Financial Package Information

0.3.1. Explanation of 'Account Levels'

There are three ledgers - LOANS, SAVINGS AND INVESTMENT. Each ledger can contain different levels of account. The levels are chosen by the Financial Institution. For example:

- L1 could be all loan accounts secured by a mortgage.
- L2 could be all unsecured personal loans.
- L9 could be all loans written off as unrecoverable.

And in the savings ledger:

- S1 could be all saving accounts for members that have loans.
- S2 could be all 'Christmas Club' saving accounts.

You will need to find out how your Financial Institution has used this 'account level' facility. Get a list of all account levels and find out what they are used for.

1. BALANCES PROFILE

This makes CAPS look through all Loans, Savings and Investment account balances and construct a statistical 'Profile' of all the balances. It also does a 100% check on the additions of the total balances for each account level.

The Balance Profile screen looks like this:

CAPS Balances Module - Balances Profile

Balance Date:<1>30/06/97

Strata Method:<2>M

Loans Bounds

Savings Bounds

Investments Bounds

<3>-----

<4>-----

<5>-----

001 0.00

001 -100.00

001 500.00

002 500.00

002 0.00

002 1000.00

003 1000.00

003 500.00

003 5000.00

004 5000.00

004 1000.00

004 10000.00

005 50000.00

005 10000.00

005 50000.00

006 100000.00

006 50000.00

006 100000.00

007 150000.00

007 150000.00

007 200000.00

008 200000.00

008 500000.00

009 300000.00

<1> Balance Date

Enter the date that the balances should be calculated to (e.g. 30/06/97)

< 2> Strata Method

Enter the method you would like CAPS to use to divide the accounts up into various strata. You can enter [A] for automatically created strata or [M] for manually created. If you choose option [A] then CAPS will ignore your Loans Savings and Investments bounds entered below and deduce its own 22 strata limits based on the population at your institution as at the balance date. If you choose [M] then you can set you own strata limits.

STRATA BOUNDS (FOR MANUAL METHOD ONLY)

If you have chosen the Automatic method you can by-pass these fields. If you have chosen the Manual strata method above then you must enter the strata limits here. For each ledger below enter a series of strata upper limits (in \$). You may have between 1 and 22 strata. The lower limit of the first strata will automatically be set by CAPS to \$ -9,999,999.99 during the audit. The lower limit of subsequent strata will be set to 1c more than the upper limit of the previous strata. Please refer to the **Introduction Chapter, Operating Conventions** section of the CAPS manual on how to move around the input screen more effectively.

<3> Loans Bounds (window)

Enter the strata bounds for the loans ledger as explained above. If you have chosen the manual strata profile method then you must not leave this field blank.

<4> Savings Bounds (window)

Enter the strata bounds for the Savings ledger as explained above. If you have chosen the manual strata profile method then you must not leave this field blank.

<5> Investments Bounds (window)

Enter the strata bounds for the Investments ledger as explained above. If you have chosen the manual strata profile method then you must not leave this field blank.

Remember that the above parameters will apply to the Balances Selection as well.

- Then, if you are in Test Mode, CAPS prompts:

You are in Test Mode, do you want to start now? (Y/N)

Enter [Y] if you want to perform a quick test run by sampling only a small number of balances.

Enter [N] if you don't want a test run, but want a profile of all members accounts overnight.

- If you answer [Y], CAPS prompts which:

Records to Process

Enter the number of records you want CAPS to use as a test sample.

CAPS displays messages to indicate its current activity. When completed it returns to the Balance menu. The profile only displays the number of records processed in increments of 100. If it has not processed 100 records yet 0 will be displayed.

The counter is counting clients. Each client may have more than one account.

- If you are not in Test Mode, or if you answer [N], CAPS will prompt:

Program 'Profile' requires running overnight. Confirm (Y/N)

Enter [Y] to queue the program for night audit.

Enter [N] to cancel the request, and return to the Balance menu.

Result

If you chose a test sample only, CAPS immediately runs 'Profile'. If you chose a full live sample, CAPS sets up an instruction for 'Profile' to be run overnight under 'NIGHT AUDIT', (See CAPS Utilities, Option 2 - NIGHT AUDIT for more details).

The results of running 'Profile' are stored for later use.

2. PRINT BALANCES PROFILE

This lets you print the current statistical profile of the Loans, Savings and Investment balances generated by running the Profile program.

Print Password

Enter your print password. No user can print a report unless they have their print password. The user will be given two opportunities to enter the correct password or CAPS will automatically shut down. This feature provides security to reduce the likelihood of unauthorised users gaining access to CAPS reports.

YOU MUST COLLECT THE PRINT OUT IMMEDIATELY !

DO NOT LEAVE AT THE PRINTER !

Result

The results of the profile and the summary for account type-levels are printed out. The profile is four pages long. Please refer to the example at the end of the chapter.

3. SAMPLING PLAN

CAPS can automatically select a statistically randomised sample of individual accounts for detailed audit testing. This menu option lets you choose the statistical basis you want CAPS to use, and lets you control some of the parameters. CAPS will also allow you to input your own sampling plan using either the Manual Stratified or the Manual Dollar Value method.

The Sampling Plan screen looks like this:

CAPS Balances Module - Sampling Plan Menu

Sampling Method

- 0. Return to Balances Menu
- 1. Stratified Sampling Method
- 2. Dollar Value Sampling Method
- 3. Manual Stratified Sampling Method
- 4. Manual Dollar Value Sampling Method
- 5. Print Parameters

Option :

Choose the sampling method you want to use, Stratified, Dollar Value, Manual Stratified or Manual Dollar Value. If you require a print out of all the parameters input so far, choose option '5'. CAPS prompts you for the ledger to work on.

Members selected may then be used in the “Circularisation” module to print statements to these member accounts.

The Ledger Selection screen will look similar to this. The chosen sampling method will also be displayed:

CAPS Balances Module - Sampling Plan Ledger Selection

Dollar Value Sampling Method

Ledger Selection

0. Return to Sampling Plan Menu

1. Loans Parameters

2. Savings Parameters

3. Investment Parameters

Option :

Choose the ledger that you want to input parameters for.

3.1 Stratified Sampling Method

If you chose the Stratified sampling method CAPS will prompt you with the following screen:

CAPS Balances Module - Stratified Sampling Plan

Stratified Sampling Plan for Loans

Parameters

Precision : <1> 1000

Reliability : <2> 95

Number of strata : <3> 5

You may notice that the screen displays the selected ledger (i.e. Loans).

< 1 > Precision

This is the number of dollars either side of the total population amount that you want to be certain the total is within.

For example, if the total of loans balances is shown as \$100,000, and you are happy to accept the sample estimate as being between \$99,000 and \$101,000, then you should enter the level of precision as \$[1000].

< 2> Reliability

This is the level of confidence that you want to have in the results of the tests performed on the selected sample.

For example, 99% means you want to be almost certain of the results (it means taking a big sample), whereas 50% means you are happy if the sample gives you a rough approximation (which means a smaller sample).

< 3> Number of Strata

You can choose between 1 and 5 strata. CAPS has an in-built statistical bias towards selecting proportionally more accounts in the higher balances strata.

CAPS then takes a moment to calculate the strata, the number of accounts in the strata, and its suggested sampling plan showing the number of accounts it thinks should be sampled within each stratum. It displays its suggestion on the screen and asks:

Are you satisfied with this plan

CAPS is designed to let you 'experiment' with different plans. So if you enter [N] CAPS forgets the plans you have just entered and allows you to input the parameters again.

3.2 Dollar Value Sampling Method

If you choose Dollar Value Sampling as your sampling method, CAPS will prompt you with the following screen :

CAPS Balances Module - Dollar Value Sampling Plan

DOLLAR VALUE SAMPLING PLAN FOR LOANS

Parameters

Threshold Error Rate :	<1> 5.00
Expected Error Rate :	<2> 1.00
Acceptable Risk of Overstatement	<3> 5.00
Acceptable Risk of Understatement	<4> 5.00

You may notice that the screen displays the selected ledger (i.e. Loans).

< 1> Threshold Error Rate

This is the rate of error you are prepared to accept with the sample of balances you are going to test.

For example, if the total of the balances in your sample is \$10,000 but as a result of the test you discover the total balances should have been only \$9,800, then there is a 'rate of error' of 2%. If you are prepared to accept that error rate with the sample as reasonable, then the threshold error rate you enter here is [2]%.

You can enter an error rate of between 0.01 (which means that you are not prepared to accept any errors in the sample - in which case CAPS will choose a much bigger sample) and 10%, (which means you are still prepared to accept the test even though the sample could be in error by as much as 10% - in which case CAPS suggests there is little point in selecting a considerable number of accounts for testing).

< 2> Expected Error Rate

This is the rate of error you expect from the total of all the accounts. For example, if the total balance on the Loans Ledger was shown as \$100,000 and you are very confident the real balance lies somewhere between \$99,000 and \$101,000, then you would enter an 'expected error rate' of [1]%.

The 'expected error rate' must be less than the threshold error rate' you previously entered.

< 3> Accepted risk of Overstatement

This is the 'chance' you are prepared to take of the sample failing to identify that the clients balances are overstated by more than the threshold error rate. A lower acceptable risk will require a bigger sample.

For example, if you enter [5]%, you are prepared to accept the possibility that five times out of a hundred the sample you choose will indicate that the total balance is within your threshold error rate, whereas in fact the total balance is lower.

< 4> Acceptable risk of Understatement

This is the 'chance' you are prepared to take of the sample failing to identify that the clients balances are understated by more than the threshold error rate. A lower acceptable risk will require a bigger sample.

CAPS then calculates a recommended sample size. It displays its recommendation on the screen for you as a number of dollar values to sample, and prompts:

Are you satisfied with this plan?

CAPS is designed to let you experiment with different plans before deciding on the one to use. If you answer [N] it goes back and asks you to put in another set of parameters again.

If you answer [Y] CAPS will file the plan.

The Dollar Value sampling plan selects random dollars between 1 and the total number of dollars in the ledger. Each dollar will belong to an account. Because some accounts have large balances it is possible for them (and even small accounts) to be selected twice thus giving you less accounts selected than the number of dollars requested (i.e. 220 dollars might select 203 accounts)

3.3 Manual Stratified Sampling Method

The Manual Stratified sampling method is a manual version of the Stratified method. You are able to specify exactly the stratum limits you desire and the sample size to select. The parameters you enter here will be used in place of the stratified parameters. It is possible to use the automatic method for one ledger and the manual method for another. The last method used for that ledger will dictate the parameters used for a stratified selection. If you chose the Manual Stratified Sampling Method CAPS will prompt you with the following screen :

CAPS Balances Module - Manual Stratified Sampling Plan

Manual Stratified Sampling Method for Loans

Parameters

Upper	Total No in	Sample	Total \$ in
Limit	Stratum	Size	Stratum
<1>-----	-----	-----	-----
001 1000	500	50	28959
002 10000	354	50	534544

The screen displays the ledger being operated on (i.e. Loans).

1 Parameters

Upper limit to stratum

Enter the dollar value of the upper limit to this stratum. When finished with all stratum press [Enter] here to go to the bottom of the screen. To skip a stratum in order to select only larger balances simply input an upper limit here with a sample size of 0.

NOTE: You can enter a maximum of 5 strata only.

Total Number in stratum

Enter the total number of accounts whose balances fall in this stratum. Be sure you have entered the number correctly. If you are using the Upper limits shown on the Balance profile the total number in the stratum can also be read from there.

Sample size

Enter the number of accounts you want CAPS to select as a sample from this stratum.

Total \$ in stratum

Enter the total value of accounts whose balances fall in this stratum. Be sure you have entered the number correctly.

Once all the stratum desired have been input, press [Enter] if satisfied with the plan.

Result

The information input is recorded on file for CAPS to use as criteria when selecting individual balances from the three ledgers.

The Manual Stratified method can be used to invoke the Discovery method of selecting random accounts (as opposed to dollar values selection of random dollars), by only having a single strata with an upper limit of 99,000,000.

In the Manual Stratified method it is possible to have selected less accounts than requested if the 'Total number of accounts in stratums parameter was set larger than it is in reality.

The Stratified/Manual Stratified method generates random numbers between 1 and the total number of accounts in the stratum. For example, if for a sample size of 5 and a total number of 650 it generates the numbers 23,154,256,401,613 it will be these accounts that are selected as it runs through all the accounts in the stratum in sequence (i.e. the 23rd account, the 154th etc.). However if the true total number of accounts in the stratum is only 600 (A mistake has been made entering the parameters), then it will not find the 613th account and subsequently only 4 accounts will be printed out on the selection report. It is important be careful entering these parameters.

Conversely if the Total number of accounts in the stratum is set too low the sample selected will not be a truly random selection.

3.4 Manual Dollar Value Sampling Method

If you choose Manual Dollar Value Sampling as your sampling method, CAPS will prompt you with the following screen:

CAPS Balance Module - Dollar Value Sampling Plan

Manual DUS Plan for Loans

Parameters

Manual Dollar Value : <1> 10

The screen will display the selected ledger (eg. Loans).

1 Manual Dollar Value

This is the number of dollar values you want to select. It must be between 1 and 1500.

The Manual Dollar Value sampling plan allows you to specify the number of dollar values to be selected between 1 and the total number of dollars in the ledger. Each dollar will belong to an account. Because some accounts have large balances it is possible for them (and even small accounts) to be selected twice thus giving you less accounts selected than the number of dollars requested (ie 220 dollars might select 203 accounts)

3.5 Print Parameters

Choose this option to print the parameters. Bear in mind that this process restricts the Manual Stratified minimum sample size to 3 and the maximum to the population size (i.e. sample size 1 would get reset to 3 and a sample size of 1,000,000 accounts would be reset to the maximum found in the profile for stratum in that ledger).

4. BALANCES SELECTION

This instructs CAPS to select the sample of accounts overnight using the sampling plan you entered in menu option 3 - SAMPLING PLAN.

You can specify the sampling technique and the order you want the accounts to be printed. The selection parameters screen is as follows:

CAPS Balances Module - Balances Selection

Statement and Listing Orders

Sampling Method : <1> D

Clients Statement Order :<5> 1

Ledger Selection

Your Control Listing Order:<6> 2

Possible Orders are

Loans: <2>Y

(1)Member Number

Savings: <3>N

(2)Descending postcode

Investments: <4>N

(3)Ascending postcode

(4)Alphabetical order

1 Sampling Method

Enter either 'D' to use the Dollar Value parameters, 'DM' for Manual Dollar Value parameters, 'S' to use the Stratified parameters or 'SM' to use Manual Stratified parameters. CAPS will default to the last sampling plan selected. The parameters input by you in menu option 3 above determine which ledgers you may select in fields <2>, <3> and <4> on the screen. Thus whenever you adjust the Sampling Method you will notice the ledger selection will change as well.

Ledger Selection

CAPS does not insist that you sample every ledger immediately. You can choose whichever you want. Enter [Y] or [N] as appropriate. Note - you must have entered a 'sampling plan' for the ledger using step 3 - SAMPLING PLAN, otherwise a star '*' will appear in the input position preventing selection of that ledger.

2 Loans

Type [Y] to select the Loans ledger or [N] to by-pass it.

3 Savings

Type [Y] to select the Savings ledger or [N] to by-pass it.

4 Investments

Type [Y] to select the Investments ledger or [N] to by-pass it.

5 Clients statement order :

6 Your control listing order:

Enter the order you want CAPS to print the third party confirmation statements (Circularisation module) which are to be sent to members. Enter the order for your control listing which is your Print Balance Selection option. Note they can be printed in a different order.

CAPS gives you a choice of 4 possible orders displayed on the screen. Type in the number of your choice (for example, type in [2] if you want Descending Postcode order.)

- if you are in Test Mode. CAPS prompts:

You are in Test Mode, do you want to start now (Y/N)

Enter [Y] if you want to perform a quick test run by selecting a small number of accounts.

Enter [N] if you don't want a test run, but want to select all members accounts overnight.

- if you answer [Y], CAPS prompts:

Records to process

Enter the number of records you want CAPS to use as a test sample.

CAPS displays messages to let you know what it is doing. When finished it returns to the Balance menu.

- if you are not in Test Mode, or if you answer [N], CAPS asks:

Program 'Balances Selection' requires running overnight. Confirm (Y/N)

Enter [Y] to add the selection to the Night Audit Queue.

Enter [N] to cancel the request, and return to the Balance menu.

Result

CAPS files the parameters for printing statements which contains information instructing CAPS to select the accounts overnight using NIGHT AUDIT, and instructing it how you want statements to be printed out.

Members selected may then be used in the 'Circularisation' module to print statements to these member accounts. They will appear sorted according to 'Client statements order'.

5. PRINT BALANCES SELECTION

This lets you print out a control listing of all the balances CAPS has selected for audit confirmation using menu option 4 - SELECTION.

Print password

No-one can print this selection unless they know the password. Enter it if you know it. Note - to stop unauthorised people 'fiddling' with CAPS, you only get two chances. Then CAPS automatically closes itself down.

CAPS displays messages to let you know what it is doing. When finished it returns to the Balance menu.

Collect your printout immediately. Don't leave it at the printer!

Result

CAPS prints the selected balances for each ledger.

Please refer to the example at the end of the chapter.

6. BALANCES SPECIAL SELECTION PARAMETERS

CAPS has the facility to select balances according to a variety of special parameters. These tests complement the statistical selection in menu option 4.

The first step for this Special Selection is to choose the ledger you wish to work on:. The Ledger Selection screen looks like this:

CAPS Balance Module - Special Selection Parameters Menu

- 0. Return to Balances Menu
 - 1. Loans Parameters
 - 2. Savings Parameters
 - 3. Investment Parameters
 - 4. Print Parameters
- Option :
-

Choose which ledger you would like to input parameters for. It is not necessary to input for all three. To obtain a print out of parameters type option [4].

Members selected may then be used in the “Circularisation” module to print statements to these member accounts.

The Special Selection Parameters screen looks like this :

CAPS Balance Module - Special Selection Parameters

Special Selection Loans Parameters

Balance Date:<1>30/06/89	Closing Account Test -----
Largest Accounts:<2>10	Period Start:<3>01/06/89
	Period End :<4>30/06/89

Balance Ranges:

Account Levels	Lower Limit	Upper Limit
<5>-----	<6>-----	-----
	001 120,000	999,999

NOTE: As in previous multi-ledger screens the name of the ledger is displayed, represented here as 'Loans'.

1. Balance date

This is the date CAPS uses to calculate the balances. All balances are calculated as at this date.

2. Largest Accounts

Enter the number of largest balances accounts you would like CAPS to select. For example, if you enter '20' CAPS will select the top 20 accounts (20 accounts which have the largest balances).

Closing Account Test

This test is designed to locate accounts with transactions after the closing date. Only those accounts which have closed between the Period Start and the Period End are checked for these transactions.

3. Period Start

This is the first day (inclusive) of the period that CAPS uses to find closed accounts for the Closing Account Test.

4. Period End

This is the last day (inclusive) of the period that CAPS uses to locate accounts for the Closing Accounts Test.

5. Account Levels (window)

Here the user may specify levels (1-99) to be used in the Special Selection. To indicate that all accounts should be used, leave the window blank by pressing [Enter].

6. Balance ranges (window)

CAPS Special Selection can select any account with a balance within the ranges specified here. You specify a range by entering their upper and lower limits in this window. Loan balances should be entered as positive, the same as Savings and Investments.

Lower limit

This indicates the minimum balance required to be selected. Press RETURN on a blank line to finish input.

Upper Limit

This indicates the maximum balance required to be selected.

7. SPECIAL SELECTION

After the parameters have been input using Menu option 6 the user may begin the Special Selection.

CAPS will first allow a choice of ledger from the following screen :

CAPS Balance Module - Special Selection

Ledger Selection Menu

Loans:	<1> Y
Savings:	<2> N
Investments:	<3> *

If parameters have not been input for a particular ledger CAPS will place an '*' in the input position preventing that choice. If you have input parameters for a ledger but do not wish to perform a selection on it, type [N] for that ledger.

Once you have chosen the ledgers to be tested press RETURN to begin the test. If however you wish to adjust the parameters or skip the test, simply type [EX] to exit.

- if you are in Test Mode. CAPS prompts:

You are in Test Mode, do you want to start now (Y/N)

Enter [Y] if you want to perform a quick test run by selecting only a small number of accounts.

Enter [N] if you don't want a test run, but want to select all accounts overnight.

- if you answer [Y], CAPS prompts:

Records to process

Enter the number of records you want CAPS to use as a test sample.

CAPS displays messages to indicate its current activity. When completed CAPS returns to the Balance menu.

- if you are not in Test Mode, or if you answer [N], CAPS prompts:

Do you want 'Balances Spec Selection' Submitted for overnight running?

Confirm (Y/N)

Enter [Y] to queue for the night audit.

Enter [N] to cancel the request, and return to the Balance menu.

Result

CAPS will select the accounts according to the parameters input.

Members selected may then be used in the 'Circularisation' module to print statements to these member accounts.

8. PRINT SPECIAL SELECTION

This allows you to print out the data produced by the Special Selection Menu option 7. The Largest Accounts, Closing Accounts and Selected Accounts Tests will be printed. Remember the results of this audit can be used as the source of a circularisation in CAPS 3.03.

Print password

No-one can print this selection unless they know the password. Enter it if you know it. Note - to stop unauthorised people 'fiddling' with CAPS, you only get two chances. Then CAPS automatically closes itself down.

CAPS displays messages to let you know what it is doing. When finished it returns to the Balance menu.

COLLECT YOUR PRINTOUT IMMEDIATELY. DON'T LEAVE IT AT THE PRINTER!

Please refer to the example at the end of the chapter.

Result

CAPS prints the:

- Selected largest accounts
- Selected closing accounts
- Selected special accounts.

9. CLEAR BALANCE AUDIT FILES

This allows you clear all files relating to the balance audit.

-Caps will prompt you with:

Are you sure you want to clear 'balance audit' files?

This is just a warning and a check to make sure you really know what you are doing. If you answer [Y], CAPS immediately clears all balance audit files. They cannot be recovered. If you answer [N] CAPS returns you to the Balance menu without doing anything.

Result

The balance audit work files are irretrievably cleared.

Balances report example

REPORT 1:

Example of Balance Profile report:

This report consists of four parts. The first three parts are the profiles for each ledger. The fourth part is a summary by account level. Only the profile and summary for the loans ledger are shown here.

Profile of LOANS Population on 31/10/88 Page: 1

<u>Lower Limit</u>	<u>Upper Limit</u>	<u>No. of Values</u>	<u>Dollar Amount</u>
-19.99	0.00	0	0.00
0.01	561.91	1545	140,985.45
561.92	1,155.65	1882	132,384.33
1,155.66	1,783.40	1222	293,999.99
1,783.41	2,448.48	930	226,646.93
2,448.49	3,159.35	1248	134,878.33
3,156.36	3,913.61	2300	882,843.82
3,931.62	4,726.84	2342	902,347.22
4,726.85	5,605.92	1003	802,322.23
5,605.93	6,560.73	2309	1,023,872.32
6,560.74	7,606.63	822	924,323.22
7,606.64	8,763.37	1276	1,834,922.82
8,763.38	10,055.10	982	982,398.22
10,055.11	11,521.33	923	982,398.23
11,521.34	13,212.55	1972	1,982,349.34
13,212.56	15,213.25	2120	3,023,234.43
15,213.26	17,662.82	2434	3,433,425.44
17,663.82	20,820.27	3735	4,232,334.44
20,820.28	25,268.45	4233	4,349,723.23
25,269.46	32,877.17	9834	5,235,232.56
32,877.18	35,626.92	5023	6,978,892.34

TOTALS	48135	38,499,514.89
---------------	--------------	----------------------

<i>Lower Limit and Higher Limit</i>	These are determined by CAPS to best suit your system or can be set in your parameters.
<i>Number</i>	Indicates the number of accounts with balances falling within the relevant ranges.
<i>Dollar Amount</i>	Represents the total dollar amount of all the balances within the relevant ranges.

Example of Totals for Account Type on Balance Profile report:

Totals of each Account Type as at 31/10/88

Break-down of Totals for LOANS Accounts

L1	(22217 accounts)	\$7,699,584.48
L2	(15369 accounts)	\$4,216,637.33
L9	(2684 accounts)	\$7,747,666.16
L12	(7865 accounts)	\$18,499,514.89
TOTALS	48135	\$38,499,514.89

NOTES:

This print out shows the total number of accounts within each level as well as the total dollar value of those accounts. The same report for savings and investments will be printed.

REPORT 2:

Example of Balance Selection Report:

This example only shows the selected loans accounts. There will also be a report of the savings and investments ledgers.

Detail listing of sampled LOANS balances at 31 OCT 88

<u>Mem No</u>	<u>Name</u>	<u>Address</u>	<u>P/C</u>	<u>SN</u>	<u>Balance</u>	<u>Cnt</u>
117911L1	MUNCE E E	COHEN BLOOMFIELD VIA COOKTOWN	4871	1	0.00	1
124012L1	IRELAND C	16 BANK ST, INNISFAIL	4860	3	12,471.63	2
137922L5	KENNEDY I M	27 FOREST PARK MURRAY	4814	3	17,497.94	3
147914L2	PETTIT J G	GROSVENOR ST ANGEL AVENUE MURGON	4605	3	16,637.33	4
187537L1	KENZLER T M	31 CRYSTAL ST COOROY	4563	3	12,112.11	5
197934L1	ROSEN G J	34 KADUMBA ST CALOUNDRA	4551	1	0.00	6
21834L1	HINE F H	10 NULU ST BONGAREE BRIBIE ISLAND	4507	3	15,158.37	7
257993L1	SEDGMAN R A	PO BOX 89 MERMAID BEACH	4218	3	13,282.67	8
165945L1	GORISS Y	15 SELIGAN ST RUNAWAY BAY	4216	3	21,482.25	9
288012L1	PETRIE U L	45 DANDELONG RD FORESDALE	4110	3	71,149.30	10
299911L1	BRUCE I A	4 KADUMBA RD MACGREGOR	4109	2	3,627.33	11
3439L1	DART E J	81 WILSON ST COOPERS PLAIN	4108	1	2,841.28	12
4735L1	MCKENZIE G H	22 CRISPE RD YEERONGPILLY	4105	1	13,201.81	13
498314L12	FAY G M	169 EVERAD ST YERONGA	4104	3	31,154.50	14
5713L12	DALY J M	25 KENMAR RD ASHGROVE	4060	3	54,651.86	15
587941L1	ROSENBERG L A	27 BULIDIGURG RD KEDRON	4035	2	4,037.37	16
59935L1	KNUDSEN K	15 FENTASE ST ALBANY CREEK	4034	3	13,834.25	17
59996L1	DUNCAN E A	8 SKY ST, BRACKEN RIDGE	4017	3	9,359.89	18
TOTAL					312,499.96	

*** * * End of listing * * ***

SN This column displays different information depending on the sampling method used.

For the Judgemental and Stratified methods it shows the stratum number.

For the Dollar Unit method it shows the dollars selected.

Example of Special Selection reports:

There are three reports. The first one is a report on the largest accounts. The second report details accounts with transactions after the losing date. The last one reports account with a balance within selected balance with ranges. Each report may consist of three parts, one for each ledger if they were requested. You may not have all three reports if you do not specify parameters in some test areas. The first sample is a printout of the largest five

savings accounts on file. The second are those loan accounts with transactions after their closing date. The last one prints out any loan accounts with a balance between \$100,000 to \$200,000.

REPORT 3:

List of accounts with the largest balances (SAVINGS)

<u>Acc No.</u>	<u>Name</u>	<u>Address</u>	<u>Balance</u>
137922S5	KENNEDY I M	27 FOREST PARK MURRAY	15,016.62
147941S2	PETTIT J G	GROSVENOR STREET ANGEL AVENUE	15,968.73
187537S1	KENZLER T M	31 CRYSTAL STREET COOROY	18,998.71
197934S1	ROSEN G J	34 KADUMBA STREET CALOUNDRA	24,853.56
21834S1	HINE F H	10 NULU STREET BONGAREE	27,293.95
TOTAL			102,131.57

REPORT 4:

List of transactions recorded after their accounts closing date (LOANS)

<u>Acc No</u>	<u>Closing Date</u>	<u>Last Date</u>	<u>Tcode</u>	<u>Description</u>	<u>Branch</u>	<u>Operator</u>	<u>Amount</u>
76521L1	15/08/88	10/09/88	54	INTEREST DEBIT	01	99	124.98
76541L1	10/09/88	20/09/88	36	CHEQUE DEPOSIT	04	78	500.78
123412L1	30/06/88	01/07/88	31	CHEQUE WITHDRAWL	01	89	10,000.00

REPORT 5:

List of accounts with balances within the specified ranges (LOANS) Page: 1

<u>Acc No</u>	<u>Name</u>	<u>Address</u>	<u>Balance</u>
765134L1	JACOBS J U	45 BLAND ST, NASHVILLE	109,890.97
89433L5	JOHNSON G J	GPO BOX 345, BRISBANE	117,562.65
TOTAL			227,453.62

Chapter 3 - Transactions audit

0. INTRODUCTION

0.1. Description of Audit Tests

A major problem with auditing transactions manually is how to sample them. There are usually thousands of transactions made by even small financial organisations. It is very difficult, and often impossible for the auditor to find out exactly what transactions have been made, and what significance they might have to the accounts.

The main purpose of the 'Transactions Audit Module' is to let CAPS examine every transaction on file between any two dates and:

- Prepare a summary 'profile' of all the transactions
- Highlight accounts containing any unusual transactions
- Select samples of transactions for audit testing
- Select 'unmatched' journal transactions for testing.

It is also flexible enough to let you use your imagination to develop your own special audit tests to look at specific situations, for example:

- Overall 100 percent 'reasonableness' checks on Financial Institution duty payments made to the government
- Searching for a particular type of transaction you know was made on a particular date.

0.1.1. Transactions Profile

This is simply a list of every transaction code used by the Financial Institution during the period under audit. It tells you how many transactions of each type were made to the Loans, Savings and Investment ledgers, and the maximum, minimum and average dollar value of each transaction code.

This has proved extremely useful. For example, simply by looking at this report, auditors of different Financial Institutions have immediately discovered that:

- Transactions of a type they weren't aware of are being made
- A new transaction code has been incorrectly set up and used
- Cash withdrawals are fraudulently being made against loan accounts
- An agency is fraudulently granting loans
- Loan charges are being posted to investment accounts in error
- Journal debits are being fraudulently made to loan accounts.

Without CAPS, these problems might have only been discovered by chance.

The Transactions Profile can be run on selected branches, departments, operators, account levels or class. This means you can evaluate the operations of an individual branch by the types and values of transactions going through that branch. You can also examine all transactions carried out by individual operators. If you only require details on specific Account Levels, processing speed is greatly improved.

0.1.2. Highlight Unusual Transactions

Using menu option 3 - PARAMETERS you can instruct CAPS to identify certain types of 'unusual' transactions. You have two 'tests' to choose from: the 'Dollar Value Test', and the 'Proportion Test'.

In CAPS 3, we have expanded both tests to two tail tests, i.e. you can select transactions above or below specified values.

The Dollar Value Test lets you instruct CAPS to select all transactions greater than or smaller than a particular dollar amount. For example, you can instruct CAPS to select all cash withdrawal transactions greater than the authorised maximum of \$1,000; or select all cash withdrawals below \$20.

The Proportions Test lets you select accounts which have an unusual proportion of transactions of a particular type. For example, a loan account with monthly repayments which is 'normal' should have about 50 percent interest debits, and 50percent payments. Therefore you might ask CAPS to select all accounts which have interest debit transactions representing more than 50 percent of the total number of transactions to identify accounts that are not being repaid regularly. Similarly, you can instruct CAPS to select all accounts with less than say one percent interest debit transactions to identify accounts with no interest charged.

The significance of this is that CAPS selects the transactions for you from the computer records. It is almost impossible to do these selections manually. What it means is that you can concentrate most of your audit examining those items which are unusual, rather than selecting, and testing transactions that are unlikely to have errors.

0.1.3. Selecting Transaction Samples for Audit Testing

One of the more frustrating and time-consuming tasks is simply selecting the sample of transactions for testing, and then writing down the details.

For example, if you wanted to carry out an audit test on samples of cash deposits at agents, you will probably need to search manually through many pages of transaction printouts looking for those specific transactions. It can take a long time. And, importantly, you can never be sure that you are selecting your sample from the total population, so you can never be totally sure you have a representative sample.

Using menu option 3 - PARAMETERS, you simply tell CAPS the transaction code and the number of transactions you want it to select. CAPS then automatically selects a truly random sample of the transactions. It also accurately prints out the complete details of each transaction, including the branch and terminal number which recorded the transaction. This makes it much easier for you to carry out your audit tests.

0.1.4. Selects 'unmatched' journal and 'transfer' transactions

A large proportion of journal and transfer transactions only transfer amounts between accounts belonging to the same member. We've called these 'matched' transactions. They are not as significant to the auditor as 'unmatched' journals, and yet it is usually difficult or impractical to manually separate them.

For example, if a member transfers funds from their S1 account to their S4 account then there will be a 'matching' transaction pair posted to this members accounts. If there is not a 'matching' transaction pair within the members accounts then this implies that the transfer has gone to another member's account. These are 'unmatched' journal or transfer entry transactions.

CAPS allows you to specify the pairs of journal transaction codes to match, eg 52 - 32. Subject to your parameters CAPS will select all journal and transfer entries which are 'unmatched'. CAPS then allows you to sample from these transactions.

0.1.5. Examples of Specific Audit Tests

You'll already realise that CAPS gives you the tools to do audit tests and examinations that just weren't practical or even possible before. After you've gained experience with CAPS you'll be able to use your imagination and auditing experience to devise your own tests which examine specific problems or situations.

Here are some examples:

- Check on Overall Financial Institution Duty (FID) Charge

You can get CAPS to construct a 'Profile' for a particular month. A quick calculation on those transaction codes which attract FID might give you a reasonable approximation of the amount of the FID payment which should have been made for that month.

- Fraudulent ATM Transactions

If a discrepancy is discovered at an automatic teller machine you might be able to use CAPS selection parameters to print out all ATM transactions made on that particular day. You could then do detailed checks on each transaction to help identify the discrepancy.

0.1.6. Cheque Clearance Test - Kiting

Kiting is a practice by which a member can artificially inflate the balance of their account. The two most common methods involve misuse of the cheque clearing delay. They are a) - The member repeatedly transfers funds between two cheque accounts. b) - The member repeatedly deposits cheques into their single cheque account. Access to authority for immediate clearance of cheque deposits is necessary for the practice of kiting, consequently only employees or friends of employees are able to kite.

CAPS will test for the latter method of kiting via the Cheque Clearance Test. Here is an example of this type of kiting:

The member deposits a cheque in their account for \$10,000. The cheque is immediately cleared and the member gets the benefit of the amount for the period between the deposit and the actual withdrawal (days later). Before the actual withdrawal date the member deposits another cheque to maintain the inflated balance. The member continues depositing every few days thereby continuously maintaining their inflated balance. Eventually if the member wishes to discontinue this process, they will have to pay back the original amount of the cheque but have had the benefit of an interest free loan.

0.2. Suggested sequence and frequency of using this module

This module is a transactions audit tool and can be used at any time during the year. Any period can be selected for testing from one day to the whole year, provided no transactions relating to the selected period have been purged.

External auditors might want to use this module to check a three month or six month period. Internal auditors may find it useful to use the module much more frequently. It can even be used to monitor transactions on a daily basis.

The steps to using the module are the same no matter what period you choose. They are as follows:

Step

- 1.. Construct a Transactions Profile of the Financial Institution's Loans, Savings and Investment account transactions using menu option 1 - TRANSACTIONS PROFILE. You will usually run this overnight
- 2.. The next day (or at any time later) use menu option 2 - PRINT TRANSACTIONS PROFILE

After reviewing the Transactions Profile, decide what audit tests you should carry out. In particular, decide what size of sample of individual transaction codes to select. You'll see a space has been printed on the printout for you to write in your sample sizes.

If you have a standard set of parameters you use from audit to audit, you can skip this.

When you have decided what sample to choose, use menu option 3.1 - INPUT PARAMETERS to tell CAPS your choice.

- . Finally use menu option 4 - TRANSACTIONS SELECTION to instruct CAPS to select the sample. CAPS will do this overnight
- .3 When the audit has completed, use menu option 5 - PRINT TRANSACTIONS SELECTION to print out a listing of all the transactions CAPS has selected

Carry out your audit tests on the individually selected accounts as appropriate.

- 4 You can decide to do a 'Journal Audit' at any time by selecting menu option 6 - JOURNAL AUDIT. It is independent of the main transactions audit module. CAPS will select all the 'unmatched' journal transactions overnight.
- 5 Next morning, (or at any time later) use menu option 7 - PRINT JOURNAL AUDIT to get CAPS to select and print samples of 'unmatched' journals and 'transfers' from the complete list it generated overnight.

- 6 When you are satisfied the transactions audit is complete, and you have no further use for any of the CAPS files generated during the audit, you can select menu option 8 - CLEAR TRANSACTIONS AUDIT FILES to release the space taken up on the Financial Institution's computer system.

0.3. Essential Financial Package Information

0.3.1. Transaction codes

The Financial Package allows the Financial Institution to define different 'transaction codes'. It does this by adding a code to each transaction. For example:

Code	Description
25	Cash deposit
26	Cheque deposit
40	Journal credit
50	Cash withdrawals
51	Cheque withdrawals
60	Journal debit
61	ATM transaction

Note that codes 1-49 are Credit Transactions, codes 50-99 are Debit Transactions.

The Financial Institution can define its own codes. Ask for a list of their authorised transaction codes and make sure you understand what each is used for. You should then check this list to the 'Transactions Profile' printout which shows you each transaction code the institution has actually used during the period under review.

In most cases the Financial Package automatically allocates the transaction code to each transaction as it is entered. However you should be aware that in some cases authorised staff can alter the computer-allocated transaction code.

1. TRANSACTIONS PROFILE

This gives you a profile summary of the different transaction codes made by the Financial Institution. It helps you target transactions for later selection for voucher checking. It also highlights unusual transactions use.

The Transaction Profile parameter input screen looks like this:

Period Start:<1>01/06/98

Period End:<2>30/06/98

Branch

Dept

Operator

Acct Level

Class

<3>-----

<4>-----

<5>-----

<6>-----

<7>-----

< 1> Period Start

Enter the start day (inclusive) of the period you want CAPS to prepare a Transactions Profile for.

< 2> Period End

Enter the last day for the period you want CAPS to prepare a Transactions Profile. This date can be the same as the Period Start for a 1 day Transactions Profile, or any date after the Period Start as long as the transactions are still on file.

< 3> Branch (window)

Enter the branch number(s) you wish to include in the Transactions Profile.

If you wish CAPS to include all branches, leave this field blank.

<4> Dept (window)

Enter the Department number(s) you wish to include in the Transaction Profile. Each client has only one department number for all accounts so if the clients department does not match, none of his or her transactions from any account can be included in the profile.

If you wish to include all departments, leave this field blank.

<5> Operator (window)

Enter the operator numbers for the operators you wish to include in the Transactions Profile. You can also enter a range of operators, such as 1 - 20.

If you wish CAPS to include all operators, leave this field blank.

<6> Acct Level

Enter the Account Level(s) you wish to include in the Transaction Profile. You may want to run the profile for account levels in a particular range. For

example L1-10 would select all loan accounts within the account level range of 1-10. You can enter the account levels individually. For example, on each separate line you can enter L1 L4 I5 S10. The Transaction Profile will only select those transactions that match that account level.

<7> Class

Enter the Class(es) you wish to include in the Transaction Profile. Leave this field blank for all Classes.

Remember that the above parameters will apply to the Transactions Selection process as well.

- if you are in Test Mode, CAPS asks:

You are in Test Mode. Do you want to start 'Transaction Profile' now?

Enter [Y] if you want CAPS to prepare a profile of a small test sample of transactions.

Enter [N] if you wish to return to the Transactions menu.

- if you answer [Y], CAPS asks:

Records to process

Enter the number of records you want CAPS to use as a test sample.

CAPS displays messages to let you know what it is doing. When finished it returns to the Transactions menu.

- if you are not in Test Mode, CAPS asks:

Do you want 'Transaction Profile submitted for overnight running?

Confirm (Y/N)

Enter [Y] to add to overnight queue.

Enter [N] to cancel the request, and return to the Transaction menu.

Result

If you chose a test sample only, CAPS immediately runs 'Transactions Profile'. If you chose a full live sample, CAPS sets up an instruction for 'Transactions Profile' to be run overnight under 'NIGHT AUDIT'. (See CAPS UTILITIES, Section 2 - NIGHT AUDIT for more details).

The following message will report the progress of this audit:

Accounts: scanned=nnnn processed=nnnn

The results of running 'Transactions Profile' are stored on file for future printing.

2. PRINT TRANSACTION PROFILE

This lets you print out the results of running a Transactions Profile.

Print Password

Enter your print password. No user can print a report unless they have their print password. The user will be given two opportunities to enter the correct password or CAPS will automatically shut down. This feature provides security to reduce the likelihood of unauthorised users gaining access to CAPS reports.

YOU MUST COLLECT THE PRINT OUT IMMEDIATELY !

DO NOT LEAVE AT THE PRINTER !

Result

Please refer to the example at the end of the chapter.

3. TRANSACTION SELECTION PARAMETERS

3.1 Input Parameters

This lets you decide on what basis you want CAPS to select a sample of Member's transactions for testing.

The first screen allows you to choose which ledger to input parameters for:

0. Return to Transactions Menu

1. Loans Parameters

2. Savings Parameters

3. Investment Parameters

4. Print Parameters

5. Sorting Order

Option :

Type in the number corresponding to the ledger you wish to create parameters for. Type [4] to have the current parameters printed.

CAPS will allow the user to input the relevant information for the ledger selected as per the screen below:

CAPS Transactions Module - Transactions Selection

Loans Parameters

			[Report1]	[R e p o r t 2]	[R e p o r t 3]	
Tran	No of	Sample	Low \$	High \$	Low %	High %
Code	Tran.	Size	Value	Value	Prop.	Prop.
<1>----	-----	-----	-----	-----	-----	-----
001 25	157		1.00	9000.00	20.00	
002 52	387			15000.00		

Minimum number of transactions in the Members Account before the proportion test is performed: <2> 10

The screen shows which ledger the parameters are being input for (i.e. Loans). Please bear in mind that there are five fully independent tests here. There is a random sample

selection, two dollar value selections and two proportion selections. The sample size has no bearing on the dollar value or proportion tests. Enter a number for Sample Size if you wish to have a report of a random sample of that Tran Code. The dollar value and proportion tests will find ALL transactions exceptions regardless of the sample size in the random sample selection test. All the tests are reported separately.

< 1 > Transaction Selection Parameters (window)

Tran Code

Enter the transaction code for the particular transaction code you want CAPS to select samples of. It must be a valid transaction code.

NOTE: If you cannot enter a particular transaction code, this will be because CAPS has not detected any transaction codes of this type in the Transactions Profile. If this occurs, check your Transaction Profile report to determine if CAPS has detected any transactions of this type.

No of Tran.

CAPS immediately tells you how many transactions there are of that type from the profile.

If you were to run the profile and selection in the same night CAPS would adjust your selection parameters if necessary to suit the profile results. It will adjust the populations of each transaction code the population determined in the profile. It will also adjust the Sample Size down if the one in your parameters is larger than the actual population.

Sample Size

CAPS lets you enter how many transactions you want it to randomly select for a report on this particular Tran Code. If you just want to do dollar value or proportion tests, you can leave this field blank to by-pass this test.

Low \$ Value

If you wish to perform Low Dollar Value Tests, enter the value here. CAPS will select transactions with a value (amount) below this value. If you do not enter a value, this test will be ignored.

High \$ Value

If you wish to perform High Dollar Value Tests, enter the value here. CAPS will select transactions with a value (amount) higher than this value. If you do not enter a value, this test will be ignored.

Low % Prop.

If you wish to perform the Low Proportion Test, enter a percentage figure here. CAPS will select every account which has a lower proportion of transactions of this type than the figure you enter.

For example, if you consider 10% to be a low proportion of interest charge transaction on a members loan account, you enter [10] here.

High % Prop.

If you wish to perform the High Proportion Test, enter a percentage figure here. CAPS will select every account which has a greater proportion of transactions of this type than the figure you enter.

For example, if you consider 90% to be a high proportion of cash withdrawal transaction on a member's savings account, you enter [90] here.

<2> Minimum Number of Transactions in the Members Account before the Proportion Test is Performed.

Accounts with very few transactions are likely to distort the results of the proportion test. For instance, if an account had only one transaction (a cash withdrawal) it would constitute 100% on the proportion test. To prevent accounts like this from being selected you may input a **minimum number of transactions required** before the test will be applied.

3.2 Sorting Order

This option allows you to specify the order in which the selected transactions are displayed on the printout. The default order is branch, operator, date, account number and then member name. Enter a 1 for highest priority and so on down to 5 at the lowest priority. You must number all 5 items.

Result

CAPS saves all the parameters you've just entered. CAPS will use these parameters as instructions on how to select member's accounts and transactions for testing. So, if you specified a Department in the Profile parameters, then only those members matching this Department will be selected. If no Department number was specified in the Profile parameters, then all transactions are eligible for selection. Entering values in the Profile parameters filters the transaction using those values.

If you change the parameters in the profile you must run it again before they come into effect for the transactions selection.

4. TRANSACTIONS SELECTION

This makes CAPS select individual member's accounts for transactions testing using the parameters you entered in the INPUT PARAMETERS menu option. CAPS will first prompt you for the ledgers to use:

CAPS Transactions Module - Transactions Selection

Ledger Selection Menu

Loans	: <1> *
Savings	: <2> Y
Investments	: <3> Y

As with previous ledger selection screens, if you require the tests on a particular ledger, type [Y], or type [N] for no test. An '*' in the input position of a ledger indicates that you have not input parameters for this ledger and thus you may not select it for auditing.

To proceed with the Transactions Selection press [Enter]. To exit the Transactions Selection type 'EX' and CAPS will return to the Transactions menu.

- if you are in Test Mode, CAPS prompts:

You are in test mode, do you want to start 'Transaction Selection' now?

Enter [Y] if you want CAPS to select a small set sample of members account transactions.

Enter [N] if you want CAPS to select all the members account transactions.

- if you answer [Y], CAPS prompts:

How many records do you want to process

Enter the number of members accounts you want CAPS to use as a test sample.

CAPS displays messages to indicate its current activity. When complete it returns to the Transaction menu.

- if you answer [N], or if you are in Test Mode, CAPS prompts:

Program 'Transactions Selection' requires running overnight.

Confirm (Y/N)

Enter [Y] to add to overnight queue..

Enter [N] to cancel the request, and return to the Transactions menu.

Result

If you chose a test sample, CAPS immediately runs 'Transactions Selection'. If you chose a full live sample, CAPS sets up an instruction for 'Transactions Selection' to be run overnight under 'NIGHT AUDIT'. (See CAPS UTILITIES, section 2 - NIGHT AUDIT for more details).

The following message will report the progress of this audit:

Accounts: scanned=nnnn processed=nnnn

The results of running 'Transactions Selection' are stored in files ready for printing.

5. PRINT TRANSACTIONS SELECTION

This prints out the details of the transactions and accounts that CAPS selected for testing.

Print Password

No-one can print this audit report unless they know the password. To stop unauthorised people using CAPS, an incorrect password may only be entered twice before CAPS automatically closes down.

CAPS will display messages to indicate current activity. When complete, it returns to the Transactions menu.

COLLECT YOUR PRINTOUTS IMMEDIATELY. DON'T LEAVE IT AT THE PRINTER !

Result

CAPS prints out the selected transactions, dollar value test exceptions and the proportion test exceptions. Please refer to the example at the end of the chapter.

6. JOURNAL AUDIT

Many journal and transfer entries only transfer amounts between accounts belonging to the same member. With this option, CAPS ignores these 'matched' journal or transfer entries and only identifies those 'unmatched' journal or transfer entry transactions for audit testing. For further explanation see 0.1.4 at the beginning of this chapter.

The Journal Audit parameter input screen looks like this:

CAPS Transactions Module - Journal Audit Parameters

Journal Audit Parameters

Period Start: <1>01/02/89

Period End: <2>01/06/89

Minimum Amount: <3>100.00

Matching Journal Code Pairs:

Branch	Tcode	Match Tcode
< 4>-----	<5>-----	-----
	001 40	60
	002 32	52
	003 33	52

< 1> Period Start

Enter the first date of the period for which you want CAPS to identify unmatched journal and transfer entries.

< 2> Period End

Enter the last date of the period for which you want CAPS to identify unmatched journal and transfer entries.

The period can be as little as 1 day, for example, if you want CAPS to select only from the journal transactions made on 15th OCTOBER 1998, you enter [15/10/98] for both the Period Start and Period End.

It can be as much as all the journal and transfer transactions still on file. You do this by entering the date the Financial Institution last purged the transactions file as the Period Start and today's date as Period End.

< 3> Minimum Amount

If you aren't interested in checking journal and transfer transactions less than a certain amount, enter that amount here. Note that you can enter zero to get every unmatched journal transaction.

<4> Branch

If you only want to check unmatched journal and transfer entries within a particular branch, enter the branch here.

< 5> Matching Journal Code Pairs (this is a window field)

Tcode

Enter the transaction code of the journal code pair you wish to match.

Match Tcode

Enter the transaction code you wish to be matched with the transaction code you entered above.

NOTE: This is a one way test. If you wish to match 2 ways, i.e. 40 - 60 and 60 - 40, it is necessary to enter both these transaction code combinations in your parameters.

- if you are in Test Mode, CAPS prompts:

You are in Test Mode. Do you want to start 'Transaction Journal Audit' now?

Enter [Y] if you want CAPS to select a small test sample of unmatched journal and transfer transactions.

Enter [N] if you want CAPS to select from all journal and transfer transactions.

- if you answer [Y], CAPS prompts:

How many records do you want to process?

Enter the number of journal and transfer transactions you want CAPS to use as a test sample.

CAPS displays messages to let you know what it is doing. When finished it returns to the Transactions menu.

- if you answer [N] or if you are not in Test Mode, CAPS asks:

Program 'Journal Audit' requires running overnight.

Confirm (Y/N)

Enter [Y] to add to overnight queue.

Enter [N] to cancel the request, and return to the Transactions menu.

Result

If you chose a test sample, CAPS immediately runs 'Journal Audit'. If you chose a full live sample, CAPS sets up an instruction for 'Journal Audit' to be run overnight under 'NIGHT AUDIT'. (See CAPS UTILITIES, Section 2 - NIGHT AUDIT for more details).

The results of running 'Journal Audit' are stored in a file called 'Journal audit result'.

7. PRINT JOURNAL AUDIT

This menu option shows you summary information about the unmatched journal and transfer transactions CAPS identified when you used the JOURNAL AUDIT menu option. It then lets you decide how to choose a selection of unmatched journals and transfer transactions for your audit test.

The Print Journal Audit parameter input screen looks like this:

Print Journal Audit Parameters

Tcode	Number	Average Value	Method	Min Amount	Sample Size
<1>-----	-----	-----	-----	-----	-----
001 40	100	123.99	H	100.00	
002 32	438	62.38	R		40
003 62	91	82.40	A		

1. Print Journal Audit Parameters

TCode

CAPS displays the transaction code for which it found unmatched journal transactions.

Number

CAPS displays the number of unmatched journal transactions found of this type.

Average Value

CAPS displays the average value of those unmatched journal transactions.

Method

You can select the method you wish to select unmatched journal transactions to print.

Enter [A] to print all unmatched journal transactions.

Enter [H] to select unmatched journal transactions with value higher than specified amount (see Min Amount below).

Enter [N] to instruct CAPS not to print any unmatched journal transactions of this type.

Enter [R] to instruct CAPS to randomly print some of the unmatched journal transactions of this type.

Min Amount

If you selected [H] as the Method, enter the minimum dollar value to print here. CAPS will print all unmatched journal transactions with value higher or equal this value.

If you selected other methods, CAPS will skip this field.

Sample Size

If you selected [R] as the Method, enter the number of unmatched journal transactions to print. CAPS will randomly select that many transactions to print.

If you selected other methods, CAPS will skip this field.

Print Password

No-one can print this audit report unless they know the password.

CAPS will display progress messages to indicate current activity. When finished it returns to the Transactions menu.

Collect your printouts immediately. Don't leave it at the printer!

Result

CAPS selects unmatched journal and transfer transactions from file 'journal audit result' and prints them out in a form suitable for audit checking. Please refer to the example at the end of the chapter.

8. CHEQUE CLEARANCE TEST

The Cheque Clearance Test goes through all selected accounts and checks cheque deposits and withdrawals in order to detect 'kiting' (See Introduction for explanation).

The Cheque Clearance parameter input screen looks like this:

CAPS Transactions Module - Cheque Clearance Test

Cheque Clearance Parameters

Period Start:<1>01/05/98 Period End :<2>31/05/98

Days to Clear:<3>5

1. Period Start

Input the start date of the period for which you want to check for cheque deposits.

2. Period End

Input the end date of the period for which you want to check for cheque deposits.

3. Days to Clear

Enter the number of days required to clear a cheque.

- If you are in Test Mode, CAPS asks:

You are in test mode, do you want to start 'Cheque Test' now?

Enter [Y] if you want CAPS to select a small test sample of accounts to check.

Enter [N] if you want CAPS to check all accounts.

- If you answer [Y], CAPS prompts:

Do you want to process individual accounts?

-If you answer [Y], CAPS prompts:

Client to Process:

-If you answer [N] CAPS prompts:

Records to Process:

How many records do you want to process

Enter the number of accounts you want CAPS to use as a test sample.

CAPS displays messages to let you know what it is doing. When finished it returns to the Transactions menu.

- if you answer [N] or if you are not in Test Mode, CAPS asks:

Program 'Cheque Test' requires running overnight. Confirm (Y/N)

Enter [Y] to add to overnight queue.

Enter [N] to cancel the request, and return to the Transactions menu.

Result

If you chose a test sample only, CAPS immediately runs 'Cheque Test'. If you chose a full live sample, CAPS sets up an instruction for 'Cheque Test' to be run overnight under 'NIGHT AUDIT'. (See CAPS UTILITIES, Section 2 - NIGHT AUDIT for more details).

The accounts which have failed the Cheque Clearance Test, that is the accounts for which the uncleared cheque amount has not gone to zero, are stored on file for future printing.

9. PRINT CHEQUE CLEARANCE TEST

Print Password

No-one can print this audit report unless they know the password. To stop unauthorised people 'fiddling' with CAPS, you only get two chances. Then CAPS automatically closes itself down.

CAPS displays messages to let you know what it is doing. When finished it returns to the Transactions menu.

Collect your printout immediately. Don't leave it at the printer.

Result

CAPS prints accounts which have failed the Cheque clearance Test from the file 'Cheque Test result'. Please refer to the example at the end of the chapter.

10. CLEAR TRANSACTION AUDIT FILES

This allows you to clear all files relating to the transactions audit.

CAPS prompts you with:

Are you sure you want to clear all 'Transaction Audit' files?

This is a warning to check to make sure you understand what is about to occur. If you answer [Y], CAPS immediately clears all transactions audit files. They cannot be recovered. If you answer [N] CAPS returns you to the Transactions menu without doing anything.

Result

CAPS will clear all the work files for the Transactions Module.

Transactions audit example

Example of Transaction Profile reports:

CAPS will first print the parameters used to produce the transaction profile and then print a profile for each ledger. After that, CAPS prints any accounts that it could not verify the closing balance for.

REPORT 1:

Transaction Profile Listing of transactions from 01/05/88 and up to 30/06/88

Page: 1

Loans

<u>Transaction code/Description</u>		<u>Highest \$</u> <u>amt</u>	<u>Lowest \$</u> <u>amt</u>	<u>Average \$</u> <u>amt</u>	<u>Pop</u>
CHQ DEPOSIT AGENCY	21	310.00	55.00	182.50	232
CASH DEPOSIT	25	132.00	67.00	111.88	8239
CHEQUE DEPOSIT	26	1000.00	55.00	224.76	18376
DEPOSIT AT AGENT	28	308.00	54.00	187.83	6871
DEPOSIT AT BANK	29	467.00	50.00	295.73	5128
PAYROLL CREDIT	30	340.00	48.00	137.32	18123
CREDIT TRANSFER	32	1500.00	13.00	139.57	41214
JOURNAL CREDIT	40	0.50	0.04	0.27	2422
CHEQUE WITHDRAWL	51	15000.00	1000.00	5750.00	4242
DEBIT TRANSFER	52	1000.00	15.63	253.25	5453
LOAN INTEREST	53	379.35	0.04	95.03	123219
CASH W/D AT AGENT	57	160.00	160.00	160.00	1242
JOURNAL DEBIT	60	60.00	4.00	15.29	7567
ARREARS ADJUSTMENT	73	5.00	5.00	5.00	2322
TOTAL					244650

REPORT 2:

Transaction Profile Listing of inaccurate closing balances

<u>Account No.</u>	<u>Account Name</u>	<u>Cal Balance</u>	<u>Book Balance</u>
--------------------	---------------------	--------------------	---------------------

165463S1	GORD A R	6477.90	6480.50
179686S2	HASSEL K L	929.12	29.12
276547S1	LARDER I O	2900.00	2910.00

* * * End of listing * * *

NOTES:

This report lists any discrepancy between the CAPS calculated account balance and the book balance. Normally, you should not expect any exceptions here. If you get some, please check them carefully.

Calculated Bal The balance that CAPS has calculated

Book Bal The balance that is recorded on the system.

Example of Transaction Selection reports:

The Transaction Selection produces three reports, one for random selection, one for the dollar value test and one for the proportion test. The first sample report here is a random selection report for transaction code 60 in the loans ledger only.

REPORT 3:

Requested Sample for Transaction Code: 60 Page: 1

<u>Tcode</u>	<u>Date</u>	<u>Amt</u>	<u>Name</u>	<u>Mem No</u>	<u>Narration (if any)</u>	<u>Dep</u>	<u>Cl</u>	<u>Br</u>	<u>Opr</u>	<u>PRD</u>
60	20 MAY 88	4.00	HACKWOOD P J	82894L1	STAMP DUTY	1		6	192	51 1
60	26 MAY 88	5.00	MCKELLOR W E	287474L1	ARREARS - FINE # 77267	2		3	114	51 2
60	26 MAY 88	5.00	GUPPY P M	342076L1	ARREARS - FINE # 77267	2		3	114	3
60	10 JUN 88	9.00	HAMMOND R E	315425L1	STAMP DUTY	3		3	564	4
60	30 JUN 88	5.00	MCNEIL J R	186719L1	STAMP DUTY	4		7	305	5

End of transaction code 60. Total reported is 28.00

NOTES:

Tcode Transaction Code
Date This is the posting date
Br No Branch Number
Opr No Operator Number

REPORT 4:

Transactions failed Proportion Test for Transaction Code: 25 Page: 1

(* LOANS *)

Critical High Proportion: 80.00% Critical Low Proportion: 20.00%

<u>Member No</u>	<u>Name</u>	<u>Proportion</u>	<u>Dep</u>	<u>PRD</u>
123419L1	MCNEILL W	15.00%	0	1
1234L1	FEENEY E G	13.60%	0	51
212372L1	ARNALL J H	89.45%	0	51

End of transaction code 25.

REPORT 5:

Transaction failed Dollar Value Test for Transaction Code: 21 Page: 1

(* SAVINGS *)

Critical High Dollar Value: \$100,000.00 Critical Low Dollar Value: \$1.00

<u>Tcode</u>	<u>Date</u>	<u>Amt</u>	<u>Name</u>	<u>Mem No</u>	<u>Narration (if any)</u>	<u>Br No</u>	<u>Op No</u>	<u>PRD</u>
21	20 MAY 88	0.32	HACKWOOD P J	82894S1	HOLLAND PARK 10.05.88	6	192	1

End of transaction code 21. Total reported is 0.32

Example of Journal Audit Report

CAPS first prints out the parameters you use to match journal transactions. Then it will print the unmatched journals in transaction code order. The sample following only shows those exceptions for transaction code 40.

REPORT 6:

Parameters for Journal Audit and Print Journal Audit

Cutoff Date (before) 01/03/98 Cutoff Date (after) 30/06/98

Minimum Amount: 1.00

<u>Tcode</u>	<u>Number</u>	<u>Average Value</u>	<u>Method</u>	<u>Min Amount</u>	<u>Sample Size</u>
25	48	430.39	H	300.00	
50	208	174.09	R		10

Matching Journal Transactions

<u>Credit</u>	<u>Debit</u>
40	60
32	52

REPORT 7:

Unmatched Journal Transactions for Transaction Code: 40 Page: 1

<u>Tcode</u>	<u>Date</u>	<u>Amount</u>	<u>Name</u>	<u>Member No</u>	<u>Narration (if any)</u>	<u>Br</u>	<u>Opr</u>	<u>PRD</u>	
40	07 MAR 88	500.00	LOUDYN E	623S1	JOURNAL CODE	12	422	51	1
40	09 MAR 88	488.29	LOUDYN E	623S1	JNL CODE	12	485	51	2
40	09 MAR 88	3,000.00	LOUDYN E	623S1	JNL CODE	08	481	83	3
40	16 MAR 88	2,300.00	HOPE T	307912S1	JNL CODE	08	286		4
40	21 MAR 88	5,000.00	HOPE T	307912S1	JNL CODE	08	265		5
40	06 APR 88	488.29	LOUDYN E	623S1	JNL CODE	12	308		7
40	08 APR 88	650.00	DAVIES R H	187235S1	JNL CODE	11	367		8
40	20 APR 88	488.29	LOUDYN E	623S1	JNL CODE	12	486		9

40	23 MAY 88	1,000.00	HOPE T	307912S1	JNL CODE	08	286	10
40	01 JUN 88	444.29	LOUDYN E	623S1	JNL CODE	12	354	11
40	03 JUN 88	500.00	KELLY Y J	247377S1	JNL CODE	10	399	12
40	27 JUN 88	1,035.00	HOPE W Y	307277S1	JNL CODE	08	286	15

End of transaction code 40

NOTES:

Br No Indicates the branch number at which the transaction took place

Opr No Indicates the operator who processed the transaction.

REPORT 8:

Accounts which failed Cheque Clearance Test

Audit period from: 09/03/05 to 09/04/05

Days to clear = 3

Maximum a wdl may be before reported: 90% of chq, or \$300.00

Account ID	Member #	Name	Min Unclear	Max Unclear	Chq Amount	wdl Amount	Code
1068458S1.2	1068458	MAYFIELD	0.00	2695.00	4475.00	-5054.00	1
1105744S1.1	1105744	HIGGINS	0.00	174.00	194.00	-345.89	1
1228463S1.3	1228463	HAWKINS	0.00	1524.85	1524.85	-526.00	1
1232363S1.1	1232363	HURT	0.00	697.45	294.15	-322.80	1
1268295S1	1268295	MORRIS	0.00	647.16	647.16	-565.00	1
1350021S8	1350021	THORBURN	0.00	376.00	162.00	-400.00	1
1474367S2	1474367	BYERS	0.00	760.00	760.00	-770.00	1
1475819S15.1	1475819	KRETSCHMER	0.00	40000.00	40218.00	-195.49	1

- 8 accounts and 8 records listed -

Legend:

- 1 - wdl with uncleared chq(s) and bal went -ve
- 2 - wdl failed percent or dollar limit
- 3 - Uncleared chq(s) at end of audit prd

Notes:

Min Unclear is the remaining uncleared chq amt when reach end of audit prd.

Max Unclear is the max amount of uncleared chqs at any one time.

Chq Amount is the initial sum of chqs involved, when the acct balance became negative dueto withdrawals. This can be caused by a cheque deposit a few days before the beginning of the audit prd b/c the chq did not clear until the beginning of the audit prd.

wdl Amount is the sum of amounts withdrawn after a chq deposit and before the chq(s) had cleared. Again, these amounts may be before the audit prd b/c the chq deposit was not due to clear until some time into the audit period.

Chapter 4 - Biographical audit

0. INTRODUCTION

0.1. Description of Audit Tests

This audit module is unique. All other modules are concerned with transaction information. This is concerned with the information stored on the member file.

The module consists of a number of very comprehensive and conclusive tests. None of them would be practical to carry out manually. They are as follows:

- Check for member names without vowels or 'y'. CAPS looks at the surname of all members and makes sure that it contains a vowel or 'y'. If not, it prints out that member's details. This check was incorporated into CAPS because of a fraud case which involved members names which were just made up of "junk" data.
- Check for members who are not shareholders. CAPS makes sure that every member with a loan is also a shareholder. This requirement is easy to overlook.
- Check for members with P.O. Box as the only address on file. CAPS looks for any member who has a Post Office Box number as the residential and mailing address.
- Check for members within specific postcode area and you can enter postcode 'ranges'. CAPS will print out any members it finds with a postcode within those ranges. Some Financial Institutions have a particular 'bond area' within which they are entitled to operate. This checks that bond requirements are not being breached.
- Check for member's ages. You can define some age ranges. CAPS reports details of any member with an age within those ranges. This usually discovers errors where the date of birth has been incorrectly entered. It also reports members with no birthday recorded on file.
- Look for members with member numbers within specific ranges. For example, CAPS could locate all members with only four digit numbers. CAPS can also list all members with numbers between 60000 and 70000.
- CAPS will also look for special characters. CAPS will print out members with any combination of special characters within either their Member Number, Name, Home Address or Mailing Address. For instance CAPS will print all members with 'CUNNAMULLA' as part of their address. CAPS can also print all Home addresses with 'BOX' in the address or 'UNKNOWN'.
- CAPS will also look for members whose total potential indebtedness exceeds a specified amount, and members whose combined deposit total exceeds a specified amount.

0.2. Suggested sequence and frequency of using the module

Biographical Audit is a simple and straightforward CAPS module which should be run about twice a year. Internal auditors may choose to run it more often to assist in maintaining the integrity of the Financial Institution's data.

The sequence is as follows:

Step

1. Use menu option 1 - TEST SELECTION to choose which tests you want CAPS to carry out.
2. Use menu option 2 - BIOGRAPHICAL DATA AUDIT to instruct CAPS to carry out the audit. This will be performed overnight.
3. Print out the result of the audit using menu option 3 - PRINT BIOGRAPHICAL DATA AUDIT. Examine the results and carry out any appropriate audit tests.
4. Use menu option 4 - CLEAR BIOGRAPHICAL AUDIT FILES to regain disk space taken up by the audit files.

1. TESTS SELECTION

CAPS allows you to input parameters for up to thirteen tests.

Because there are so many parameters, CAPS has two input screens to cope with the information. The first screen is as follows :

Biographical Data Tests Menu 1

Member No. Length (Min)<1>4	Post Box Address Test<4>Y
Member No. Length (Max)<2>9	Non Shareholder Test <5>N
Find Members at same addr<3>R	Missing Vowels Test <6>Y

Post Code	Post Code	Age	Age	Member No	Member No
Low	High	Low	High	Low	High
<7>-----	-----	<8>----	----	<9>-----	-----
001 2000	2999	001 0	18	001 90000	99999
		002 65	99	002 80000	89999

< 1> Member No. Length (Min)

Enter a minimum Member Number length allowable, or RETURN for no minimum. CAPS will select members with lengths less than that minimum.

< 2> Member No. Length (Max)

Enter a maximum Member Number length allowable, or RETURN for no maximum. CAPS will select members with lengths greater than that maximum.

< 3> Find Members at same addr

Options are 'N' for no test, 'R' for Residential (Home) address test, 'P' for postal address test, or 'B' for both Residential and Postal address test. This test will determine all members where the Residential or Postal addresses are the same (without matching on street number). This can be a very large report, so it is important to specify a filtering field and value when you go to print this report. See below.

< 4> Post Box Address Test

If you wish to select members with a post box address type [Y], else type [N]. This test will select members that only have addresses recorded with the word 'BOX' within. This will allow you to identify loans that will be difficult to trace the owner for.

< 5> Non Shareholder Test

If you wish to select member who are not shareholders type [Y], else type [N].

< 6> Missing Vowels Test

If you wish to list all members without vowels in their names, type [Y], else type [N]. For the purposes of this test in CAPS 3.03 and later, 'Y' is counted as a vowel, because many legitimate names have no vowels but do have a 'Y'.

< 7> Post Code Range Test (window)

CAPS allows you to select members with postcodes within specified ranges. For instance: To select all members with postal addresses in N.S.W. simply set the minimum and maximum to 2000 and 2999 respectively. If no parameters are input, no tests are performed. You may input as many range combinations as you like.

Post Code Low

Input the minimum post code in this range. Press RETURN only on a blank line to finish.

Post Code High

Input the maximum post code in this range.

< 8 > Age Test (window)

CAPS allows you to select members with ages within specified ranges. If you wanted to test for members who are younger than eighteen, simply set the minimum and maximum to 0 and 18 respectively. If no parameters are input, no tests are done. You may input as many age combinations as you like.

Age Low

Input the minimum age in this range or press RETURN on a blank line to finish age ranges.

Age High

Input the maximum age in this range.

< 9 > Member Number Test (window)

CAPS allows you to select all members with member number within specified ranges. If no parameters are input then no tests are performed.

Member Number Low

Input the minimum number in this range, or press RETURN on a blank line to finish ranges.

Member Number High

Input the maximum number in this range.

After these parameters have been entered press [Enter] to move to Biographical Data Tests Menu 2. This second input screen is as follows.

CAPS Biographical Module - Test Selection

Biographical Data Tests Menu 2

Special Characters Search

Member Number	Member Name	Home Address	Mail Address
<10>-----	<11>-----	<12>-----	<13>-----

[9999]	[SON	[BOX]	[GPO]
[1111]	[COMPANY]	[CARAVAN]	[KNOWN]
	JACKS]	[CUNNAMULLA]	[G.P.O.]

Display Loans Balances<14>

Display Savings Balances<15>

Display Investment Balances<16>

Report New Exceptions<17>

Maximum Potential Indebtedness Allowed <18>

Maximum Combined Deposit Total Allowed <19>

Input your test information as explained below. To return to the last input screen type [L]. To finish the Test Selection simply press [Enter] at the second screen.

CAPS allows you to search for special characters within the Member Number, Name, Home Address and Mailing Address. You simply input the character combination to look for and CAPS will print out any matches. CAPS will even locate partial matches using the '[' and ']' symbols. These will match any character before or after the string respectively. For example, if you wanted to locate all members with Member Numbers beginning in '10' (eg. '108883') you would simply enter '10]'. Another example is if you wish to locate all members with the letters 'BOX' in their address. You can do this using both symbols (for 'containing') as follows : '[BOX]'.

<10> Member Number

Enter as many Member Number character combinations as you wish. CAPS will locate any Member Numbers matching any of those entered.

<11> Member Name

Enter as many member name character combinations as you wish. CAPS will locate any Member Names matching any of those entered.

<12> Home Address

Enter as many home address character combinations as you wish. CAPS will locate any members whose home addresses match any of those input. This test can be used as a supplement to the Post Box test. For Example, you can ask CAPS to look for addresses not valid for members with significant loan accounts. Examples might be [CARAVAN] [Box] [P O] [P.O] [GPO] [C/] [RETURN] [POST] [HOTEL].

<13> Mail Address

Enter as many postal address character combinations as you wish. CAPS will locate any members whose mailing addresses match any of those entered.

<14> Display Loan Balances

If you wish to report loan balances type [Y], else type [N]. This option can help you identify clients with incomplete records that have loan accounts. For instance you might find that an 80 year old with no street address has a \$50,000 loan balance.

<15> Display Savings Balances

If you wish to report savings balances type [Y], else type [N].

<16> Display Investment Balances

If you wish to report investment balances type [Y], else type [N].

<17> Report Only New Exceptions

If you have run the biographical audit in the past and have checked all reported exceptions then you may not want the same exceptions reported the next time you run the audit. To prevent this from happening you can enter [Y] here which tells CAPS that you only want new exceptions reported, otherwise enter [N] for all exceptions to be reported.

<18> Maximum Potential Indebtedness Allowed

If you wish to list all members who are over a certain level of indebtedness, enter the limit here. CAPS defines the maximum indebtedness as the total debit balances of all accounts belonging to that member, i.e. loan balances plus any overdraft savings balances. If the overdraft limit is larger than the actual balance then that is used instead.

The printed report for this option will also show Current Debt and Credit Available. Current debt is the total of all money outstanding from loan, visa overdraft and LOC accounts. Credit Available is the total of the credit limits on overdraft and LOC accounts (for the savings and investments ledgers only). Potential Debt is calculated by running through all the accounts in turn. For each one it adds to the potential debt either the overdraft/loan balance (if any) or the overdraft limit, whichever is larger.

<19> Maximum Combined Deposit Total Allowed

If you wish to list all members who have a deposit total over a certain amount enter the limit here. CAPS defines the maximum combined deposit total as the total credit balances of all accounts belonging to that member, i.e. savings plus any investment balances. NOTE: If the member has an overdraft savings account which has a negative balance this amount will not be deducted from the deposit total.

Result

CAPS files the parameters ready to be used in menu option 2, Biographical Data Audit.

2. BIOGRAPHICAL DATA AUDIT

This menu option lets you tell CAPS to do a Biographical Data Audit, usually overnight. If you are in test mode you can select a small sample immediately.

- if you are in Test Mode, CAPS prompts:

You are in test mode, do you want to start 'Biographical Data Audit' now?

Enter [Y] if you want CAPS to select a small test sample of members.

Enter [N] if you want CAPS to select all the members.

- if you answer [Y], CAPS asks:

How many records do you want to process

Enter the number of members records you want CAPS to use as a test sample.

CAPS displays messages to let you know what it is doing. When finished it returns to the Biographical menu.

- if you answer [N], or if you are not in Test Mode, CAPS asks:

Do you want 'Biographical Data Audit' submitted for overnight running?

Enter [Y] to add to overnight queue.

Enter [N] to cancel the request, and return to the Biographical menu.

Result

If you chose a test sample only, CAPS immediately runs 'Biographical Data Audit'. If you chose a full live sample, CAPS sets up an instruction for 'Biographical Data Audit' to be run

overnight under 'NIGHT AUDIT'. (See CAPS UTILITIES, Section 2 - NIGHT AUDIT for more details).

3. PRINT BIOGRAPHICAL DATA AUDIT

This option lets you print the members details CAPS selected while running the BIOGRAPHICAL DATA AUDIT.

CAPS first prompts you to choose which reports to print using the screen below :

CAPS Biograph Module - Print Biographical Data Audit

Print Options

Member Number Length Report	< 1>Y		
Post Box Home Address Report	< 2>Y		
Members with Same Address	< 3> N	< 4> Filter field	< 5> Filter Value
Non Shareholder Report	< 6>N		
Missing Vowels Report	< 7>Y		
Post Code Range Report	< 8>Y		
Age Range Report	< 9>Y		
Member Number Range Report	<10>*		
Member Number Special Chars	<11>Y		
Member Name Special Chars	<12>*		
Home Address Special Chars	<13>N		
Mailing Address Special Chars	<14>Y		
Maximum Potential Indebtedness	<15>Y		
Maximum Deposit Total	<16>Y		

If you requested the “Members at Same Address” report, you must specify a “Filter Field” and “Filter Value” otherwise the report will be several hundred pages in length. For “Filter Field”, you may enter ‘D’ for Department, ‘C’ for Class, ‘T’ for Member Type, ‘S’ for Staff, or ‘N’ for none. These specify the field of data to use from the Member details. The Filter Value is then compared against this field of data from the Member’s details. The Filter Value can be any data value that is appropriate for the specified field and your Financial Institution.

Choose the tests required for printing by typing [Y] or [N]. If a test has a '*' in the input position, you have not input parameters for this test and thus it will not be available for printing. After selecting the print options, press Return and CAPS will prompt you for the Print Password.

For parameters<15> and <16> you will also be prompted with:

Do you want a summary indebtedness report [Y] or a detailed report [N]?

Enter [Y] or [N].

Print Password

Enter your print password. No user can print a report unless they have their print password. The user will be given two opportunities to enter the correct password or CAPS will automatically shut down. This feature provides security to reduce the likelihood of unauthorised users gaining access to CAPS reports.

YOU MUST COLLECT THE PRINT OUT IMMEDIATELY !

DO NOT LEAVE AT THE PRINTER !

Result

The biographical data audit information contained in the following files are printed. See the examples on the next page.

Missing Vowels test results

Postcode range test results

Members at Same Address

Post box test results

Member Number Length results

Member Number Range results

Age range test results

Non-shareholder test results

Member Name Special Characters results

Member Number Special Characters

Home Address Special Characters

Mailing Address Special Characters

Maximum Potential Indebtedness

Maximum Deposit Total

Please refer to the examples at the end of the chapter.

4. CLEAR BIOGRAPHICAL AUDIT FILES

This allows you clear all work files relating to the biographical data audit.

Are you sure you want to clear 'Biographical Data Audit' files?

This is just a warning and a check to make sure you really know what you are doing. If you answer [Y], CAPS immediately clears all biographical data audit files. They cannot be regained. If you answer [N], CAPS returns you to the Biographical menu without doing anything.

Result

The following files are irretrievably cleared:

Missing Vowels test

Postcode range test

Members at same address

Post box test

Member Number Length

Member Number Range

Age range test

Non-shareholder test

Member Name Special Characters

Member Number Special Characters

Home Address Special Characters

Mailing Address Special Characters

Maximum Potential Indebtedness

Maximum Deposit Total

Biographical audit example

Example of the Biographical Audit reports

For any of the reports, if an asterisk appears beside the Member Number it indicates that the member has at least one dormant or inactive account.

REPORT 1:

List of members with member number lengths either too long or too short

<u>Mem No</u>	<u>Name</u>	<u>Address</u>	<u>P/C</u>	<u>Loans Balance</u>	<u>Savings Balance</u>	<u>Investment Balance</u>	<u>PRD</u>
349	MCGUIRE Q R	44 GAP ST, EASTERN HEIGHTS	4305	0.00	30.37	0.00	
434	WEEDON E M	2 HEADROOM RD, MILLMERRAN	4357	2147.11	2401.76	0.00	010
471	DART Q J	81 HIGHGATE ST, COOPERS PLAIN	4108	2841.28	6367.18	0.00	010
634	CATLING K R	80 ARIADNE ST, MARBOROUGH	4650	0.00	2134.98	0.00	010
*665	LOWE H U	2 MAHONEY ST, CHARTERS TOWERS	4820	0.00	178.07	84175.13	
687	VINEY D	301 VIEWPOINT 7 BOWEN RD, HONG K	0000	0.00	1505.06	2000.00	
TOTALS				4988.39	12617.42	86175.13	

REPORT 2:

List of members with post box as primary address

Page: 1.

<u>Mem No</u>	<u>Name</u>	<u>Address</u>	<u>Post Code</u>	<u>Loans Balance</u>	<u>Savings Balance</u>	<u>Investment Balance</u>	<u>PRD</u>
6747	ANDERSEN D J	PO BOX 223, ROCKHAMPTON	4870	0.00	1,723.27	0.00	010
66957	LAWRIE G J	PO BOX 46, IPSWICH	4518	0.00	927.77	0.00	150
128200	LEACH L I	PO BOX 327, GREENWATER	4717	0.00	473.42	0.00	
*548018	LOWRIE D L	PO BOX 31, KIPPA	4872	0.00	130.21	0.00	
548026	LOWRIE J L	PO BOX 31, KIPPA	4872	0.00	130.21	0.00	
548288	MADDOX K	PO BOX 177, CUNNAMULLA	4490	0.00	31.32	0.00	018

188185	SPENCE L S	PO BOX 34, TOWNSVILLE	4718	0.00	2,762.54	0.00
TOTALS				0.00	6178.74	0.00

REPORT 3:

List of members who are not shareholders

<u>Mem No</u>	<u>Name</u>	<u>Address</u>	<u>P/C</u>	<u>Loans</u> <u>Bal</u>	<u>Savings</u> <u>Bal</u>	<u>Investment</u> <u>Bal</u>	<u>PRD</u>
547957	CAHILL R A	BIRNAM ST, BEAUDESERT	4285	0.00	222.63	5000.00	
547981	HILL T M	7/10 ROGOONA ST, MORNINGSIDE	4170	0.00	9044.44	20000.00	
*548025	LOWRIE Y L	PO BOX 31, LITTLE TREE	4872	0.00	130.21	0.00	
48026	LOWRIE F L	PO BOX 31, LITTLE TREE	4872	0.00	130.21	0.00	
48034	CROWTHER F M	70 PAREENA CRES, MANSFIELD	4122	0.00	59.11	2000.00	
48042	CROWTHER E P	70 PAREENA CRES, MANSFIELD	4122	0.00	240.80	2000.00	
548050	KNIGHT D D	23 CAMERON ST, LESTER	4740	0.00	74.19	0.00	
548068	KNIGHT P S	23 CAMERON ST, LESTER	4740	0.00	10.33	0.00	
548076	LAZZARINI W A	18 BUTCHER RD, CHARTERS TOWERS	4820	0.00	0.81	0.00	
TOTALS				0.00	9912.73	29000.00	

REPORT 4:

List of members names without vowels

Page: 1.

<u>Member No.</u>	<u>Name</u>
213422	NG K J
75646	TNK H L

NOTES:

CAPS classifies "Y" as a vowel.

REPORT 5:

List of members with their post code inside the specified ranges

Page: 1.

<u>Mem No</u>	<u>Name</u>	<u>Address</u>	<u>P/C</u>	<u>Loans Bal</u>	<u>Savings Bal</u>	<u>Investment Bal</u>	<u>PRD</u>
72534	TILLY K S	25 AXBORE ROAD, GRANGE	2167	2,657.87	1,287.88	2,800.00	001
67877	TEBAGS W P	11 GROWNAK AVENUE, PETES CROSSING	2455	0.00	121.00	0.00	9
32452	LEIBERGRUF	117 LAFBER LANE, STEVENSON	2901	0.00	1,232.22	20,000.00	7
TOTALS				2657.87	2641.10	22800.00	

REPORT 6:

List of members with their age inside the specified ranges as of 01 OCT 88

Page: 1.

<u>Mem No</u>	<u>Name</u>	<u>Age</u>	<u>Loans</u>	<u>Savings</u>	<u>Investment</u>
234096	GOOSSENS T L	69	0.00	5,915.87	5,000.00
542348	LOWRIE G L	13	1,217.67	130.21	0.00
524426	LOWRIE J L	11	0.00	130.21	0.00
548722	CROWTHER D P	***	0.00	240.80	2,000.00
546450	KNIGHT E L	13	0.00	74.19	0.00
TOTAL			1217.67	6491.28	7000.00

NOTES:

Age If the age appears as '***', it means that there was no date of birth on record.

REPORT 7:

List of members with their member number inside the specified ranges as of 01 OCT 88

Page: 1.

<u>Mem No</u>	<u>Name</u>	<u>Address</u>	<u>P/C</u>	<u>Loans Bal</u>	<u>Savings Bal</u>	<u>Investment Bal</u>	<u>PRD</u>
22345	SCULLY D S	25 XFIELD ROAD, GRANGE	2167	2,657.87	1,287.88	2,800.00	001
22447	TEABAY W P	11 GREEN AVENUE, FITZROY CROSSING	2455	0.00	121.00	0.00	9
22556	LEAVER F A	117 LEAFY LANE, STEVENTOWN	2901	0.00	1,232.22	20,000.00	7
TOTALS				2657.87	2641.10	22800.00	

NOTES:

The member number range being searched for is from 22000 to 22500.

REPORT 8:

List of members with special characters within the member number

Page: 1.

<u>Mem No</u>	<u>Name</u>	<u>Address</u>	<u>P/C</u>	<u>Loans Bal</u>	<u>Savings Bal</u>	<u>Investment Bal</u>	<u>PRD</u>
12999	PETERSON K L	7 FLAT STREET, TINTERN	3789	17,765.99	4,576.99	0.00	009
99935	JACKSON E	103 RAW STREET, NEWCASTLE	3222	0.00	9,900.00	25,345.00	007
TOTALS				17765.99	14476.99	25345.00	

NOTES:

The string being matched is "[999]"

REPORT 9:

List of members with special characters within the member name

Page: 1.

<u>Mem No</u>	<u>Name</u>	<u>Address</u>	<u>P/C</u>	<u>Loans Bal</u>	<u>Savings Bal</u>	<u>Investment Bal</u>	<u>PRD</u>
23523	PETERSON K L	7 LATT STREET, TINY DOWNS	3789	17,765.99	4,576.99	0.00	009
94533	JACKSON E	102 RAP STREET, ONCASTLE	3222	0.00	9,900.00	25,345.00	007
TOTALS				17765.99	14476.99	25345.00	

NOTES:

The strings being matched are "[SON]" and "[AC]".

REPORT 10:

List of members with special characters within the home address

Page: 1.

<u>Mem No</u>	<u>Name</u>	<u>Address</u>	<u>P/C</u>	<u>Loans Bal</u>	<u>Savings Bal</u>	<u>Investment Bal</u>	<u>PRD</u>
76547	LANLEY I O	SITE 87, SUNNYBANK CARAVAN PARK, SUNNYBANK	4242	0.00	10.00	0.00	077
76577	FENSBAR P K	BERTH 8 VALLEY VIEWS MARINA , LAKESIDE	4561	600.75	88.90	0.00	091
TOTAL				600.75	98.90	0.00	

NOTES:

The strings being matched are "[CARAVAN]" and "[MARINA]".

REPORT 11:

List of members and their postal addresses with special characters within their postal address

Page: 1.

<u>Mem No</u>	<u>Name</u>	<u>Address</u>	<u>P/C</u>	<u>Loans Bal</u>	<u>Savings Bal</u>	<u>Investment Bal</u>	<u>PRD</u>
345345	NOX I Q	UNKNOWN	7819	0.00	134.42	0.00	091
TOTALS				0.00	134.42	0.00	

NOTES:

The string being matched is "[KNOWN]". Searching for "[KNOWN]" will pick up addresses containing "UNKNOWN" and "NOT KNOWN".

REPORT 12:

List of members who have a potential indebtedness beyond the specified amount

Page: 1.

<u>Mem No</u>	<u>Name</u>	<u>Address</u>	<u>P/C</u>	<u>Current Debt</u>	<u>Credit Available</u>	<u>Potential Debt</u>
345367	NOX I Q	78 TATUM RD, CADRUM	7819	223500.00	2000.00	225500.00
Account:	S1	Balance: 9873.29	Credit Limit:	2000.00		Security Code: 15
	L1	223500.00				
67885	JACOBS U L	25 LEAF CRS, ESK	4329	243000.00	2000.00	243000.00
Account:	S2	Balance: -3000.00	Credit Limit:	2000.00		Security Code: 10
	L1	240000.00				
789735	JONES O P	13 STUART ST, KENMORE	4129	231500.00	3000.00	233000.00
Account:	S1	Balance: 5634.98	Credit Limit:	0		Security Code: 20
	S9	-1500.00		3000.00		
	L1	230000.00				
TOTALS				698000.00	7000.00	701500.00

NOTES:

<i>Current Debt</i>	The total amount outstanding from loan, visa and LOC accounts.
<i>Credit Available</i>	The total of the credit limits on overdraft and LOC accounts.
<i>Potential Debt</i>	The total of the outstanding balances or credit limits for all accounts (whichever is the larger).

REPORT 13:

List of members who have a deposit total beyond the specified amount

Page: 1.

<u>Mem No</u>	<u>Name</u>	<u>Address</u>	<u>P/C</u>	<u>Savings Bal</u>	<u>Investment Bal</u>	<u>PRD</u>
1111	GREY A W	21 DIDIMULYA STREET BELLARA, BRIBIE	4507	24,338.40	20,971.70	51

		ISLAND					
12884	MCMERRINE B J	46 MUNGERIE STREET, 4054 KEPERRA	1,956.64	0.00	51		
13691	WILLIAMS C E	LOT 7 REEDWOOD 4562 ROAD, EUMUNDI	3,019.17	0.00	51		
13606	MENZIES R J	87 EDWELL STREET, 4170 MORNINGSIDE	31,872.25	126,212.09	51		
1963	MCSWEEMEY F S	54 PANEZA STREET, 4053 STAFFORD	10.27	53,000.00	51		
TOTALS			61196.73	200183.79			

* * * * End of Listing * * * *

REPORT 14:

Report on Members at same POSTAL address

Member# Dept	Surname Class	Mtype Mtype	Staff	Init	Street	City/State	Loan Balance
47436	PIERCE			G C	47 CHOWCHILLA ST	ALBANY CREEK QLD	130181.11
1 0							
298847	PIERCE			B J	47 CHOWCHILLA ST	ALBANY CREEK QLD	0.00
51 04							
293465	PIERCE			S S	47 CHOWCHILLA ST	ALBANY CREEK QLD	0.00
51 04							
1013813	PIERCE			B J	47 CHOWCHILLA ST	ALBANY CREEK QLD	0.00
51 0			N				
1033614	HARD			K J	6 CHOWCHILLA ST	ALBANY CREEK QLD	0.00
0							
107761	HARD			K E	6 CHOWCHILLA ST	ALBANY CREEK QLD	0.00
1 0							
46105	GOLDER			D J	33 CRESSBROOK DR	ALBANY CREEK QLD	83134.71
1 0							
1008993	GOLDER			S J	33 CRESSBROOK DR	ALBANY CREEK QLD	0.00
51 04							
1002810	GOLDER			S J	33 CRESSBROOK DR	ALBANY CREEK QLD	0.00
1 0							
310740	GOLDER			E K	33 CRESSBROOK DR	ALBANY CREEK QLD	0.00
51 0							
124963	GOLDER			S J	33 CRESSBROOK DR	ALBANY CREEK QLD	0.00
0							
437751	GOLDER			S J	33 CRESSBROOK DR	ALBANY CREEK QLD	0.00
51 03							
53794	QLD CRICKET ASSOC				ATT: BRETT HUTTON	ALBANY CREEK QLD	0.00
51 1							

13 members reported.

Report on Members at same RESIDENTIAL address

Member# Dept	Surname Class	Mtype Mtype	Staff	Init	Street	City/State	Loan Balance
293465	PIERCE			S S	47 CHOWCHILLA ST	ALBANY CREEK QLD	0.00
51 04							

1013813	PIERCE		B J	47 CHOWCHILLA ST	ALBANY CREEK	QLD	0.00
51 0		N					
47436	PIERCE		G C	47 CHOWCHILLA ST	ALBANY CREEK	QLD	130181.11
1 0							
298847	PIERCE		B J	47 CHOWCHILLA ST	ALBANY CREEK	QLD	0.00
51 04							
1033614	HARD		K J	6 CHOWCHILLA ST	ALBANY CREEK	QLD	0.00
0							
107761	HARD		K E	6 CHOWCHILLA ST	ALBANY CREEK	QLD	0.00
1 0							
46105	GOLDER		D J	33 CRESSBROOK DR	ALBANY CREEK	QLD	83134.71
1 0							
1008993	GOLDER		S J	33 CRESSBROOK DR	ALBANY CREEK	QLD	0.00
51 04							
1002810	GOLDER		S J	33 CRESSBROOK DR	ALBANY CREEK	QLD	0.00
1 0							
310740	GOLDER		E K	33 CRESSBROOK DR	ALBANY CREEK	QLD	0.00
51 0							
124963	GOLDER		S J	33 CRESSBROOK DR	ALBANY CREEK	QLD	0.00
0							
437751	GOLDER		S J	33 CRESSBROOK DR	ALBANY CREEK	QLD	0.00
51 03							
53794	QLD CRICKET ASSOC			ATT: BRETT HUTTON	ALBANY CREEK	QLD	0.00
51 1							

13 members reported.

Chapter 5 - Loan arrears audit

0. INTRODUCTION

0.1. Description of Audit Tests

This audit module examines every loan on file and re-calculates its loan arrears position. CAPS then lets you print 10 different reports highlighting loan accounts which may need investigating for different reasons.

This audit is slightly complicated because the calculation of loan arrears needs a 'starting point'. That is why you must first run a Data Capture of the loan accounts.

The 'loan arrears' is a kind of single entry 'memorandum account' attached to every loan account which works in the following manner:

Whenever a loan repayment falls due, the Financial Package automatically adds the amount to the 'loan arrears' figure.

Whenever the member makes a repayment, the amount is subtracted from the 'loan arrears' figure.

The effect of this is that at any time the Financial Institution can print their 'loan arrears' report and see which members are behind in their repayments and by how much.

Note, however, that the actual arrears figure is not updated until the Financial Institution runs their programs.

Now, to re-calculate the 'loan arrears' on a loan, CAPS needs details of all the transactions on the account since the loan started. This is usually impossible, since most Financial Institutions regularly purge transactions off the system.

To allow for this, you must execute a Data Capture of the loan arrears position on all loan accounts. The Data Capture holds a record of the loan arrears position at that point in time. Later, when you are ready to do the audit, CAPS uses the Data Capture as a starting point, and uses the transactions since the date of the Data Capture to re-calculate the up-to-date loan arrears. Because CAPS calculates the arrears by taking the loan arrears position at the time of the Data Capture and adding subsequent transactions, you must wait at least a month (preferably longer) after running the Data Capture before running the audit. This is so there is time for transactions to actually occur in the member's account. See Figure 1 below.

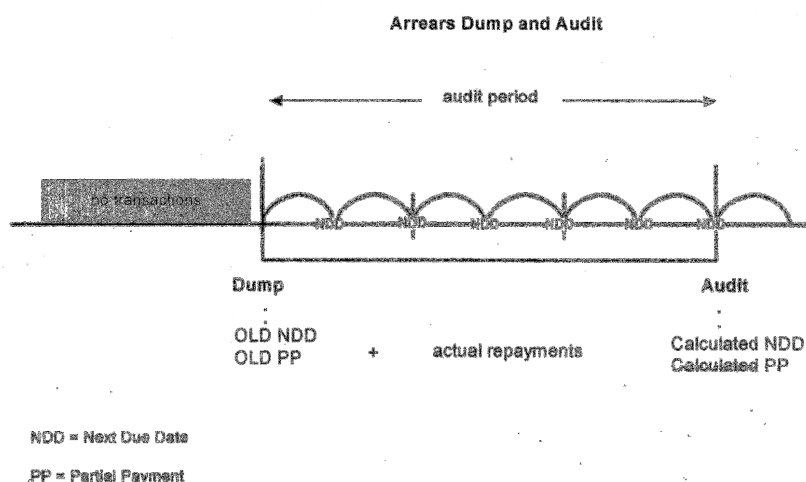


Figure 1 shows how CAPS works out the Calculated Repayment Date at the time of the audit using the actual repayments made in the audit period. CAPS can then use this information to calculate the arrears position of the loan. See more detailed information in the Arrears Data Capture and Arrears Audit section of this chapter.

After re-calculating the loan arrears for each loan, CAPS compares its calculated figures with those shown in the Financial Institutions loan records. Any discrepancies are then printed.

CAPS also carries out a number of other checks and prints the results on the following reports:

Report 1 - New Loan with unreasonable effective date

One way to stop loans appearing on the 'loan arrears' report is to enter the first repayment date (also called the 'next due date') a long way into the future. This report highlights those loans which have an unusual 'next due'.

Report 2 - Loans with no, or incorrect repayment frequency

In the Financial Package, if you don't enter a loan repayment frequency code (i.e. F = fortnightly, W = weekly etc.) when setting up the loan details, then loan arrears are never calculated for that loan. This report prints those loans without a repayment frequency, or with a code the Financial Package does not recognise.

Report 3 - Loans with no security

The Financial Package includes a field to enter details of the security over the loan. Loans that are not secured and are over a specified balance will be reported.

Report 4 - Loans with unreasonable arrears in advance

One successful fraud has been to get a loan for (say) \$30,000 over five years, and then make an advance repayment of (say) \$20,000 which covers three years repayments. Then skip the country! It is very difficult to trace someone after three years. This report highlights those loans with 'arrears in advance' more than a nominated period.

Report 5 - Loans with unreasonable repayment period

In many cases the law limits the period over which a loan may be made. Increases in interest rate, and accumulated loan arrears may combine to make the final repayment date longer than that allowed by law.

In some cases CAPS may even highlight loans which will never be repaid. The interest charges could be bigger than the repayments.

Report 6 - Loans with some records missing

If you are employed by the Financial Institution and you have a fraudulent loan, a potential way to avoid detection by CAPS is to simply wipe all details of the member record and transactions record from the computer file. However this report will highlight those loans which exist on the 'Data Capture' but which have some vital information on the member or transaction records missing. Note that this is one reason for doing a Data Capture as soon as possible after getting CAPS installed.

Report 7 - Loans with unequal book and calculated balances

This report highlights those loans where the loan arrears figure calculated by CAPS does not agree with the loan arrears figure currently stored by the Financial Package.

Report 8 - Summary aging report

This report summarises the loan arrears position. It gives you a good overview of the arrears situation and gives you a basis for a provision for doubtful loans.

Report 9 - Detail aging report

This report lists those loans calculated by CAPS to be in arrears. They are listed according to how many months they are in arrears.

Report 10 - Purpose Code Change report

This report lists all loan accounts for which the Purpose Code has changed since the Data Capture.

The other useful function of the Arrears Module is the Infrequent Repayments Test. This test allows you to locate loan accounts that either have been repaid with inadequate frequency or inadequate amount, within a specified time frame. The test will also locate any new exceptions if requested.

0.2. Suggested sequence and frequency of using this module

For the internal auditor, the main use of this Loan Arrears Audit Module is to check for possible fraud, or errors in recording a loan which could cause difficulties if not detected early. The internal auditor will probably want to run the module every three months.

For the external auditor its main use is to test the accuracy of the client arrears calculations as the first step in evaluating the provision for doubtful loans. However you will need all transactions on file since the last time you ran a Data Capture for this module to work.

Therefore you'll have to run the audit and generate a new 'Data Capture' if the Financial Institution decides to purge any transactions.

This is a simple audit module to use, but it is essential to have done the Data Capture first. The sequence is as follows:

Step

- 1 Enter default parameters for all future arrears audit runs using step 1 - DEFAULT ARREARS PARAMETERS. You don't have to use this step every time. These parameters should remain static for a considerable time.
- 2 Run a Data Capture of the Financial Institutions loan files using menu option 2 - ARREARS DATA CAPTURE. This is usually done overnight.
- 3 After a suitable period, from perhaps one to four months later, use menu option 3 - ARREARS AUDIT to run an audit of the loan arrears. This is usually ran overnight.
- 4 As soon as possible or the next morning use menu option 4 - PRINT ARREARS AUDIT to print out the results of the audit.
- 5 As soon as you are certain that the results of the arrears audit are satisfactory (meaning that you won't need to run menu option 3 - ARREARS AUDIT again) you should run another Data Capture using menu option 2 - ARREARS DATA CAPTURE. You should do this the same day. The Data Capture has then been run in preparation for your next arrears audit. You may want to use menu option 1 - DEFAULT ARREARS PARAMETERS first to fine tune your Data Capture process.
- 6 When you are satisfied the arrears audit is complete, and you have no

further use for any of the CAPS files generated during the audit, you can select Menu option 5 - CLEAR ARREARS AUDIT FILES to release the space taken up on the Financial Institutions computer system. Note that the Arrears Data Capture file and default parameters will not be cleared using this menu option.

1. DEFAULT ARREARS PARAMETERS

This step gives you control over the preset Default Arrears Parameters. Normally you don't have to change this after the initial set up. There are two screens of Default Arrears Parameters.

Screen 1 appears as follows:

CAPS Arrears Module - Default Arrears Parameters

Loan Arrears Audit Default Parameters

=====

New Disbursement Option: <1>C

Maximum Repayment Period:<2> 25

Minimum Disbursement Amount: <3> 100

New Disb	Credit	Debit	VISA	LOC	Security	Off PRL
Code	Code	Code	Code	Code	Code	Code
<4>----	<5>---	<6>---	<7>----	<8>----	<9>----	<10>---
001 51	001 22	001 55	001 8	001 9	001 M	001 23
002 52	002 49				002 R	002 24

File	Attribute	Value	Sub-Value	Description
<11>-----	<12>----	<13>---	<14>----	<15>-----
001 ACCOUNT	13	1	1	Security Code

002 ACCOUNT	16	1	1	Purpose Code
003 CLIENT	16	1	1	Client Age

1. New Disbursement Option

If a new disbursement is made to an existing loan, the Financial Institution has the option to either clear the old arrears or keep the old arrears. Enter [C] for clearing old arrears, or [K] for keeping old arrears.

2. Maximum Repayment Period

Enter the normal maximum repayment period for loans in years. This is used only as the default. You can define the maximum period for individual account levels when you run the Arrears Audit. If you enter 0 (zero) for this field, all loans will be reported. This is useful when you want to import this report into other software packages for manipulation.

3. Minimum Disbursement Amount

Sometimes, the Financial Institution needs to post charges to loan accounts, using the same transaction codes that are used for loan disbursements. Since most of these charges are small compared to disbursements, you can define a minimum disbursement to let CAPS distinguish between the two types of transactions.

4. New Disbursement Code

Enter the transaction codes that are used to disburse loans.

5. Credit Code

Normally most credit transactions affect the arrears position of a loan, enter those credit transaction codes that DO NOT affect the arrears.

6. Debit Code

Normally most debit transactions do not affect the arrears position of a loan. Enter those debit transaction codes that DO affect the arrears, e.g. debit arrears adjustment. If the code for a Loan Redraw is different than that for a New Disbursement, enter that code here.

7. Visa Level

Enter account levels that are used for visa accounts. CAPS will not attempt to calculate arrears for these accounts.

8. LOC Level

Enter account levels that are used for line of credit accounts. CAPS will not attempt to calculate arrears for these accounts.

9. Security Code

Enter security codes that indicate a loan with security. All loans that have no security code or have a security code that does not match one listed in this field, will be subject to the 'Maximum Loan Balance for Unsecured Loans' test. Normally, secured loan codes are: M - Motor vehicle; R - Real Estate; F - Funds; L - Life insurance; G - Guarantee; O - Other.

10. Off Prl Code

Enter those payroll deduction codes that indicate that the client does not have a payroll deduction. Many clients will have no payroll deduction code set on their client record. Some will have one set. For those that do, most codes indicate an actual deduction, but some don't. *Input here those few codes that do not indicate a deduction.* An '@' symbol will be displayed next to those arrears discrepancies that do not have a payroll deduction code or have one that indicates no deduction.

11. Field Verification (window)

This set of tests is optional. It allows you to tell CAPS the mandatory fields in various files that must have a value for a loan account. Note that CAPS does not check the content of the field, it simply checks that data exists. For instance you might want to check that every loan account has a security code. You would need to check that the thirteenth attribute of the ACCOUNT file record has a value by entering the information as on line one of field eleven on the screen above.

To obtain information on where certain data is recorded and an explanation of what attributes, values and sub-values are, either consult your EDP department or contact BDO CAPS.

File

Enter 'TRAN' for the Transaction file, 'CLIENT' for the Client file, 'ACCOUNT' for the Account file, or 'APPLIC' for the Application file.

Attribute

Enter the attribute number of the field you want to check.

Value

Enter the value number of the field within the attribute you want to check. If the whole attribute needs to be checked, enter [1].

Sub-value

Enter the sub-value number of the field with the value you want to check. If the whole value needs to be checked, enter [1].

Description

Enter a short description for the field to be checked. This description will appear on the report.

Screen two looks like the one below for FCS sites. ULTRACS sites will only have parameter <12> and <13> on their second screen.

CAPS Arrears Module - Default Arrears Parameters

Loan Arrears Audit Default Parameters 2

=====

Arrears Audit Date:<12>30/06/98

Arrears Balance Method:<13>N

Arrears Aging Period:<14>1

12. Arrears Audit Date

In most cases this field should be left blank. You can enter a date in this field if you would like to backdate your arrears audit. However if you choose to do this CAPS will only back date the aging reports to the date you request, i.e. CAPS will age the accounts in the summary and detail aging reports to this date.

NOTE: If you decide to set a date in this field remember to remove it before the next audit. If your audit has not produced the results you expected, the most likely cause is that a date has been set incorrectly in this field.

13. Arrears Balance Method

Enter [Y] to use the 'arrears balance' method or [N] to use the 'next due date' method, for calculating the aging of arrears. The next due date method is standard and is the default. The Balance method takes the arrears balance (Dollar amount in arrears), divides it by the

repayment amount and multiplies it by the number of days in the repayment period (eg Fortnightly repayment = 14 days). The 'Next Due Date' method simply subtracts the calculated Next Due Date from the date of the audit run (or the Arrears Audit Date above) to get the number of days in arrears.

14. Arrears Aging Period

Enter the number of periods to subtract from Age, either [0] or [1]. The default value is 1. This figure is set because you are not considered to be in arrears if it is less than one repayment period since your last repayment (providing you were not in arrears then). EG $AGE = ((\text{ARREARS BAL \$} / \text{CURRENT REPAYMENT}) - \text{Offset Parameter}) * \text{DAYS IN REPAYMENT PERIOD}$

For Ultrcs sites only:

13. Arrears Next Due Date Method

Enter [Y] to use the 'next due date' method or [N] to use the 'arrears balance' method for calculating the aging of arrears.

Result

CAPS will file the parameters for future Arrears Audits.

2. ARREARS Data Capture

This menu option generates a 'Data Capture' containing details of all loan accounts and the current state of their arrears. You must do this menu option at the start of every audit period. It gives CAPS a 'starting point' to use for the audit.

Under no circumstances begin the Arrears Data Capture before all the transactions for the day have been processed (ie. Do not run the Data Capture during the day. Any transactions for the day that occur after the process may cause an arrears discrepancy for that account). The process should be started between finish and midnight.

It is not critical when you run the Arrears Data Capture. The process just creates a starting point from which CAPS can determine the current arrears position of a loan and then after repayments have been made in subsequent months a calculated arrears position can be determined in the Arrears Audit.

CAPS must assume that the arrears position as recorded by the Financial Institution at the time of the Data Capture is accurate. A typical process of running a regular Arrears Data Capture schedule would be: run the process, wait 3 months, run the audit, run the process, wait 3 months, run the audit.

Note - Do not run the Data Capture in Test Mode. You achieve nothing, and you run the risk of overwriting an essential Data Capture with useless 'test' data.

Program 'Arrears Data Capture' requires running overnight.

Confirm (Y/N)

Enter [Y] to add it to the overnight queue.

Enter [N] to cancel the request, and return to the Arrears menu.

Result

CAPS sets up an instruction for 'Arrears Data Capture' to be run overnight under 'NIGHT AUDIT'. (See CAPS UTILITIES, Section 2 - NIGHT AUDIT for more details).

NOTE: The results of the arrears audit will be meaningless unless you have waited at least a month between this process and running the audit. The Data Capture records the next due date and partial payment position for each loan account. The audit, at a later stage, takes these figures, adjusts them with payments to arrive at a new arrears figure which is then compared with the arrears position currently recorded on file.

3. ARREARS AUDIT

This menu option instructs CAPS to independently re-calculate the arrears position for loan accounts and lets you enter some parameters it needs to do this.

CAPS will first prompt you with a screen as follows :

CAPS Arrears Module - Arrears Audit

Arrears Audit Parameters

Latest 1st repayment
after funding date: <1>32 days

Default maximum
repayment period: 25 Years

Maximum reasonable
arrears in advance: <2>12 Months

Last repay before: <4> 01/04/98

Other maximum repayment periods

Level

Period

Maximum Loan Balance	<7>-----	-----
for unsecured loans: <5> 10000.00		
	001 1	7
Report Sorting Method: <6>L	002 10	15
	003 11	25
Level to exclude		
<7>-----	Purpose Code Test: <8>N	
001 14		
002 15		

1. Latest 1st repayment after funding date (days)

The Financial Institution should have a policy stating the maximum number of days allowed between the time the member takes out a loan and when they have to make their first repayment.

Enter the number of days here.

2. Max Reasonable Arrears in Advance

Enter the maximum allowable arrears in advance in months. If the member's payments exceed this amount they will be reported.

3. Last Repayment Before

In order to further filter the 'Maximum Reasonable arrears in advance' test you can enter a date to restrict this report to show only accounts that have not been paid recently. Enter a last repayment date cut-off limit. All accounts with a last repayment date before this date (i.e. they are not being paid regularly) but are in advance beyond the limit in field <2> will show up on the report. If you leave this field blank then CAPS will report all accounts as per field <2>.

For example, if you were running the audit on 25/05/98 then you may choose to enter a date here of 01/04/98. This means CAPS will report all accounts which are in advance as

per field<2> but which have not made a repayment since 01/04/98. Any accounts in advance (as per field<2>) which have made repayments since 01/04/98 will not appear on the report. Only those in advance and made repayments prior to 01/04/98 will appear on the report.

4. Max Loan Balance for unsecured loans

Enter the maximum loan amount allowable for unsecured loans. If their balance exceeds this amount they will be reported. Unsecured loans are those that either do not have a security code or have one other than the ones listed in your default parameters.

5. Report Sorting Method

Enter [L] to sort the reports in account level order.

Enter [M] to sort the reports in member number order.

6. Level to exclude (window)

Enter the accounts levels that you wish to exclude from testing.

7. Other Maximum Repayment Periods (window)

The default maximum repayment period was set by you in your default arrears parameters. If there are loans that have a maximum different to the default, list them here. Enter loan levels (i.e. 2 for L2) and their corresponding loan repayment periods in years. If a loan level is not entered here the maximum repayment period will default to the Default Maximum Repayment Period.

8. Purpose Code Test

Indicate [Y] if you would like CAPS to check for Purpose Code changes since the Data Capture was run. CAPS will report any accounts which have a Purpose Code which is different to the Purpose Code previously recorded. Enter [N] if you do not wish CAPS to run this test.

- If you are in Test Mode, CAPS asks:

You are in test mode, do you want to start 'Arrears Audit' now? (Y/N)

Enter [Y] if you want to conduct a quick test run by auditing only a small number of loan arrears account balances.

Enter [N] if you don't want a test run, but want to audit all members loan account arrears balances.

- If you answer [Y], CAPS asks:

Do you want to process individual accounts?

-If you answer [Y], CAPS prompts with:

Account to Process

Enter the loan account number you would like to process.

-If you answer [N] , CAPS asks:

Records to process

Enter the number of members loan accounts you want CAPS to use as a test sample.

CAPS displays messages to let you know what it is doing. When finished it returns to the Arrears menu.

- If you answer [N], or if you are not in Test Mode, CAPS asks:

Do you want 'Arrears Audit' submitted for overnight running?

Confirm (Y/N)

Enter [Y] to add to overnight queue.

Enter [N] to cancel the request, and return to the Arrears menu.

Result

If you chose a test sample only, CAPS immediately runs 'Arrears Audit'. If you chose a full live sample, CAPS sets up an instruction for 'Arrears Audit' to be run overnight under 'NIGHT AUDIT'. (See CAPS UTILITIES, Section 2 - NIGHT AUDIT for more details).

CAPS uses details of the repayment transactions posted to each members loan account to independently re-calculate the arrears position as at the audit date. It uses the saved arrears position as a starting point.

Working with the Transaction file CAPS tries to read the loan account from the Data Capture file. If the account is on the file then CAPS obtains the arrears position recorded by the Financial Institution at the time of the Data Capture. If the account is not on the file and the account has been opened since the process date, then CAPS obtains the information it can to perform some audit tests. In these cases CAPS will not calculate arrears for these accounts due to insufficient information. If an account is not on the Data Capture file and it was opened prior to the process date, then an error is reported as CAPS expects these accounts to be on the Data Capture file.

The results of the following tests are stored on file for use by the Print Loans Arrears Audit program (Menu option 4).

- No or illegal repayment frequencies
- Calculated and book arrears unmatched
- Summary of aging loan arrears
- Some record data missing
- Accounts with unreasonable effective dates
- Detail results of aging arrears
- Loans with no security
- Arrears in advance
- Loans with long repayment period
- Loans with purpose code change

4. PRINT ARREARS AUDIT

This option lets you print the results of the arrears audit.

CAPS shows you a list of 10 reports you can print out. Enter [Y] if you do want to print the report, (N) if you don't. The reports are as follows :

CAPS Arrears Audit - Print Arrears Audit

Report Selection

Report 1:New Loans with unreasonable 1st repayment date:	<1>Y
Report 2:Loans with no or incorrect repayment frequency:	<2>Y
Report 3:Loans with no security:	<3>Y
Report 4:Loans with unreasonable arrears in advance:	<4>Y
Report 5:Loans with unreasonable repayment period:	<5>N
Report 6:Loans with some records missing:	<6>Y
Report 7:Loans with unequal book and calculated arrears:	<7>Y
New Disb:<8>Y Advance:<9>Y Min. Discrep:	<10>0.0
Adjustment to Report 7	<11>N
Report 8: Summary of aging report:	<12>N
Report 9: Detail aging report	<13>Y
Up to 1 month <14>Y 1 to 2 months :<15>Y	
2 to 3 months <16>N 3 to 6 months :<16>N	
6 to 9 months <18>N 9 to 12 months:<19>Y	
Over 12 months<20>Y	
Exclude Int Stopped Accounts in Detail Aging :	<21>N

Reports 1 to 6

Enter [Y] to print the report or [N] if you do not want it printed.

Report 7

Loans with unequal book and calculated balances

- if you answer [Y] for this report, CAPS then prompts:

New Disbursements (Y/N)

Different Financial Institutions have different policies for loan repayments at the beginning of a loan. Because of this, the CAPS calculated loan arrears position for new loans often differs from the Financial Institutions figures. You might not want these new loans printed out.

Enter [N] if you want the report to exclude new loans.

Advance

Enter [N] if you want the report to exclude those loans which have had repayments made in advance. You may only be interested in loans that are actually in arrears and therefore which could affect the provision for doubtful loans.

Minimum Discrepancy

Enter the minimum discrepancy required for an unequal book and calculated arrears report to be made.

If this report is unusually large, and the CAPS audit figures are consistently larger than the client (book) figures by the same number of periods for accounts with the same repayment frequency, investigate the possibility that transactions have been purged after the Data Capture date. If the transactions after the Data Capture date have been purged, the Data Capture and audit will have to be rerun.

Adjustment to Report 7

Enter [Y] to only report accounts where CAPS has calculated an arrears discrepancy (unequal book and calculated arrears balance) where the loan is in advance and the book arrears figure is less than the CAPS calculated arrears figure.

Report 8

Summary aging report

Report 9

Detail aging report - this report ages the arrears on individual loan accounts. CAPS will print loans with arrears balances older than the time you choose here:

- Up to 1 month (Y/N)
- 1 to 2 months (Y/N)
- 2 to 3 months (Y/N)
- 3 to 6 months (Y/N)
- 6 to 9 months (Y/N)
- 9 to 12 months (Y/N)
- Over 12 months (Y/N)

Enter [Y] if you want the loans listed.

Enter [N] if you do not want loans listed.

NOTE: it is advisable to check the Summary aging report before printing out the detailed aging reports. There are often a large number of loans of little significance which will appear in the first two categories.

Exclude Interest Stopped Accounts in Detail Aging

- Indicate [Y] if you want to exclude interest stopped accounts from the detail aging reports. Enter [N] if you wish to include them.

Report 10

Purpose Code Change report.

Print Password

Enter your print password. No user can print a report unless they have their print password. The user will be given two opportunities to enter the correct password or CAPS will automatically shut down. This feature provides security to reduce the likelihood of unauthorised users gaining access to CAPS reports.

You must collect the print out immediately. Do not leave at the printer.

Result

CAPS uses the following files to print the reports you selected:

- No or illegal repayment frequencies
- Calc and book arrears unmatched
- Summary of aging loan arrears
- Some records missing
- Accounts with unreasonable effective dates

- Detail results of aging arrears
- Loans with no security
- Arrears in advance
- Loans with long repayment period
- Purpose Code changes

Please refer to the example at the end of the chapter.

5. INFREQUENT REPAYMENTS TEST

The Infrequent Repayments Test allows you to locate loan accounts that have been repaid with inadequate frequency or inadequate amount, over a specified time. It can locate all infrequent or only "newly" infrequent.

If you require only new infrequently repaid accounts, input a start date for period one, else leave it blank and it will list all infrequently repaid accounts. If Start Date is given, CAPS will use that period to calculate the account's previous status. An account that was infrequent in the first period will not be selected regardless of its status in the second period because it is assumed it has been reported in a previous run.

An account need only fail one of the two tests to be selected as infrequent.

CAPS Loan Arrears Module - Infrequent Repayments Test

Parameters

Start Date :<1> 01/06/89

Middle Date :<2> 30/06/89

End Date :<3> 31/07/89

Transaction Codes

<6>-----

001 25

002 26

003 27

004 28

005 52

Critical Number :<4> 100.00

Critical Amount :<5>100.00

Min Balance <7> 1000.00

Min Next Due <8> 01/01/93

1. Start Date

Input the start date of the first period (ie [01/10/89]). If this field is left blank, CAPS will automatically assume you want all infrequently repaid loan accounts (as judged in the second period). If you enter a date here CAPS will assume you only want newly infrequent repaid loan accounts, ie. Accounts which have only become infrequent in the second period.

2. Middle Date

Input the first date of period two. The last day of period one will default to the day before this. Last Disbursement Date must be before this date, or the account will be ignored.

Period 1 will be from Start Date to one day before Middle Date.

Period 2 will be from Middle Date to End Date.

3. End Date

Input the last date of period two.

4. Critical Number

Input the minimum required number of repayments as a percentage for an account to be considered a 'frequent payer'. For instance if you set this to 100% an account will be deemed infrequent if CAPS calculates that there should be 10 repayments in the specified period but there actually were 9, (i.e. $9/10 = 90\% < 100\%$). However if you set this to 85%, the same account would not be selected as the required frequency of repayment (90%) is satisfied.

5. Critical Amount

Input the minimum required total repayment as a percentage for an account to be considered a 'adequate payer'. For instance if you set this to 100% an account will be deemed infrequent if CAPS calculates that there should be \$4500 repaid in the specified period but actually only \$3980 was paid (i.e. $3980/4500 = 89\% < 100\%$). However if the Critical Amount was set to 87%, the same account would satisfy the requirement.

6. Transaction Codes (window)

Input all of the transaction codes relevant to repayments and reversals of loan accounts.

7. Minimum Balance

Enter the minimum balance required of the loan account before it is reported. This allows you to restrict the report to larger loans most at risk.

8. Minimum Next Due Date

Enter the minimum next repayment due date required of the loan account before it is reported. The NDD on the account must be greater than or equal to this date to meet this criterion. This accurately targets those loans that are not in arrears (and thus not reported in the arrears audit) but are still a potential risk in the future due to inadequate or infrequent repayments.

- If you are in Test Mode, CAPS prompts:

You are in test mode, do you want to start 'Infrequent Repayments' now. (Y/N)

Enter [Y] if you want to conduct a quick test run by auditing only a small number of loan accounts.

Enter [N] if you don't want a test run, but want to audit all members loan accounts.

- If you answer [Y], CAPS prompts:

How many records do you want to process?

Enter the number of members loan accounts you want CAPS to use as a test sample.

CAPS displays messages indicating current activity. When completed it returns to the Arrears menu.

- If you answer [N], or if you are not in Test Mode, CAPS prompts:

Do you want 'Infrequent Repayments' submitted for overnight running?

Enter [Y] to add to overnight queue.

Enter [N] to cancel the request, and return to the Arrears menu.

Result

CAPS will produce the report placing the data on file ready to be printed by Print Infrequent Repayments Test.

6. PRINT INFREQUENT REPAYMENTS TEST

This step simply prints the details of the accounts selected in the Infrequent Repayments Test. If only new infrequently repaid accounts were looked for, CAPS will print the reasons for first passing and then (In the second period) failing the test. Otherwise CAPS will only print the reason for failing the test.

Print Password

Enter your print password. No user can print a report unless they have their print password. The user will be given two opportunities to enter the correct password or CAPS will automatically shut down. This feature provides security to reduce the likelihood of unauthorised users gaining access to CAPS reports.

You must collect the print out immediately. Do not leave at the printer.

Result

CAPS will have printed the results on the printer. Please refer to the example at the end of the chapter.

7. CLEAR ARREARS AUDIT FILES

This allows you to clear all files relating to the arrears audit.

CAPS prompts:

Are you sure you want to clear all arrears audit files?

This is just a warning and a check to make sure you really know what you are doing. If you answer [Y], CAPS immediately clears all arrears audit files. They cannot be recovered. If you answer [N] CAPS returns you to the Arrears menu without clearing anything.

Result

CAPS clears all of the Arrears files ready for re-use.

Loan arrears audit example

Examples of Arrears Audit reports:

There are ten arrears reports in total.

REPORT 1:

Loan Accounts with Unreasonable Arrears Dates Page: 1.

<u>Account No</u>	<u>Next Due Date</u>	<u>Last Disb. Date</u>	<u>Loan Balance</u>	<u>PRD</u>
87657L1	01 JUN 89	25 JAN 88	13, 780.45	001

NOTES:

This report shows those accounts with a next due day far into the future. The next due date should normally be within one period of the day of the audit run.

Last Disb. Date The last disbursement date. If this date field is empty on the system, CAPS will use the account open date instead.

REPORT 2:

Loans Accounts with No or Incorrect Repayment Frequencies Page: 1.

<u>Account No</u>	<u>Name</u>	<u>Loan Balance</u>	<u>Repayment Frequency</u>
23423L1	PINOT F G	34,533.00	YR
65577L4	LETTANON A C	15,435.44	

REPORT 3:

Loans without Securities Page: 1.

* * * Minimum Balance for Security Check: 10,000 dollars * * *

<u>Account No</u>	<u>Name</u>	<u>Last Disb. Date</u>	<u>Loan Balance</u>	<u>PRD</u>
11658L1	WARNER C M	26 MAY 88	9,870.90	07
12239L1	WEIR E E	13 MAY 88	7,170.98	51
13323L1	CORNISH R A	14 MAY 82	857.17	51
223231,3	MCGOWAN Y K	20 FEB 87	2,890.14	51
25561L5	MCGOWAN I K	27 FEB 86	8,453.21	51
24545L3	RYAN M H	06 FEB 87	1,157.90	02

NOTES:

Loans are unsecured if they have a null security code or their security code is in the list of security codes you have entered into the Default Parameters screen indicating an unsecured loan.

Last Disb. Date Date of the latest disbursement or account open date if no 'last disbursement date' is on file.

REPORT 4:

Loan Accounts with Long Advance Arrears Period Page: 1.

* * * Critical Advance Period: 12 Months * * *

<u>Account No</u>	<u>Name</u>	<u>Loan Bal</u>	<u>Repay Amt</u>	<u>Next Due Date</u>	<u>Part Payment</u>	<u>Future Next Due Date</u>	<u>PRD</u>
142234L1	Stevens R T	3,800.00	120.00 (M)	23 JAN 89	4,800.00	23 MAY 92	01

NOTES:

Future Next Due Date This is the projected date on which the arrears will become zero if the client makes no more payments.

The character in brackets after repayment amount is the repayment frequency.

REPORT 5:

Loan Account with Exceptional Long Repayment Period Page: 1.

<u>A/C No.</u>	<u>Name</u>	<u>Last Disb Date</u>	<u>Loan Balance</u>	<u>Int Rate</u>	<u>Repayment Amount</u>	<u>Max Year</u>	<u>Payoff (Years)</u>	<u>Security</u>	<u>PRD</u>
31202L1	BOWELL D L	18 JAN 83	7,155.37	18.000	98.00 (F)	8.00	9.79	M	51
4122L2	STIENLARFER W R	16 NOV 87	65,997.59	14.100	401.00 (F)	8.00	16.79	M,R	51
31418L1	LEDDINGTON D A	10 DEC 85	29,965.04	16.800	279.00 (F)	8.00	9.98	R,G	51
31243L1	GATES R I	11 MAY 88	28,379.64	16.800	518.00 (M)	8.00	9.22	R,R	01
33433L2	GATES W I	11 MAY 88	50,350.19	15.300	842.00 (M)	8.00	9.97	M,F	51
33460L1	PART F E	23 SEP 88	57,180.02	15.300	368.00 (F)	8.00	16.19	L	07

NOTES:

The payoff year is calculated based on the current interest rate and repayment amount. CAPS first projects how many years are required to payoff the current balance of the loan. CAPS then works out number of years since the loan started. CAPS adds these two figures together to arrive at the payoff year.

CAPS will display 'Never' in the payoff year field if the current monthly interest charge per month is larger than the average repayment amount per month. It will also print 'Never', if it takes more than 2000 months to repay the balance of the loan.

New loans are more likely to have 'Never' as the payoff year if they are behind for a few repayments. This is because most of the repayments in the early life of the loan are offset by interest.

REPORT 6:

Loan Accounts with Missing Records Page: 1.

Account No

Missing Records

PRD

2127L1	Missing home address	51
12319L1	Missing birth date	51
54301L3	Missing next of kin	01
36101L5	Missing birth date	07
22343L5	Missing home address	
22342L1	Missing postal address	

NOTES:

CAPS will only report missing fields for those fields that you have defined in the Default Parameters screen.

REPORT 7:

Loan Accounts with Calculated and Book Arrears Discrepancies

Data Capture Date is: 31 JUL 1988 Run Date is: 31 OCT 1988

<u>Acc No</u>	<u>Loan Bal</u>	<u>Cur</u> <u>Repayment</u> <u>Amt</u>	<u>Total</u> <u>Actual</u> <u>Payment</u>	<u>Old Next</u> <u>Due Date</u>	<u>Old Partial</u> <u>Payment</u>	<u>Current Next</u> <u>Due Date</u>
1754L1	12311.23	125.00	5500.00	03 AUG 88	270.00	03 OCT 88

<u>Current</u> <u>Partial</u> <u>Payment</u>	<u>Book</u> <u>Arrears</u>	<u>Computed</u> <u>Next Due</u> <u>Date</u>	<u>Computed</u> <u>Partial</u> <u>Payment</u>	<u>Computed</u> <u>Arrears</u>	<u>Period in</u> <u>Arrears</u>
0.00	0.00	03 OCT 88	5395.00	-5395.00	43.14

For display purposes, the 13 columns of the report have been shown here on two separate lines. They appear as one line in the actual report.

NOTES:

Acc No

Account Number

Loan Balance

Loan balance as at the time of the audit

<i>Current Repayment Amount</i>	Current periodic payment required
<i>Total Actual Payment</i>	Total amount actually paid in the audit period
<i>Old Next Due Date</i>	Next repayment due date as at the Data Capture date
<i>Old Partial Payment</i>	Portion of the repayment that cannot be used to increment the next due date (eg, because it is less than the required repayment amount) as at the Data Capture date.
<i>Current Next Due Date</i>	Next repayment due date currently on file
<i>Current Partial Payment</i>	Portion of the repayment that cannot be used to increment the next due date currently on the Account file
<i>Book Arrears</i>	Amount in arrears as calculated by CAPS using the Current Next Due Date and the Current Partial Payment
<i>Computed Next Due Date</i>	CAPS calculated next due date, to be compared with the Current Next Due Date, ie. The Old Next Due Date adjusted with repayments
<i>Computed Partial Payment</i>	CAPS calculated payment that cannot be used to increment the Next Due Date, ie. Old Partial Payment adjusted with repayments
<i>Computed Arrears</i>	CAPS calculated amount in arrears based on the Next Due Date and Partial Payment
<i>Period in Arrears</i>	The number of repayment periods difference between the CAPS arrears and the system arrears.

Entries starting with ‘**’ were not found on the Data Capture file. This implies that the account is new since the Data Capture was performed.

Entries starting with a '\$' have had an arrears adjustment recorded between the Data Capture date and the run date.

Entries starting with an '@' have had a new disbursement between the Data Capture date and the run date. This is likely to cause a discrepancy because Financial Institutions have different options regarding arrears, usually involving an adjustment of the arrears figure.

The book arrears is not stored on the system. It is calculated by CAPS using the current next due date and current partial payment.

The 'Period in Arrears' or 'Period in Advance' (not shown on this example), is the difference between CAPS and system arrears expressed in repayment period terms.

This report is separated into two parts, one for those accounts in arrears (where the column heading is 'Period in Arrears') and one for those in advance (where the column heading is 'Period in Advance') as calculated by CAPS.

REPORT 8:

Audited Aged Arrears Report for Secured Loans

<u>Period</u>	<u>No. of Acct</u>	<u>Total Arrears</u>	<u>Total Loan Bal</u>
Up to 1 Month	80 (9.20%)	6734.00 (83.47%)	378,594.57 (93.64%)
1 to 2 Months	15 (14.85%)	1097.78 (13.60%)	15,899.80 (3.93%)
2 to 3 Months	0 (0.00%)	0.00 (0.0%)	0.00 (0.00%)
3 to 6 Months	2 (1.98%)	78.90 (0.97%)	9,670.80 (2.39%)
6 to 9 Months	0 (0.00%)	0.00 (0.00%)	0.00 (0.00%)
9 to 12 Months	4 (3.96%)	156.00 (1.93%)	112.20 (0.00%)
	101	8066.68	404277.37

NOTES:

The arrears figures are based on the CAPS calculation.

This report consists of two parts; one for secured loans and one for unsecured loans. Unsecured loans are those without a security code or with a security code other than that you entered in the Default Parameter screen.

REPORT 9:

Detail Aging Report (Secured)

for Age Class: Up to 1 Month

<u>Acc No</u>	<u>Name</u>	<u>Calc</u> <u>Arrears</u>	<u>Loan</u> <u>Balance</u>	<u>Audit</u> <u>Age</u>	<u>Client</u> <u>Age</u>	<u>On \$</u> <u>Age</u>	<u>Calc Next</u> <u>Due Date</u>	<u>PRD</u>
---------------	-------------	-------------------------------	-------------------------------	----------------------------	-----------------------------	----------------------------	-------------------------------------	------------

		<u>Bal</u>						
23101L3	MCGOWAN G K	31.00	2890.14	20	20	15	15 APR 93	01
28744L1	MCKELLAR W E	3.00	704.43	13	13	07	01 JUN 93	51

NOTES:

The ages are computed based on CAPS calculated arrears. All Secured Loans are reported first, followed by Unsecured Loans reports.

There are 7 age classes and one report for each class.

REPORT 10:

Purpose Code Change Report

<u>Account No</u>	<u>Name</u>	<u>Dumped Pcode</u>	<u>Current Pcode</u>	<u>Loan Balance</u>
12445L11	BASERTINE	12	16	167896.79
3678L1	SWITHER	12	16	445678.00

Infrequently Repaid Loan Accounts

All Accounts

Next		Rep	Repayment	Expt	Expected	Actl	Repayment	
Loan Balance	Account Num Due Date	Name	Freq	Amount	Reps	Amount	Reps	Amount
								Arrears Amnt
0.00	3017942L71 11576.17 28/04/04	BROOKS K	F	163.00	8	1304.00	8	909.50
0.00	3020157L72.1 183837.92 22/12/04	WILLIAMS	F	604.76	8	4838.08	1	300.00

0.00	3020700L71 15516.33	LEVIEN B 23/04/04	W	82.00	17	1394.00	16	1312.00
0.00	3020823L71 4299.96	BROWN T L 03/11/04	F	84.00	8	672.00	4	240.00
0.00	3022699L70.2 8697.39	DOWNES M 06/05/04	M	176.74	4	706.96	3	537.00
0.00	3023716L70.1 1773.59	DAY R L 21/04/04	W	27.32	17	464.44	15	450.00
0.00	318071L75 146999.84	DAY K A 20/03/08	M	804.83	4	3219.32	0	0.00
0.00	331635L72 14297.02	PEARCE C 15/04/10	F	221.00	8	1768.00	6	3300.00
0.00	331635L76 119963.91	PEARCE C 23/06/04	F	354.85	8	2838.80	4	3200.00
0.00	561595L70.1 3212.93	BOXALL A 27/04/07	F	185.00	8	1480.00	4	1500.00
0.00	586795L73.2 47994.79	SPARKE S 20/10/09	F	251.00	8	2008.00	5	12500.00
0.00	525339L70 14069.26	PINNA M S 12/05/04	F	204.00	8	1632.00	6	1836.00

Chapter 6 - Interest audit

0. INTRODUCTION

0.1. Description of the Audit Tests

Interest is the main income and expense for any Financial Institution. Therefore, if you can verify interest, then you can have a high degree of confidence in the material accuracy of the whole 'Profit and Loss' account.

Before CAPS, auditing interest manually was a frustrating, time-consuming and ineffective task. The main method involved the selection of a few accounts at random checking their interest calculations. The chance of finding any significant error or problem was very small. Then, you would do an overall 'reasonableness' calculation and accept it if the result was within perhaps ten percent of the account's figure.

The reason CAPS is so effective is that it performs a complete check of the calculation of interest on every account. Apart from immediately highlighting problems that might have occurred, it gives you confidence in the material accuracy of the overall profit and loss account.

Since CAPS performs all the calculations for you, all you need to check is that the interest rates, days of grace and interest calculation bases have been properly authorised. Then you just have to investigate any interest calculation discrepancies CAPS might report.

Problems CAPS may discover include:

The 'days of grace' may be entered incorrectly, so that a member who draws savings at the beginning of the month may be paid interest for the whole month.

- The interest accrual may be altered manually. CAPS will show this as a discrepancy.
- Errors can be made in setting up the interest rates.
- Errors can be made setting up the basis for interest calculations.

0.2. Suggested sequence and frequency of using this module

External auditors will probably want to run the interest audit module every three or six months. Internal auditors will be able to run the interest audit module at the end of each month.

You will always have to run it before the Financial Institution purges any relevant information from the files.

The steps to follow are these:

Step	Description
------	-------------

1. Use menu option 1 and 11 to set up some standard parameters for loans and savings interest calculation. You only need to do this once unless the Financial Institution changes their rules.
2. If necessary, carry out a Data Capture of the Financial Institution's Savings accounts using menu option 10 - SAVINGS INTEREST DATA CAPTURE. It is best to run the Data Capture on the first day of the month. This is usually run overnight. Note that Loans interest audit and Overdraft interest audit do not need a Data Capture (see Essential Financial Package information below for an explanation).
3. When you decide to do an interest audit, select menu option 2, 6 or 12 - INTEREST PARAMETERS to tell CAPS what period you want to audit. You probably do not need to enter interest rates and interest calculation bases information because these can only apply to a particular account level, and rates now vary widely within an account level (set "Special Rate" to 'Y' to use rate information on the account). If you need a Data Capture file for your savings interest audit, you must allow at least one month in between the process date and the audit.
4. This step will not apply if you set "Special Rate" to 'Y' in default parameters. When you are satisfied you have entered the correct interest rates and calculation bases, make sure you are in Test Mode and select menu option 3,7 or 13 - INTEREST AUDIT.
5. Print the results of the test audit using options 4,8 or 14 - PRINT INTEREST AUDIT. Examine the printouts and carry out any appropriate investigations.
6. After running an audit in 'Test Mode', use menu options 2, 6 or 12 - INTEREST PARAMETERS again to correct any mistake you might have made. Then, when you are totally satisfied the parameters are correct, use menu option 3,7 or 13 - INTEREST AUDIT to run the audit overnight in 'Live Mode' (set via "System Utilities" option 6).
7. Print the results of the audit using menu options 4,8 or 14 - PRINT INTEREST AUDIT. Examine the report and carry out any appropriate investigations.
8. When you are satisfied the audit is complete, and you have no further use for any of the CAPS files generated, you can select menu option 16 - CLEAR INTEREST AUDIT FILES to release the space taken up on the Financial Institution's computer system. Note that the Interest Data Capture file is not cleared using this menu option, nor any parameter data.

0.3. Operating Hints

From bitter experience we have found it very easy to make a mistake entering interest parameters. So, you should always check by running the audit in 'Test Mode' before submitting it for the full overnight run in 'Live Mode'. This is because if you have made a mistake, CAPS could print an interest calculation discrepancy for every account on file. This will be a very large and totally useless report!

There is no harm in having a Savings Interest Data Capture. You don't have to use it if it's not required. And you might find it very useful if some minor savings accounts have interest credited at differing times of the year.

For example, 'Christmas Club' accounts might have interest credited at a different time to normal savings accounts. If you have a Data Capture file, it means you can audit all savings account interest at the same time. If you don't have a Data Capture you'll have to do a special audit of 'Christmas Clubs' at a different time to other savings accounts.

The Financial Package generally accrues interest monthly, although in some cases it may be fortnightly or weekly, and records the current accrual in the file. For Savings accounts, the accrual is reset to zero when interest is paid. Since most loan accounts are charged monthly we need not be concerned with the accrual amount.

CAPS uses the following formula to calculate the accrual figure on each Savings account:

$$\text{Closing accrual} = \text{Financial Institution's calculated interest} - \text{Interest Paid} + \text{Opening accrual}$$

Note: that no record is kept of the previous accrual figure.

Therefore, for all savings interest calculations, the last period covered by the audit must be the month immediately preceding the current month. For example, if we are now in January the last period would be December. The only exception to this rule is if you audit up to an interest payment and enter [Y] to the questions on ignoring the credit and debit accruals (an option for FCS sites only)

As explained, the opening date of the period under review must be the beginning of the month in which the Data Capture was carried out. The only exception to this is if you start your audit period from the beginning of a month immediately after an interest payment, in which case the Data Capture does not need to be used for the audit.

The final date of the audit period must be the date of the current accrual (usually the last day of the previous month).

It should also be noted that when looking at discrepancies between the client figures and the CAPS figures, CAPS uses the effective date when calculating interest on daily interest accounts.

0.4. Essential Financial Package Information

You will need to run a Data Capture of savings accounts if:

The Financial Institution pays interest annually, or six-monthly,

and

The Financial Institution is regularly purging its transactions,

or

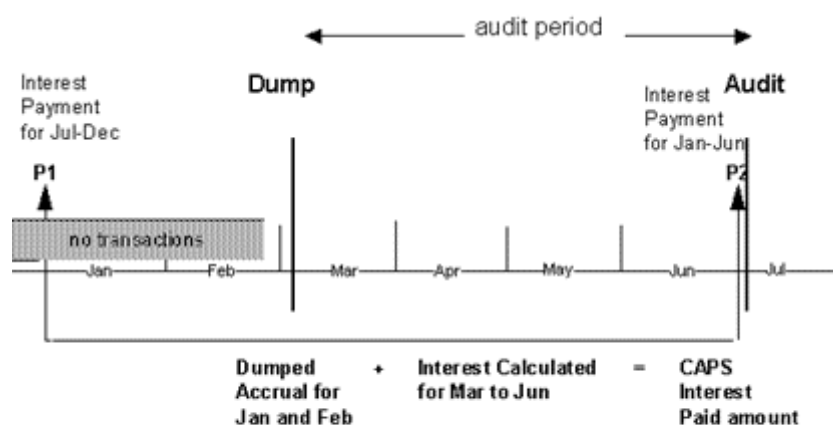
You perform your audits at any time other than immediately after the interest was paid.

To perform a successful savings interest audit, transactions for the period under review must exist on file and fulfil the following conditions:

- The period must cover the period from the date of the Data Capture to the current accrual date.
- If no Data Capture has been done, the period must start immediately after savings interest was paid.

Consider the following example which illustrates the use of the Data Capture file. For further information, see “10. Savings Interest Data Capture” later in this chapter.

In this example interest is paid six monthly and the Financial Institution has at any point in time, four months of transactions on the system.



The Dump contains the interest accrued for January and February.

Figure 1: Illustration of the use of Savings Dump

In the above example the Savings Data Capture has been run at the beginning of March, after interest has been accrued for February. Since interest was paid at the end of December, the file stores the interest accrued for January and February for each account. In early July when the Interest Audit will be run, the Savings Interest Audit Period will be set up for March, April, May and June and the option to use the Data Capture for the audit will be set to 'Y'. CAPS will calculate the interest for March to June and add the January and February accrual amount (stored on the file). This method allows CAPS to compare the Financial Institution's payment of interest in June, to that calculated by CAPS for January to June.

1. DEFAULT LOANS INTEREST PARAMETERS

CAPS allows you to preset the standard calculation parameters. Once adjusted correctly for your Institution, these need not be changed again unless the system changes. It is also possible to set CAPS to calculate interest using the opening balance of the day instead of the closing balance (for daily accounts) using these parameters.

The following two screens are for FCS sites. The three screens and parameter descriptions for ULTRACS can be found further on in this section.

The first screen looks like this (for FCS sites):

CAPS Interest Module - Default Loans Parameters

Default Loans Interest Parameters 1

```
=====

New Disb. Codes      Interest Adj Codes      Default Fraction:<3>D
<1>-----
001 51               001 45                  Alt Fraction Levels
002 50               002 74                  <4>-----
                                001 9

Default Int Charge Time:<5>B      Default Open/Close Calc Method:<6>O
Alt Int Charge Time Levels      Alt Open/Close Method Levels
<7>-----                     <8>-----
001 9                          001 9

Minimum Disbursement Amount:<10> 300.00   Effective Date?:<9>Y
```

1. New Disbursement Codes (window)

Enter the transaction codes that are used for new disbursements to loan accounts.

2. Interest Adj Codes (window)

Enter the transaction codes used for interest adjustments. CAPS does not include adjustments in its loan calculation. This highlights accounts on which adjustments have been made.

3. Default Fraction

For monthly accounts, the interest fraction for each month may either be 1/12 of the interest rate or vary according to the number of days in the month. Enter [T] to use 1/12, or [D] to use the number of days in the month.

4. Alt. Fraction Level (window)

If you have some accounts using 1/12 as the fraction and some using number of days in month as the fraction, you should define those that are different from the default fraction.

Level

Enter the account level that uses a different fraction.

Parameters for FCS sites:

5. Default Monthly Int Charge Time

Most institutions charge their Maximum monthly loans interest on the first day of the month. Some charge their interest on the last day of the previous month, enter 'N'. Enter 'S' if interest charged applies to the same month in which it is charged. Enter 'N' if interest charges apply to the following month.

6. Default Open/Close Calc Method

Enter the default calculation method for daily accounts. [O] for opening balance of the day, [C] for closing balance. If you get this wrong, many small discrepancies will be reported.

7. Alt. Interest Charge Time Levels (window)

Enter the loan levels whose charge time is different to the default.

8. Alt. Open/Close Method Levels (window)

Enter the loan levels which use the alternative calculation method to the default.

9. Effective Date (window)

Enter [Y] if you want to use the effective date on transactions or [N] if you do not.

10. Minimum Disbursement Amount

The transaction codes used for new disbursements may also be used for some loan charges. Normally the loan charges are very small compared to a new disbursement. That is why CAPS distinguishes them using a minimum disbursement amount. This distinction is necessary because there may not be any part-month interest charged on loan charges.

The following screen is the second screen for FCS sites. The ULTRADATA site screens and descriptions can be found further on in this section.

CAPS Interest Module - Default Loans Parameters

Default Loans Interest Parameters - 2

=====

Minimum Special Rate:<11>5.25

Maximum Special Rate:<12>15.725

Loan Special Rate:<13>:Y

Suppress Int Discrep Report:<14>N

Create Special Rate Report:<15>:Y

Offset Parameters

Offset Use Open/Close:<17>C

Ignore Tran Rates:<16>N

Offset Limit:<18>100

Loan Accts Use 365 Days

<19>-----

Tran Rate Changes Apply: <20>D

11. Minimum Special Rate

The audit will report all special interest rates less than the Minimum Special Interest Rate.

12. Maximum Special Rate

The audit will report all special interest rates greater than the Maximum Special Interest Rate.

13. Loan Special Rate

Enter [Y] if you want the audit to use the Special Interest Rate (Non-Standard Rate) and all rates information for each account. Enter [N] if you want to use your parameters even if the special rate field is set on an account.

14. Suppress Interest Discrepancy Report

Enter [Y] to suppress the Interest Discrepancy Report, [N] to create it.

NOTE: If you enter [Y], run the audit and then enter [N] and print the report, a blank report will be returned.

15. Create Special Rate Report

Enter [Y] to create the report which shows accounts outside the Special Interest Rate range, as defined in your parameters.

16. Ignore Tran Rates

Enter [N] to pick up interest rate changes from the Transaction file narration's and [Y] to ignore them.

17. Offset Use Open/Close

Enter [O] to use the opening daily balance for an offset account. Enter [C] to use the closing daily balance.

18. Offset Limit

Enter the maximum percentage of the loan account that is allowed to be offset. Enter 100 if there is no limit. See Mortgage Breaker Parameters for additional offset parameters.

19. Loan Accts Use 365 Days

Enter loan levels that should use 365 days only in their interest calculations even when in a leap year (366 days).

20. Tran Rate Changes Apply

This parameter refers to interest rate changes which are loaded by the Financial Institution as Rate Change Transactions. CAPS can read the narration of these transactions and apply the rate change. Enter 'D' if you would like CAPS to apply the rate change as at effective date or enter 'M' for CAPS to apply rate change to the whole month in which the rate change occurs.

The first ULTRADATA screen looks like this:

CAPS Interest Module - Default Loans Parameters

Default Loans Interest Parameters 1

```
=====

New Disb. Codes      Interest Adj Codes      Default Fraction:<3>D
<1>-----
001 51               001 45                 Alt Fraction Levels
002 50               002 74                 <4>-----
                                001 9
```

Default Open/Close Calc Method:<5>O

Alt Open/Close Method Levels

<6>-----

001 9

Minimum Disbursement Amount:<8>
300.00

Effective Date?:<7>Y

1. New Disbursement Codes (window)

Enter the transaction codes that are used for new disbursements to loan accounts.

2. Interest Adj Codes (window)

Enter the transaction codes used for interest adjustments. CAPS does not include adjustments in its loan calculation. This highlights accounts on which adjustments have been made.

3. Default Fraction

For monthly accounts, the interest fraction for each month may either be 1/12 of the interest rate or vary according to the number of days in the month. Enter [T] to use 1/12, or [D] to use the number of days in the month.

4. Alt. Fraction Level (window)

If you have some accounts using 1/12 as the fraction and some using number of days in month as the fraction, you should define those that are different from the default fraction.

Level

Enter the account level that has a different fraction.

5. Default Open/Close Calc Method

Enter the default calculation method for daily accounts. [O] for opening balance of the day, [C] for closing balance.

6. Alt. Open/Close Method Levels (window)

Enter the loan levels which use the alternative calculation method to the default.

7. Effective Date (window)

Enter [Y] if you want to use the effective date on transactions or [N] if you do not.

8. Minimum Disbursement Amount

The transaction codes used for new disbursements may also be used for some loan charges. Normally the loan charges are very small compared to a new disbursement. That is why CAPS distinguishes them using a minimum disbursement amount. This distinction is necessary because there may not be any part-month interest charged on loan charges.

The Following screen is shown only for users of ULTRACS software.

NOTE: Screen 2 for Default Parameters is no longer applicable. No data entry required.

CAPS Interest Module - Default Loans Parameters

Default Loans Interest Parameters 2

=====

New Disbursements

=====

Add to Rest Balance ? :<9>Y

Full/Part Month Int ? :<10>F

Full/Part Exceptions

<11> -----

001 6

Closing Account Penalties

=====

Default Method:<12>M/T3

Exceptions

Level Type

<13> -----

001 12 M/FP.6/L/T3

9. Add to Rest Balance

Indicate here if you would like new disbursements to be added to the rest balance for each month.

10. Full or Part Month Interest

For new disbursements please indicate if you require that full or part month interest be charged ('F' or 'P') for the month in which it starts. This will be the default method. Exceptions can be input below in field <11>.

11. Full / Part exceptions

For account levels that are exceptions to the above rule please type in here For Example, If you have input 'F' for option 9 above but L8 accounts only charge part month interest, input an '8' here.

12. Default method, Closing account penalties

Indicate here the default method for calculating interest on accounts that close during month.

This code is made up of four parts, separated by slashes '/'. The first part is used to indicate the base method of calculating interest for last month (This is just the normal interest due and is not a penalty amount). This interest is called the base interest. It can be either 'P' for part month interest (calculated on the number of days till closure), or 'M' to calculate a full months interest (Interest is calculated as if the balance was maintained for a full month). The base method code is compulsory. The remaining parts are optional. (EG it is permissible just to enter 'P' which effectively means no penalty)

The next part determines the method of calculating the penalty interest, if any, for the last month. There are four options for the calculation of penalty interest. This part is not compulsory. The penalty amount can either be a part months interest (Enter 'P'), a full months interest (Enter 'M'), or a fixed amount (eg 'FA550' is a fixed amount of \$550.00) or a fixed percentage (eg 'FP.5' is a penalty of .5% of the balance outstanding).

An example of a full code; 'M/FA300' instructs CAPS to calculate a full months interest in the month in which the accounts closes plus impose a penalty of \$300. Another example is 'M/P' which tells CAPS to calculate a full months interest and add a penalty of a months interest calculated on the number of days until closure.

In addition to the base method code and the penalty method code there are modifiers. These are optional. There are three modifiers as follows:

- The 'T' modifier tells CAPS only to impose the penalty if the loan is paid out within a certain number of years (eg 'M/FP.8/T3' tells CAPS to impose a .8% penalty if the loan is paid out within 3 years);
- The 'S' modifier tells CAPS to penalise with either the penalty interest or another dose of the base interest, whichever is lower (eg 'M/FP.6/S' tells CAPS to calculate a full months interest and add either an extra full months interest or .6% of the outstanding balance, which ever is less.)
- The 'L' modifier does the opposite to the 'S' modifier. It tells CAPS to choose the penalty that is larger.

The 'S' and 'L' modifiers can only be used if you have specified two methods of calculating penalty interest.

13. Exceptions, Closing account penalties

Enter here any accounts that use a different method to the one indicated above. Enter the level only (eg '3' not 'L3'), and the alternative method code.

Minimum Special Rate:<14>5.25

Loan Special Rate:<16>:Y

Create Special Rate Report:<18>:Y

Ignore Tran Rates:<19>N

Use 365 Days

<22>-----

001 11

Maximum Special Rate:<15>15.72

Suppress Int Discrep Report:<17>N

Offset Parameters

Offset Savings Same Month:<20>N

Equalize Savings :<21>Y

Use Effective Date :<23>N

Offset Use/Open Close :<24>C

Tran Rate Changes Apply :<25>D

<14> Minimum Special Rate

The audit will report all special interest rates less than the Minimum Special Interest Rate parameter.

<15> Maximum Special Rate

The audit will report all special interest rates greater than the Maximum Special Interest Rate parameter.

<16> Loan Special Rate

Enter [Y] if you want the audit to use the Special Interest Rate (Non-Standard Rate) and use all rate information for the account, or [N] if you want to use your rate parameters.

<17> Suppress Interest Discrepancy Report

Enter [Y] to suppress the Interest Discrepancy Report, [N] to create it. NOTE: If you enter [Y], run the audit and then enter [N] and print the report, a blank report will be returned.

<18> Create Special Rate Report

Enter [Y] to create the report which shows accounts outside the Special Interest Rate range, as defined in your parameters.

<19> Ignore Tran Rates

Enter [N] to pick up interest rate changes from the Transaction file narrations and [Y] to ignore them.

<20> Offset Savings Same Month

Note: This field is no longer applicable for Ultracs sites.

Enter [Y] to offset maximum monthly loan accounts with the current (same) months savings interest. Enter [N] to offset the loan account with the previous months savings interest; this is the default.

<21> Equalise Savings

Note: This field is no longer applicable for Ultracs sites.

Enter [Y] to limit the maximum savings balance offset to be no more than the balance of the loan account [N] for no limit.

<22> Use 365 Days

Enter loan levels that should use 365 days only in their interest calculations.

<23> Use Effective Date

Enter 'Y' to use the effective date for the offset account.

<24> Offset Use Open/Close

Note: This field is no longer applicable for Ultracs sites.

Enter [O] to use the opening daily balance to find the minimum monthly balance for the offset account for the month. Enter [C] to use the closing daily balance.

<25> Tran Rate Changes Apply

This parameter refers to interest rate changes which are loaded by the Financial Institution as Rate Change Transactions. CAPS can read the narration of these transactions and apply the rate change. Enter 'D' if you would like CAPS to apply the rate change as at effective date or enter 'M' for CAPS to apply rate change to the whole month in which the rate change occurs.

2. LOANS INTEREST PARAMETERS

This menu option allows you to adjust the parameters for the Loans Interest Audit.

On entering the parameters menu, CAPS will determine if the period dates have yet been input. If not, CAPS will place you immediately in the Period Dates input screen (Please look below the parameters menu). If the Period Dates have been input, CAPS will place you in the parameters menu as follows :

0. Return to Main Interest Menu
 1. Clear Loans Interest Audit parameters
 2. Edit Period Dates
 3. Edit Loans Interest Rates
 4. Account Levels to exclude
 5. Display Loans Audit parameters to screen
 6. Display Loans Audit parameters to printer
 7. Mortgage Breaker Parameters [Only for FCS sites]
- Option :
-

2.1. Clear Loans Interest parameters

This function allows you to completely clear the Loans Interest parameters. This will mean you will be required to re-input the period dates, interest rates and exclusion levels. CAPS will not clear the default parameters. CAPS will check to make sure you have not chosen this option by mistake :

Are you sure you want to clear the loans interest audit parameters?

Enter [N] to return to the Loans parameters menu with no change, or [Y] to clear all the Loans parameters. If you choose [Y] CAPS will display the fact that it is clearing the parameters and then return to the menu.

2.2. Edit Period Dates

This function allows you to tell CAPS the loan interest audit periods. CAPS prompts you to enter the dates as follows :

CAPS Interest Module - Interest rate period input

Date Parameters

Start Day	End Day
<1>-----	-----
001 01/05/98	31/05/98

002 01/06/98	30/06/98
003 01/07/98	31/07/98
004	

If the period dates have been previously input and not cleared CAPS will only allow you to view these dates without editing. If you wish to input new dates first use function 1 Clear Loans Interest parameters.

< 1> Date Parameters (window)

Start Day

Enter the first day of the period (inclusive).

End Day

Enter the last day of the period (inclusive).

You may notice that CAPS automatically inserts the Start Day from the second period onwards. This is to ensure that each Start Day is the day after the last End Day. When you have input all the period dates, enter [\] in the Start Day position of the latest field to remove the inserted date. Then press [Enter] to exit the period dates entry window.

You must enter whole month periods here. Interest rate changes will normally become effective at the beginning of the month.

Do NOT attempt to use part-month periods here. You can break months up into sub periods for FCS sites in the Edit Loans Interest Rates section following.

When the dates have been entered you can either press [1] to re-edit the dates or [Enter] to accept. Once you accept a set of new dates CAPS will briefly display a message before returning to the menu: **Building period information, please wait**

This indicates CAPS is producing special data structures which will be used next in the Edit Loans Interest Rates function.

2.3. Edit Loans Interest Rates

Important Note: No rate information is required for Ultracs sites if you set “Loans Special Rates” to ‘Y’, in which case CAPS will use all the appropriate rates for each account for the audit period.

If you choose to enter your own rates, this function allows you to specify the exact interest rates and methods for each Loan account level. Do not try to use this function immediately after you have cleared the interest audit parameters as you must have first input the period dates. CAPS will now ask you to indicate the Loans account level to be edited:

Which level of account do you want to input parameters for ? (Return to end)

You may choose any level between 1 and 99. If you have finished editing simply press [Enter] and CAPS will return to the menu. **Important:** The rate information you use for an account level applies to all accounts of that level. It does not allow for any variation of rates within an account level.

If you choose a level, CAPS will display the following screen:

CAPS Interest Module - Loans Rates Changes

Level : 1

Action <1>N

Key : 1.1

Period Start:<2>01/05/98

Period End :<3>31/05/98

Method <4>:2 Max Monthly

Base <5>:1 Flat Rate

Tier	Interest Rate
<6>-----	-----
001 0	12.00
002 1000.00	7.25
003 50000.00	7.00
004 100000.00	6.40
005 500000.00	6.00

Level

This indicates which account level parameter you are editing. This is not an input field.

Key

This indicates which period within the level you are in. For instance Key 3 indicates that the information on the screen belongs to the third period.

< 1 > Action

Enter the action required. The possible actions are as follows:

- [N] Display the Next period.
- [P] Display the Previous period.

- [Q] Quit the editor and return to level choice.
- [E] Edit the period currently displayed.
- [CP] Copy the data from the Previous period.
- [CN] Copy the data from the Next period.

< 2> Period Start

After setting the Period dates CAPS will have set up the main periods each consisting of one single sub-period. You can insert more sub-periods on FCS sites by simply moving the Period Start forward or the Period End backward. If you do this, CAPS will automatically set a new sub-period to cover the days in-between. You may have as many sub-periods per period as there are days in the period (i.e. sub-periods may be one day long). To save input time CAPS provides you with the [CP] and [CN] functions to copy the period information from the previous and next periods respectively.

The reason you would want sub-periods is to handle a rate change part-way through a month.

CAPS will not allow you to move a sub-period Period Start day back past the beginning of the main period. Conversely you are not allowed to move a Period End day forward past the end of a period. If you move a sub-period Period Start or Period End that are not already on the limits of the main period, CAPS will not insert a new period. Instead CAPS will drag along the relevant Period Start or End of the neighbouring sub-period.

< 3> Period End

Enter the end date for this period. If you wish to create a sub-period (because of a rate change), enter a new date than what is initially presented.

< 4> Method

Enter the loans interest method applicable. The possible methods are:

- [1] Daily Rest
- [2] Maximum Monthly
- [3] Maximum Half Yearly
- [4] Maximum Quarterly

< 5> Base

Normally, the interest rate for all accounts is the same within one account level. But at some institutions, interest rate also depends on either security type or purpose type. Enter the interest base required. They are:

- [1] Security
- [2] Purpose
- [3] Nil.
- [4] LARS rating

If the interest rate is not tied to any of the above mentioned methods there will not be a history available for CAPS to use. Some sites actually use the **Non Standard Interest Rate** field to hold the normal interest rate applicable for an account at a point in time. This method does not keep a history of rates back to previous months and therefore not auditable. If accounts are to have different rates not tied to a security code, purpose code or LARS rating, they should then be on different account levels. The only other alternative is for a history of **Special Interest Rates** to be supplied for each account, implemented by your main software supplier (CUSCAL/ULTRADATA).

If CAPS detects a non standard interest rate it will apply that rate to all periods of the audit.

< 6> Interest rate

Tier

Enter the tier dollar amount(s) that are applied for different interest rates. The first tier must be zero (0). If there are no tiers, and only one rate for this account level, then use zero as the first tier, and enter the interest rate.

Interest Rate

Enter the interest rate for the relevant tier.

How CAPS determines which rate to use.

There are a number of factors involved in determining which rate the Loans Interest audit actually uses. When you initially set your period dates, CAPS attempts to locate the corresponding interest rates from backups it keeps the rates you set for the same months in previous audits. If you have entered a month that you have not audited previously then CAPS will extract the current rate from the Financial Institution's files. Bear in mind that these current rates may not apply to all your periods. You are then free to edit these rates in the above **Loans Rate Changes** screen.

If you set "Loans Special Rate" to 'N' in the Default Loans Parameters, the rates you set in the Loans Rate Changes screen for the audit periods will apply to all accounts of that particular account level.

Finally, to over-ride all of the above, you can set the **Ignore Tran Rates** field in the **Default Loans Parameters** screen to 'N'. This will tell CAPS to override all previous rate parameters with those found on each accounts transaction record. It is possible for the FI to record interest rate changes on their client's transaction record with a narration indicating the old

and new rate. CAPS will pick up the changes from here and apply them in the calculations. Provided your client has sufficient transactions on file (up to 6 months) and makes use of the interest rate change narrations, then this is the most reliable method.

2.4. Account Levels to exclude

CAPS will allow you to indicate the loan account levels to exclude from the interest audit as follows :

CAPS Interest Module - Account Levels to Exclude

Levels to exclude

<1>-----

001 4

002 12

007 20

006 10

CAPS will not check the interest calculations for these account levels.

2.5. Display Loans Audit parameters to screen

CAPS will allow you to display the edited interest rate parameters to screen in a similar format to the Loans edit screens. Simply press [Enter] to continue displaying or [Q] to quit.

2.6. Display Loans Audit parameters to printer

CAPS will allow you to display the edited interest rate parameters on the printer in the same format as above. Please refer to the example at the end of the chapter. A print password is not required.

2.7 Mortgage Breaker Parameters

This screen will not show up on Ultracs sites, as these Loans Offset parameters are automatically determined by CAPS. The mortgage breaker loans interest program offsets

loan account balance with the balance from the corresponding savings account. It is displayed as follows:

CAPS Interest Module - Mortgage Offset Parameters

Start Day	End Day	Fraction	Offset Minimum	Method
<1>-----	-----	-----	-----	-----
001 01/05/98	31/05/98	65	500	D
002 01/06/98	30/06/98	65	500	D
003 01/07/98	31/07/98	65	500	D

<1> Start day/End day combination (window)

Start Day

Enter the start day of the period for which the minimum (monthly) savings account balance will offset the loans balance (CUSCAL method). Bear in mind that for Maximum Monthly loan accounts the offset balances is obtained from the previous months minimum savings account balance. For Daily Rest loan accounts the interest is charged at the end of the month so the offset balance comes from the same month.

If you are auditing Maximum monthly accounts for June, July and August, you should have May, June and July in the offset parameters above. If your were auditing the same period for Daily Rest loan accounts you would need to enter parameters for June, July and August above.

End Day

Enter the last day of the corresponding savings period.

Fraction

Enter the percentage of the savings account balance that will be offset against the loan account balance (eg Enter 65 for 65%).

Offset Minimum

Enter the minimum savings balance required for the offset to occur.

Method

Enter either D for daily interest or M for Minimum Monthly accounts.

3. LOANS INTEREST AUDIT

Once you have completed the parameters in Menu option 2, CAPS will allow you to perform the Loans Interest Audit. It is possible to set a flag in the default parameters (screen 2) to prevent the **Special Interest Rate** report from being generated. Loans Interest Audit will first prompt you to see if you want the reports generated in account level order:

Do you want to have the reports generated in account level order?

Enter [Y] if you would or [N] if you would not.

- if you are in Test Mode, CAPS prompts:

You are in Test Mode, do you want to start 'Loans Interest Audit' now (Y/N)

Enter [Y] if you want to do a quick test run by checking interest calculations on only a small number of members loan accounts.

Enter [N] if you want to return to the Interest menu.

- if you answer [Y], CAPS prompts:

Records to process?

Enter the number of members loan accounts you want CAPS to use as a test sample.

CAPS displays messages to let you know what it is doing. When finished it returns to the Interest menu.

- if you are not in Test Mode, CAPS prompts:

Program 'Loan Interest Audit' requires running overnight.

Confirm (Y/N)

Enter [Y] to add for overnight queue.

Enter [N] to cancel the request, and return to the Interest menu.

Result

CAPS will produce data in a file ready to be printed by the PRINT LOANS INTEREST menu option 4 below.

4. PRINT LOANS INTEREST AUDIT

This menu option allows you to print the results of the LOANS INTEREST AUDIT. CAPS will prompt you with :

CAPS Interest Module - Loans Interest Print Parameters

Print Conditions

Minimum Dollar Discrepancy	:<1> 1.00
Minimum Percentage Discrepancy	:<2> 1.00
Conditions Requirement	:<3> B

< 1 > Minimum dollar discrepancy

Enter the minimum discrepancy (in dollars) between the CAPS and the Financial Institution's calculations for an account to be reported.

< 2 > Minimum percentage discrepancy

Enter the minimum discrepancy (in percentage) between the CAPS and the Financial Institution's calculations for an account to be reported.

< 3 > Conditions requirement

Enter [B] if you require that both of the above conditions be satisfied for selection. Enter [E] if only one of the above (Either) conditions need be satisfied.

Once you have entered the parameters above, press [Enter] to continue:

Print Password

Enter your print password. No user can print a report unless they have their print password. The user will be given two opportunities to enter the correct password or CAPS will automatically shut down. This feature provides security to reduce the likelihood of unauthorised users gaining access to CAPS reports.

YOU MUST COLLECT THE PRINT OUT IMMEDIATELY!

DO NOT LEAVE AT THE PRINTER!

Result

CAPS uses the information from the Loans Interest Audit to print the following reports, examples of which are below:

Summary of interest audit

Interest calculation summary by level, by rate

Loans interest discrepancies

Summary of interest discrepancies for each account level

Accounts with no client record

Accounts with interest rates outside a valid range

It is possible to suppress the generation of the **Special Interest Rate** report if desired by setting a flag in the default parameters - screen 2. This report will show any account where the applied interest rate during the audit period was outside the valid range you specified in the default parameters. Please refer to the example at the end of the chapter.

5. LOANS DISCREPENCY ENQUIRY

CAPS will allow you to display information on the discrepancies using the following screen:

CAPS Interest Module - Loans Discrepancies Enquiry

Account No :123652L1

Balance :<1> 500.00

Security Code :<2>1

Purpose Code :<3> 5

Total Int. Calculated:<4>421.29

Total Int. Charged:<5>421.07

Offset :<6>N

Interest Detail

Opening Balance	Rate Used	Int Calculated	Int Charged
<7> -----	-----	-----	-----
25000.00	10	208.3333	208.10
24338.89	10.5	212.9652	212.97

Account No

Input the account number of the account for which you want the discrepancy checked. All other fields on the screen will be displayed by CAPS (ie. You are only required to input the Account Number)

Balance <1>

CAPS will display the balance of the account.

Security Code <2>

CAPS will display the security code for the account.

Purpose Code <3>

CAPS will display the purpose code for the account.

Total Interest Calculated <4>

CAPS will calculate and display the total interest that should have been charged.

Total Interest Charged <5>

CAPS will display the actual amount of interest charged to the account.

Offset <6>

CAPS will display 'Y' here if there was a loans offset account attached. Otherwise it will display a 'N'.

Interest Detail <7> (window)

CAPS will display the interest discrepancies for each period as follows :

Opening Balance

CAPS will display the opening balance for the period.

Rate Used

CAPS will display the rate used at the beginning of the period.

Interest Calculated

CAPS will display the interest calculated for that period.

Interest Charged

CAPS will display the interest charged for that period.

6. OVERDRAFT AUDIT PARAMETERS

The overdraft audit is designed to audit accounts that have an approved overdraft facility, as opposed to accounts that have become overdrawn. This menu option allows you to adjust the parameters for the Overdraft Interest Audit.

CAPS Interest Module - parameters

Overdraft Parameters Menu

- 0. Return to Main Interest Menu
- 1. Clear Overdraft Interest Audit parameters
- 2. Edit Period Dates and other parameters
- 3. Edit Overdraft Interest Rates
- 4. Account Levels to Include
- 5. Display Overdraft Audit parameters to screen
- 6. Display Overdraft Audit parameters to printer
- 7. Overdraft Limit Data Capture

Option :

6.1. Clear Overdraft Interest parameters

This function allows you to completely clear the Overdraft Interest parameters. This will mean you will be required to re-input the period dates, interest rates and exclusion levels. CAPS will not clear the default parameters. CAPS will check to make sure you have not chosen this option by mistake :

Are you sure you want to clear the Overdraft interest audit parameters?

Enter [N] to return to the Overdraft parameters menu with no change, or [Y] to clear all the Overdraft parameters. If you choose [Y] CAPS will display the fact that it is clearing the parameters and then return to the menu.

6.2. Edit Period Dates and other parameters

This function allows you to tell CAPS what the different loan interest rate periods are. CAPS prompts you to input the dates as follows:

CAPS Interest Module - Interest rate period input

```
Ledger < 1>S      Start Day < 2>01/01/02      End Day < 3>31/10/02
Balance Method :< 4>0      Suppress Int Discrepancy Rpt : < 5>N
Restrict audit to accounts with approved limit : < 6>N
Special Interest Rate : < 7>A      Field:< 8>11  Value:< 9>1      Sub:<10>4
Create Special Rate Rpt : <11>Y
Min Special Rate : <12>9.000      Max Special Rate : <13>15.900
Suppress Over Limit Rpt : <14>N      Suppress Changed Limit Rpt : <15>Y
Levels Use 365 Days <16>      Interest Charge Codes
      001 1      Savings: <17>      Loans: <18>
      002 2      001 64      001 53
      003 3
```

<1> Ledger

Input the ledger (L,S or I) that you wish to audit. It is not possible to audit more than one ledger at a time although it is now possible to audit up to 100 different account levels within a single ledger.

<2> Start Day

Enter the Start Day for the audit period (inclusive). Use the following format:
(dd/mm/yy)

<3> End Day

Enter the End day for the audit period (inclusive). Use the following format:
(dd/mm/yy)

CAPS will look at all interest charges between the first and the last date you entered here.

NOTE: Do NOT attempt to audit a period longer than 1 year and 4 months.

<4> Balance Method

This controls whether to use opening or closing balance. The default for this is 'O' which mean use opening balance (The opening balance from the day after a charge to the day of the next charge). To using Closing balance set this to 'C'

<5> Suppress Interest Discrepancy Report

Enter [Y] to suppress the Interest Discrepancy Report, [N] to create it. NOTE: If you enter [Y], run the audit and then enter [N] and print the report, a blank report will be returned.

<6> Restrict audit to accounts with approved limit

Normally this will be 'Y' to only audit accounts that have an overdraft limit associated with it. Only accounts matching those specified in the "Account Levels to Include" will be audited.

<7> Special Interest Rate

Enter [A] if you want CAPS to use the Special Interest Rate (Non-Standard Rate) as recorded on the members account or [P] if you want to use the Special Rate(s) from your parameters.

<8> Field

Enter the location on file for the special interest rate (normally 11).

<9> Value

Enter the location on file for the special interest rate (normally 1).

<10> Sub-value

Enter the location on file for the special interest rate (normally 4).

<11> Create Special Rate Report

Enter [Y] to create the report which shows accounts outside the Special Interest Rate range, as defined in your parameters.

<12> Minimum Special Rate

The audit will report all interest rates less than the Minimum Special Interest Rate entered here.

<13> Maximum Special Rate

The audit will report all interest rates greater than the Maximum Special Interest Rate entered here.

<14> Suppress Over Limit Report

Enter 'Y' to Suppress the Overdraft Over the Limit Report or 'N' to create it.

<15> Suppress Changed Limit Report

Enter 'Y' to suppress the Overdraft Changed Limit Report or 'N' to create it.

Note: You must have done an “Overdraft Limit Data Capture” before you can use this feature.

<16> Use 365 days

Enter any overdraft accounts which use 365 days only, even for leap years.

Interest Charge Codes

<17> Savings

Enter interest charge transaction codes used on Savings accounts.

<18> Loans

Enter interest charge transaction codes used on Loan accounts.

6.3. Edit Overdraft Interest Rates

Important Note: You do not need to enter interest rates if you specified “A” in the “Period Dates and other Parameters” screen, as CAPS will determine all the rates to be applied for the audit period. This function allows you to specify the exact interest rates and methods for each Overdraft account level. Do not try to use this function immediately after you have cleared the interest audit parameters as you must have first input the period dates. CAPS will now prompt you to indicate the Overdraft account level to be edited :

Which level of account do you want to input parameters for? (Return to end)

You may choose any level between 1 and 99. If you have finished editing simply press [Enter] and CAPS will return to the menu.

If you choose a level CAPS will display the following screen:

CAPS Interest Module - Overdraft Rates Changes

Level : 1

Action <1>N

Key : 1.1

Period Start:<2>01/04/98

Period End :<3>30/06/98

Basis <5> 1 Flat

	Balance		Interest Rates		
	Tier		Under the Limit		Over the Limit
			Standard	Special	Standard Special
<5>	-----		-----	-----	----- -----
001	0.00		15.00	14.50	16.00 15.50
002	1000		14	13.5	15.00 14.50
003	10000		13	12.5	14.00 13.50

Level

This indicates which account level parameter you are currently editing. This is not an input field.

Key

This indicates which period within the level you are in. For instance Key 3 indicates that the information on the screen belongs to the third period.

< 1> Action

Enter the action required. The actions are as follows:

- [N] Display the Next period.
- [P] Display the Previous period.
- [Q] Quit the editor and return to level choice.
- [E] Edit the period currently displayed.
- [CP] Copy the data from the Previous period.
- [CN] Copy the data from the Next period.

< 2> Period Start

< 3> Period End

CAPS will skip these fields. In Overdraft it is not possible to insert Sub-periods, thus the period dates may not be adjusted.

< 4> Basis

Enter the Overdraft interest Basis for this period. The possible options are:

[1] Flat (The same rate to all accounts regardless of the balance)

[2] Tiered on Whole Balance (One rate to the entire account balance depending on what the balance is)

[3] Tiered on each Portion of the Balance (Different Rates apply to each portion of the balance)

Tier

Enter the balance at which the following interest rates begin to apply. The first tier should always be 0.

Interest Rates to be supplied for each account, implemented by your main software supplier (CUSCAL/ULTRADATA). In the Overdraft audit there are four types of interest rate:

- Under the Limit Standard: This is the rate applied if the balance is not over the account credit limit and the special interest rate field is not set.
- Under the Limit Special Rate: This is the rate applied if the balance is under the account credit limit and they have a special interest rate.
- Over the limit Standard: This is the rate applied if the account balance exceeds the account credit limit and the special interest rate field is not set.
- Over the Limit Special Rate: This is the rate applied if the balance exceeds the account credit limit and they have a special interest rate.

6.4. Account Levels to Include

You must specify the account levels to include for the interest audit.

CAPS Interest Module - Account Levels to Include

Levels to Include

<1>-----

001 4

002 12

007 20

006 10

CAPS will only check the interest calculations for these account levels.

6.5. Display Overdraft Audit parameters to screen

CAPS will allow you to display the edited interest rate parameters to screen in a similar format to the Overdraft edit screens. Simply press [Enter] to continue viewing or [Q] to quit.

6.6. Display Overdraft Audit parameters to printer

CAPS will allow you to display the edited interest rate parameters on the printer in the same format as above. Please refer to the example at the end of the chapter.

6.7 Overdraft Limit Data Capture

This option records the current Overdraft limits to a file for later comparison.

NOTE: Do not perform a Data Capture in Test Mode. You achieve nothing and run the risk of overwriting an essential Data Capture with useless 'test'.

7. OVERDRAFT AUDIT

This menu option allows you to run the Overdraft Interest Audit.

- if you are in Test Mode, CAPS prompts:

You are in test mode, do you want to start 'Overdraft Audit' now ?

Enter [Y] if you want to perform a quick test run by checking interest calculations on only a small number of members loan accounts.

Enter [N] if you want to return to the Interest menu.

- if you answer [Y], CAPS prompts:

Do you want to process individual accounts?

- if you enter [Y], CAPS prompts:

Account to Process:

- if you enter [N] CAPS prompts:

Records to Process:

Enter the number of members loan accounts you want CAPS to use as a test sample.

CAPS displays the progress of the audit. When finished it returns to the Interest menu.

- if you are not in Test Mode, CAPS prompts:

Do you want 'Overdraft Audit' submitted for over night running?

Confirm (Y/N)

Enter [Y] to add to overnight queue.

Enter [N] to cancel the request, and return to the Interest menu.

Result

CAPS will produce data in a file ready to be printed by the PRINT OVERDRAFT INTEREST Menu option.

8. PRINT OVERDRAFT INTEREST AUDIT

This menu option allows you to print the results of the OVERDRAFT INTEREST AUDIT. CAPS will prompt you with :

CAPS Interest Module - Overdrafts Interest Print Parameters

Print Conditions

Minimum dollar discrepancy	:<1> 1.00
Minimum percentage discrepancy	:<2> 1.00
Conditions requirement	:<3> B

< 1 > Minimum dollar discrepancy

Enter the minimum discrepancy (in dollars) between the CAPS and the Financial Institution's calculations for an account to be reported.

< 2> Minimum percentage discrepancy

Enter the minimum discrepancy (in percentage) between the CAPS and the Financial Institution's calculations for an account to be reported.

< 3> Conditions requirement

Enter [B] if you require that both of the above conditions be satisfied for selection. Enter [E] if only one of the above (Either) conditions need be satisfied.

Once you have entered the parameters above, press [Enter] to continue:

Print Password

No-one can print these audit reports unless they know the password. Enter it if you know it. Note - to stop unauthorised people 'fiddling' with CAPS, you only get two chances. The CAPS automatically closes itself down.

CAPS displays messages to let you know what it is doing. When finished it returns to the menu.

COLLECT YOUR PRINTOUT IMMEDIATELY. DON'T LEAVE IT AT THE PRINTER!

Result

CAPS will print the results of the Overdraft Interest Audit.

Please refer to the example at the end of the chapter.

If you wish to compare the summary with the General Ledger figures please bear in mind that the figures here do not reflect first interest charges to accounts that opened during the period and do not reflect interest charges at the end of a cycle when the previous cycle incurred no interest. This is because both of the above cases have no interest charge for CAPS to use as a start point.

9. DISCREPANCY ENQUIRY

CAPS will allow you to view individual Overdraft discrepancies using the following screen:

CAPS Interest Module - Overdraft Discrepancy Enquiry

Account No:667272S1

Balance :<1>102.00

Total Int. Calculated:<2>1.22

Total Int. Charged:<3>.50

Interest Detail

Charge Date	Interest Calculated	Interest Charged	Rate	Tiered On
<4>-----	-----	-----	-----	-----
30/04/98	.61	.25	12.95	Whole Balance
31/05/98	.61	.25	12.95	Whole Balance
30/06/98	0	0		

Account Number

Enter the account number for which you wish to see the discrepancy details.
Press the [Enter] key on a blank line to exit this screen.

Balance <1>

CAPS will display the current account balance here.

Total Interest Calculated <2>

CAPS displays the total interest that it calculated over the entire period.

Total Interest Charged <3>

CAPS displays the total interest that was actually charged during the entire period.

Interest Details <4> (window)

CAPS will display the interest details on each date interest was charged in the audit period:

Charge Date

CAPS will display the date the interest was charged.

Interest Calculated

CAPS will display the interest it calculated to this date.

Interest Charged

CAPS will display the interest that was actually charged this date.

Rate

The interest rate that CAPS used from the first day of the charge period.

Tiered On

CAPS will display the method used for the interest calculation; 'Tiered on Whole Balance', 'Tiered on Portion of Balance' or 'Flat Rate'. Over-limit rate only applied to balances (or portion of balance) over the limit of the account. For 'Tiered on Portion', any portion of the balance which falls within a tier, will use that rate on that portion only.

10. SAVINGS INTEREST DATA CAPTURE

Some Financial Institutions only pay interest on member's Savings accounts every six months, or every year. In the mean time they accrue interest in a memorandum field on each individual account. To check the accrual calculation for each savings account, CAPS needs the accruals opening balance. This menu option lets you make a 'Data Capture' of the accruals for each savings account.

CAPS can use the captured accrual position as a starting point to verify the current accrual. This is because it may be impossible to start at the month for which the current accrual calculation started, because the transactions may have been purged from the system. The other reason why the capture is used is to avoid auditing the same period (months) twice.

Generally, if Data Captures are required, you should perform your audit, check the results and run a Data Capture within the first few days of the month. When a savings account closes, the accrual is set to zero as the interest is credited to the member. If the Data Capture is left too late it will store zero accrual for these accounts. This will cause problems. For example when CAPS comes to verify six months worth of interest paid to an account that closed on the 16th of a month, it would add its 16 days of interest to the accrual figure which should represent around 5 months of interest. Instead, because the Data Capture was done late, the accrual from the Data Capture is zero and a savings interest discrepancy results.

An example of the use of the savings Data Capture is as follows: Let's say you want to verify the current accrual which represents the last 5 months interest (Interest was last paid 5 months ago). If transactions have been purged off the system for the first three months, you will need to have done a Data Capture of the accrual at the start of the fourth month to use as your starting point. You should then enter periods for the remaining two months and answer 'Yes' to the question on the use of the Data Capture. CAPS will take the captured amount (interest accrued up to the end of the 3rd month if the process was done at the beginning of the fourth month) and add it to its calculation amount (interest for the remaining two months), and then compare with the five month figure on file. If there are discrepancies, they are reported.

Note - Do not perform Data Captures in Test Mode. You achieve nothing, and you run the risk of overwriting an essential Data Capture with useless 'test' data.

- if you are in Test Mode, CAPS prompts:

You are in Test Mode, do you want to start 'Savings Interest Data Capture' now (Y/N)

Enter [Y] if you want to do a quick test run for checking interest calculations on only a small number of member's savings accounts.

Enter [N] if you want to return to the Interest menu.

- if you answer [Y], CAPS prompts:

How many records do you want to process?

Enter the number of savings accounts you want CAPS to use as a test sample.

CAPS displays the progress of this procedure. When completed it returns to the Interest menu.

- if you are not in Test Mode, CAPS asks:

Do you want 'Savings Interest Data Capture' submitted for overnight running? Confirm (Y/N)

Enter [Y] to add to overnight queue.

Enter [N] to cancel the request, and return to the Interest menu.

Result

CAPS sets up an instruction for 'Savings Interest Data Capture' to be run overnight under 'NIGHT AUDIT'. (See CAPS UTILITIES, Section 2 - NIGHT AUDIT for more details).

The results of running 'Savings Interest Data Capture' are stored in a file for use by CAPS.

11. DEFAULT SAVING INTEREST PARAMETERS

CAPS allows you to preset the standard calculation parameters. Once adjusted correctly to your institution these need not be touched again, unless the system changes. It is also possible to set CAPS to calculate interest on the closing daily balance (for daily accounts) instead of the opening balance using these parameters.

CAPS Interest Module - Default Savings Parameters

Default Savings Interest Parameters

=====

	Min Monthly	Daily
	-----	-----
Effective date (same period): <1>	N	:<2> Y

Effective date (diff period): <3>	N	:<4> N
Minimum Monthly Accounts: Open <5>	N	Close: <6> N
Overdrawn Interest Transaction Code:		<7> 64
Interest Adjustment Transaction Codes:		<8>----
		001 45
		002 74

This is the screen for CUSCAL sites. ULTRADATA sites have an additional parameter <7> Fraction which is described below.

Effective Date (same period)

This allows you to define the effect of effective dated transactions. Enter [Y] to use the effective date, [N] to use the posting date.

< 1> Min Monthly

Define the effect of an effective dated transaction for minimum monthly balance accounts. If a transaction is effective dated to a date within the same month as the processing date, should it be used by CAPS or should CAPS use the processing date.

< 2> Daily

Define the effect of effective dated transaction for daily interest accounts. Enter 'Y' to use the effective date when it is within the same month as the processing date.

Effective Date (diff period)

This allows you to define the effect of an effective dated transaction that goes into a prior period. Enter [Y] to use effective date, [N] to use 1st date of the posting period.

< 3> Min Monthly

Define the effect of effective dated transaction for minimum monthly balance accounts. If you indicate [N] then CAPS will only bring the date back to the beginning of the month in which the processing date occurred, providing you have set field <1> to [Y].

< 4> Daily

Define the effect of effective dated transaction for daily rest accounts. If you indicate [N] then CAPS will only bring the date back to the beginning of the month in which the processing date occurred, providing you have set field <2> to [Y].

Minimum Monthly Accounts

These parameters allow you to define whether interest should be calculated for minimum monthly accounts in their opening and closing month.

< 5> Open

Enter [Y] to calculate interest for the opening month. Regardless of what you enter here, if the account is opened before the first day of grace for the month in which it is opened, interest will be calculated for that month (providing there are days of grace).

< 6> Close

Enter [Y] to calculate interest for the closing month. Regardless of what you enter here, if the account closes after the 'last' day of grace for the month in which it closes, interest will be calculated for a full month (providing there are days of grace).

The following parameter is for Ultracs only:

<7> Fraction

Enter [Y] if you want to use the number of days in a month instead of 1/12 of the annual rate for the interest calculation.

The following parameter numbers will increase by one for Ultracs sites.

< 7> Overdrawn Interest Transaction Code

Enter a code here (usually 63 or 64) if you are using the 'Daily minus' or 'Monthly minus' methods of interest calculation to audit overdrawn accounts (not for OVERDRAFT). Overdraft accounts should be audited using the Overdraft module.

< 8> Interest Adjustment Transaction Codes (window)

Enter the transaction codes for interest adjustment transactions.

This is the second default parameters screen for FCS. The parameter numbers will vary slightly for Ultracs sites:

CAPS Interest Module - Default Loans Parameters

Default Savings Interest Parameters - 2

=====

Minimum Special Rate:<9>5.25

Maximum Special Rate:<10>15.725

Savings Special Rate:<11>:N

Create Special Rate Report:<12>Y

<9> Minimum Special Rate

The audit will report all interest rates less than the Minimum Special Interest Rate. Enter the minimum special interest rate

<10> Maximum Special Rate

The audit will report all interest rates greater than the Maximum Special Interest Rate. Enter the maximum Special Interest Rate.

<11> Savings Special Rate

Enter [Y] if you want CAPS to use the interest rate on file for all accounts. If you enter 'Y' here, you do not need to enter any interest rate information in CAPS for the Savings Audit. Enter[N] if you want to use the rates from your parameters.

<12> Create Special Rate Report

Enter [Y] to generate data for the report which shows accounts whose interest rate was outside the valid range as defined by your Min/Max parameters.

<13> Savings Account use Open/Close

Enter 'O' to have CAPS use the opening balance or 'C' for closing balance for each day of the audit period.

<14> Suppress Interest Discrepancy Report

Enter [Y] to suppress the Interest Discrepancy Report, [N] to create it. NOTE: If you enter [Y], run the audit and then enter [N] and print the report, a blank report will be returned.

12. SAVINGS INTEREST PARAMETERS

This menu option allows you to adjust the parameters for the Savings Interest Audit. On entering the parameters menu CAPS will determine if the period dates have yet been input. If not, CAPS will move immediately to the Period Dates input screen (The parameters menu is displayed below). If the Period Dates have previously been input, CAPS will move you to the parameters menu as follows:

0. Return to Main Interest Menu
 1. Clear Savings Interest Audit parameters
 2. Edit Period Dates
 3. Edit Savings Interest Rates
 4. Account Levels to exclude
 5. Display Savings Audit parameters to screen
 6. Display Savings Audit parameters to printer
- Option :
-

12.1. Clear Savings Interest parameters

This function allows you to completely clear the Savings Interest parameters. This will mean you will be required to re-input the period dates, interest rates and exclusion levels. However CAPS will not clear the default parameters. CAPS will check to make sure you have not chosen this option by mistake:

Are you sure you want to clear the savings interest audit parameters?

Enter [N] to return to the Savings parameters menu with no change, or [Y] to clear all the Savings parameters. If you choose [Y] CAPS will display the fact that it is clearing the parameters and then return to the menu.

12.2. Edit Period Dates

Most Important: The final date of the audit period must be the date of the current accrual. Usually this will be the last day of the previous month. And the first date must either be the day after interest was paid to the account or the 1st of the month in which the Data Capture was performed. For example, if the Data Capture was done on the 5th of April, your Start Day for the first period would be 01 April. This is because the accrual amounts in the Data Capture will be from the 31 March, and you need to follow on from the next day after the Capture. So, if the current month is November, you cannot simply audit the previous two months. The starting period must be either from an interest payment or from the 1st day of the month of the Data Capture.

This function allows you to tell CAPS what the different loan interest rate periods are. CAPS prompts you to input the dates as follows:

Period Dates		Days of Grace	
Start Day	End Day	Start Day	End Day
<1>-----	-----	-----	-----
001 01/07/98	31/07/98		
002 01/08/98	31/08/98		
003			

If the period dates have been previously input and not cleared CAPS will only allow you to view these dates without editing. If you wish to input new dates first use function 1 Clear Savings Interest parameters.

< 1 > Date Parameters (window)

Period Dates

Start Day

Enter the first day of the period (inclusive). The following format is required (dd/mm/yy)

End Day

Enter the last day of the period (inclusive). The following format is required (dd/mm/yy)

WARNING: Do not attempt to audit a period longer than one year and four months.

You must enter full month periods here. If there are interest rate changes part of the way through a month the place to indicate that fact is in the edit interest rates. Please refer to section 12.3 to find how to indicate an interest rate change mid month.

Days of Grace

Start Day

If the savings account interest is calculated on a 'minimum monthly balance', then enter the final date on which the Financial Institution will accept a deposit and still pay interest on it for the full month. Enter the date in the form (dd/mm/yy)

Or press [Enter] if there are no days of grace allowed,

End Day

If the savings account interest is calculated on a 'minimum monthly balance', then enter the earliest date on which the Financial Institution will accept a

withdrawal and still pay interest on that amount for the full month. Enter the date in the form (dd/mm/yy).

Press [Enter] only if no end day of grace.

You may notice that CAPS automatically inserts the Start Day from the second period onwards. This is to ensure that each Start Day is the day after the last End Day. When you have input all the period dates press [\] in the Start Day position of the latest field, to remove the inserted date. Then press RETURN to exit from the window. Now you can either press [1] to re-edit the dates or RETURN to accept. Once you accept a set of new dates CAPS will display a message before returning to the menu:

Building period information, please wait

This indicates CAPS is producing special data structures which will be used next in the Edit Interest Rates function.

12.3. Edit Savings Interest Rates

Important Note: You do not need to enter any rate information if you specified 'Y' for 'Savings Special Rate' in the default parameters. In this case, CAPS will use all the applicable rates for the account during the audit period.

This function allows you to specify the exact interest rates and methods for each Savings account level. Do not try to use this function immediately after you have cleared the interest audit parameters as you must have first input the period dates. CAPS will now ask you:

Which level of account do you want to input parameters for ? (Return to end)

Indicate the Savings account level to be edited.

You may choose any level between 1 and 99. If you have finished editing simply press [Enter] and CAPS will return to the menu.

If you choose a level CAPS will display the following screen:

CAPS Interest Module - Savings Rates Changes

	Level : 1
Action <1>N	Key : 1.1
Period Start:<2>01/07/98	Period End :<3>31/07/98
Method	<4>:2 Daily Minus
Base	<5>:1 Flat
Overdrawn Method	

Overdrawn Rate	<6>:1 Monthly
	<7>:15.25
Tier	Interest Rate
<8>-----	-----
001 0	12.00
002 1000	12.50
003 5000	12.75
004 10000	13.00
005 50000	13.25

Level

This shows you which account level you are editing. This is not an input field.

Key

This shows you the current period and sub-period. For instance Key 3.2 indicates that the information on the screen belongs to the second sub-period of the third period.

< 1 > Action

Enter the action required. The actions are as follows

- [N] Display the Next period.
- [P] Display the Previous period.
- [Q] Quit the editor and return to level choice.
- [E] Edit the information currently displayed.
- [D] Delete the current sub-period.
- [CP] Copy the data from the Previous period.
- [CN] Copy the data from the Next period.

<2 > Period Start

Enter the first day (inclusive) of the interest (sub-) period.

After setting the Period dates CAPS will set up the main periods each consisting of one single sub-period. You will need to specify a sub-period whenever there is a rate change. You can insert more sub-periods simply by

moving the Period Start forward or the Period End backward. If you do this, CAPS will automatically set a new sub-period to cover the days in between. You may have as many sub-periods per period as there are days in the period (ie. Sub-periods may be one day long). To save input time CAPS provides you with the [CP] and [CN] functions to copy the period information from the previous and next periods respectively.

CAPS will not allow you to move a sub-period Period Start day back past the beginning of the main period. Conversely you are not allowed to move a Period End day forward past the end of a period. If you move a sub-period Period Start or Period End that are not already on the limits of the main period, CAPS will not insert a new period. Instead CAPS will drag along the relevant Period Start or End of the neighbouring sub-period.

< 3> Period End

Enter the last day (inclusive) of the interest (sub-) period.

< 4> Method

Enter the Savings interest method required. The methods are :

- [1] Daily Plus
- [2] Daily Minus
- [3] Min. Monthly Plus
- [4] Min. Monthly Minus

The **Minus** methods above both take overdrawn interest into account. The minimum interest calculated (after subtracting overdrawn interest) is zero (i.e. no interest charges). To audit overdraft charges use the Overdraft Audit.

< 5> Base

Enter the interest base required. They are:

- [1] Flat
- [2] Tiered on whole balance.
- [3] Tiered on portion of balance.

< 6> Overdrawn Method

Enter the Overdrawn Method required. When the savings interest Calculation Method is set to 'plus' (eg, Daily Plus) the Overdrawn Method must be set to Nil. If the Calculation Method is set to 'minus' (eg, Daily minus) then the Overdrawn Method must not be Nil. This is because the 'minus' Methods offset the savings interest and so an Overdrawn Method is required. Please bear in mind that these overdrawn calculations are not for accounts which have an

official overdraft facility. Accounts with an official overdraft facility should be audited using the Overdraft Interest Audit.

The options for the overdrawn method are:

- [1] Daily
- [2] Monthly
- [3] Nil

< 7> Overdrawn Rate

Enter the overdrawn rate as a percentage (eg. 14.5)

< 8> Interest rate (window)

Tier

Enter the tier as an amount of money. Any amount from the current tier amount to the next tier amount is subject to the current tiers corresponding interest rate. The first tier must be zero (0). For account levels using the flat rate method there will be only one tier. For multi-tier method the account balance (or part balance) must be larger (not equal or larger) than the tier balance to attract the corresponding rate.

Interest Rate

Enter here the interest rate for the relevant tier.

How CAPS determines which rate to use.

There are a number of factors involved in determining which rate the Savings Interest audit actually uses. When you initially set your period dates CAPS attempts to locate the corresponding interest rates from backups it keeps of the rates you set for the same months in previous audits. If you have entered a month that you have not audited previously then CAPS will extract the current rate from the Financial Institution's files. Bear in mind that these current rates may not apply to all your periods. You are then free to edit these rates in the above **Savings Rate Changes** screen.

You then have the option of overriding these rates with each account's *Special Interest Rate*. CAPS allows you to set a flag in the **Default Savings Parameters** screen that will make CAPS use the applicable interest rate set individually on each account. This will override the parameters set above.

12.4. Account Levels to exclude

CAPS will allow you to indicate the savings account levels to exclude from the interest audit as follows:

CAPS Interest Module - Account levels to exclude

Levels to exclude

<1>-----

001 4

002 12

007 20

006 10

12.5. Display Savings Audit parameters to screen

CAPS will allow you to display the edited interest rate parameters to screen in a similar format to the Savings edit screens. Simply enter [Enter] to continue looking or [Q] to quit.

12.6. Display Savings Audit parameters to printer

CAPS will allow you to display the edited interest rate parameters on the printer in the same format as above. Please refer to the example at the end of the chapter.

13. SAVINGS INTEREST AUDIT

Once you have completed the parameters in Menu option 10, CAPS will allow you to perform the Savings Interest Audit. It is possible to set a flag to prevent the **Special Interest Rate** report from being generated in the default parameters (screen 2). There are a number of prompts that you must answer when you initiate the Savings Interest Audit:

Would you like to have the reports generated in account level order?

Enter [Y] if you would or [N] if you would not.

-CAPS will then prompt:

Is the Data Capture file needed for this audit?

Enter [Y] if you want it used or [N] if not.

-CAPS will then prompt:

Do you wish to ignore the credit interest accrual on file?

If you are auditing up to an interest payment (set in your period date parameters) and your client has accrued interest (either a weekly or a monthly accrual) since that payment then you will want to ignore the current positive accrual by entering a [Y] in response to this question above. Otherwise enter [N].

CAPS then prompts:

Do you wish to ignore the debit interest accrual on file?

Answer either [Y] or [N] according to the same criteria used above.

- If you are in Test Mode, CAPS will prompt:

You are in Test Mode, do you want to start 'Savings Interest Audit' now (Y/N)

Enter [Y] if you want to do a quick test run by checking interest calculations on only a small number of member's savings accounts.

Enter [N] if you want to return to the Interest menu.

- if you answer [Y], CAPS prompt:

Do you want to process individual accounts?

Type 'Y' to enter specific accounts to audit. Type 'N' to jump to the next prompt. If you typed 'Y' you will be prompted for each account to audit. Press [Enter] on a blank line to finish.

- If you answered 'N' to the above, you will be prompted:

How many records do you want to process?

Enter the number of member's savings accounts you want CAPS to use as a test sample.

CAPS displays the progress of the Savings Interest audit. When complete, it returns to the Interest menu.

- If you are in Live Mode, CAPS prompts:

Do you want 'Savings Interest Audit' submitted for overnight running?

Confirm (Y/N)

Enter [Y] to add to the overnight queue.

Enter [N] to cancel the request, and return to the Interest menu.

Result

CAPS will produce data in a file ready to be printed by the PRINT SAVINGS INTEREST Menu option.

14. PRINT SAVINGS INTEREST AUDIT

This menu option allows you to print the results of the SAVINGS INTEREST AUDIT. CAPS will prompt you with :

CAPS Interest Module - Savings Interest Print Parameters

Print Conditions

Minimum dollar discrepancy	:<1> 1.00
Minimum percentage discrepancy	:<2> 1.00
Conditions requirement	:<3> B

Because of calculation rounding differences the interest calculated by CAPS is likely to differ slightly from the interest posted by the Financial Institution. To stop CAPS printing every account it lets you enter filter out discrepancies. CAPS will not print an account if its discrepancy is less than the amounts you enter.

< 1> Minimum dollar discrepancy

Enter the minimum discrepancy (in dollars) between the CAPS and the Financial Institution's calculations for an account to be reported.

<2> Minimum percentage discrepancy

Enter the minimum discrepancy (in percentage) between the CAPS and the Financial Institution's calculations for an account to be reported.

<3> Conditions requirement

Enter [B] if you require that both of the above conditions be satisfied for selection. Enter [E] if only one of the above (Either) conditions need be satisfied.

Once you have entered the parameters above, press [Enter] to continue:

Print Password

Enter your print password. No user can print a report unless they have their print password. The user will be given two opportunities to enter the correct password or CAPS will automatically shut down. This feature provides security to reduce the likelihood of unauthorised users gaining access to CAPS reports.

YOU MUST COLLECT THE PRINT OUT IMMEDIATELY !

DO NOT LEAVE AT THE PRINTER !

Result

CAPS uses the information from the Savings Interest Audit to produce the following reports, examples of which are below:

- Saving interest exceptions
- Accounts with no client record
- Accounts with special rates
- Summary of interest audit

It is possible to suppress the generation of the **Special Interest Rate** report by setting a flag in the default parameters screen 2.

If you wish to compare the summary to General Ledger figures, bear in mind that this summary includes interest paid out to accounts closed during the audit period. The General Ledger figures usually only show the current accrual and do not reflect interest paid out.

Please refer to the example at the end of the chapter.

15. DISCREPANCY ENQUIRY

CAPS allows you to enquire on individual Savings interest discrepancies. CAPS will display the discrepancy information after you type in the relevant account number. If the account did not produce a discrepancy CAPS will inform you that it cannot be found. The screen is as follows :

CAPS Interest Module - Savings Interest Discrepancies

CAPS INTEREST MODULE - SAVINGS INTEREST DISCREPANCY ENQUIRY

Account No : 55432S1
Total Interest Calculated< 2>.5000
Opening Accrual < 4>0.00

Balance : < 1>2003.54
Interest Paid : < 3>1.22
Current Accrual: < 5>0.00

Interest Details							
	Prd	Rate	Calc CR	Calc DR	Acct CR	Acct DR	Calc Method
< 6>	---	---	-----	-----	-----	-----	-----
001	1.1	.10	.08		.19		Tiered on whole
002	2.1	.10	.10		.25		Tiered on whole
003	3.1	.10	.16		.38		Tiered on whole
004	4.1	.10	.16		.40		Tiered on whole

<Enter> to proceed, 'EX' to cancel, or prompt# to change

Account Number

Enter an account number to show discrepancy details for each audit period. If the account you enter has no discrepancy, nothing is displayed. To return to the Interest menu simply press [Enter] on a blank line.

Balance

CAPS will display the current account balance.

Total Interest calculated

CAPS will display the total interest that it calculated for the entire audit period.

Total Interest Paid

CAPS will display the actual amount of interest paid for the entire audit period.

Open Accrual

CAPS will display the opening accrual.

Current Accrual

CAPS will display the current accrual.

Interest Details

Interest (window)

CAPS will display the period number, interest rate used, interest calculated, interest paid and interest calculation basis for each period.

16. SAVINGS BONUS PARAMETERS

This is an optional module that allows you to audit these special Savings accounts that earn bonus interest at a higher rate when the member meets certain criteria.

CAPS INTEREST MODULE - SAVINGS BONUS INTEREST AUDIT

Levels	From date	To date	DR exempt
< 1>-----	< 2>-----	-----	< 3>-----
001 21.	001 01/12/96	31/12/96	
	002 01/01/97	31/01/97	
	003 01/02/97	28/02/97	

Ledger:< 4>S Balance Method:< 5>0 Report sort order:< 6>M

Code	F.I. Freq	Min_Bal	Memb Freq	Min#CR	Min\$CR	Max#DR	Std. Rate	Bonus Rate	Fail Rate
< 7>-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
001 34	M	0	M	1	1	0			

Levels

Enter the account levels to be audited using the Savings Bonus audit.

From date

Enter the starting date for each month to audit. Press [Enter] on a blank line to signal the end of date entry.

To date

Enter the ending date for each month to audit.

Debit exempt codes

Enter any additional Debit transaction codes that are exempt from the criteria that would cause a failure to earn Bonus interest. The standard codes are those defined by your system.

Ledger

Enter the applicable ledger for the accounts to be audited, either 'S' or 'L'.

Balance Method

Indicate whether CAPS is to use the Opening daily balance or the Closing daily balance for interest calculation ('O' or 'C').

Report sort order

Indicate how you wish the report data to be sorted, either by Member number or by account Level ('M' or 'L').

Each input line of the following 10 prompts is associated with the level you specified at the "Levels" prompt above. This allows for different criteria for earning Bonus Interest for different levels.

Code (Interest Transaction)

Enter the Interest Transaction Code that is used to pay interest to the member's account. Each line within this input window relates to the account levels you intend to audit as entered at the "Levels" prompt.

F.I. Frequency (interest paid)

Enter the frequency code to indicate the frequency that the Financial Institution pays interest to the member's account (W, F, 4, M, Q, H, Y, A).

Minimum Bal

Enter the minimum balance that the member must maintain in order to attract Bonus Interest (whole dollars).

Member Frequency (action)

Enter the code to indicate the action frequency that the member must take in order to attract Bonus Interest (eg: Must deposit the "Minimum dollar Credits" amount into their account at this frequency). Possible codes are the same as for FI Frequency.

Minimum number Credits

Enter the minimum number of times a member must make Credit transfers to their account at the required frequency in order to attract Bonus Interest.

Minimum dollar Credits

Enter the minimum dollar amount (whole dollars) a member must make Credit transfers to their account at the required frequency in order to attract Bonus Interest.

Maximum number Debits

Enter the maximum number of Debit transfers a member may make from their account before they will fail to earn Bonus Interest.

Standard Rate

Normally this is left blank to use the interest rates on file for this account level. If you enter a rate here, this one rate will apply across all accounts of this level for the entire audit period.

Bonus Rate

Normally this is left blank to use the interest rates on file for this account level. If you enter a rate here, this one rate will apply across all accounts of this level for the entire audit period.

Fail Rate

This is the rate that will be applied if the member fails on the Bonus Interest criteria. Normally this is left blank to use the interest rates on file for this account level. If you enter a rate here, this one rate will apply across all accounts of this level for the entire audit period.

17. SAVINGS BONUS AUDIT

This audit may be run in Live Mode or in Test Mode (set via System Utilities / Control Parameters). If run in Live Mode, it will be queued in Night Audit with any other audits you have setup to run. You must use Night Audit to actually run the audits.

If you are in Test Mode, you may run against a sample of accounts or a series of specific accounts (entered one at a time).

This process will only audit accounts that match the level(s) you specified in the “Levels” prompt of the Savings Bonus Parameters. Any discrepancies in interest calculations will be recorded in a file. To print this report, use menu option 18.

18. SAVINGS BONUS PRINT

Enter the print password to print this report. See the end of this chapter for a sample report.

19. DISCREPANCY ENQUIRY

This function is not yet implemented.

20. CLEAR INTEREST AUDIT FILES

This allows you clear all files relating to the interest audit.

CAPS, prompts:

Are you sure you want to clear all interest audit files?

This is just a warning and a check to make sure you really know what you are doing. If you answer [Y], CAPS immediately clears all interest audit files. They cannot be regained. If you answer [N] CAPS returns you to the Interest menu without doing anything.

Note - this does not clear the Savings Interest Data Capture file, the Overdraft Limit Data Capture, nor any parameter/rate information.

Result

The following files are irretrievably cleared:

- Loan interest discrepancies
 - Loan Accounts with invalid rates
 - Saving interest discrepancies
 - Savings Accounts with invalid rates
 - Accounts with no client record
 - Summary of interest audit
 - Savings Bonus discrepancies
-

Loans Interest report examples

REPORT 1:

Example of Loans Interest Parameters Listing

This listing prints the parameters you have entered. It prints them in account level order. If parameters are the same for one or more periods, they will be printed together. This sample shows interest parameters for L1 accounts. Note that the interest rate for L1 accounts depends on the security type. Any L1 accounts with no security code on file will use the rate for security level 0.

Level: 1

Periods: 1, 2

Method: 2 Max Monthly

Base: 1 Security

	<u>Security</u>	<u>Interest Rate</u>
1	0	18.00
2	2	15.00
3	3	16.80
4	6	15.00
5	7	16.80

Example of a Loans Interest Audit reports:

The first part of the report is a summary of the CAPS calculated interest accrual for each period and each account level. Then CAPS prints the discrepancy report, with a break down of the discrepancies into levels. The last example printed here is a report of accounts with a special interest rates.

REPORT 2:

Interest Calculation Audit Summary

Total Loans Interest Accruals

<u>Level</u>	<u>01 JUN 98 TO</u> <u>30 JUN 98</u>	<u>01 JUL 98 TO</u> <u>31 JUL 98</u>
1	5875.12	5910.90
2	593.64	585.07
3	89.71	103.63
5	180.32	176.23
9	12.99	13.67
10	78.72	78.58
	6830.50	6868.08

Interest Calculation Summary by Level, by Rate

6.400	LEVEL	0.001	6.100	6.200	6.240	6.250	6.300
7.050		6.420	6.450	6.550	6.800	6.870	6.950
7.400		7.070	7.090	7.100	7.150	7.250	7.300
7.770		7.600	7.650	7.670	7.700	7.740	7.750
8.050		7.800	7.870	7.900	7.920	7.950	7.970
8.600		8.120	8.300	8.400	8.500	8.540	8.550
8.950		8.650	8.700	8.750	8.790	8.800	8.850
		9.000	9.100	10.500			

60	0.00	709.91	0.73	734.31	409.88	205.98
0.00		414.26	13140.54	5090.67	0.00	867.37
6158.78		2089.71	894.67	498.88	250.16	15995.37
814.56		1782.80	0.05	62.07	0.14	1843.61
						1019.76

[illegible]

0.00	414.26	13140.54	5090.67	0.00	0.00	867.37
6158.78	2089.71	894.67	498.88	250.16	0.00	15995.37
814.56	1782.80	0.05	62.07	0.14	1843.61	1019.76
14208.38	501.77	4014.31	0.00	790.71	33220.74	4222.70
569.86	8282.10	0.00	2034.68	2097.07	2109.12	1165.15
19560.38	5339.83	586.12	37836.73	3677.04	3102.92	71629.27
	89750.84	36439.58	0.00			

REPORT 3:

Listing of loans accounts with interest charge discrepancies

Page: 1.

<u>Account</u>	<u>Name</u>	<u>Current Balance</u>	<u>Client</u>	<u>Interest Audit</u>	<u>This Audit \$ Diff</u>	<u>Period % Diff</u>
1127L1	FEETNEY	-22617.93	740.04	716.16	23.88	3.22
22341L9	BOUNDER	0.00	0.04	1.50	-1.46	3643.25
223474L40	MCKAYSY	-5612.93	0.00	157.30	-157.30	100.00
223491L1	ESHUYSA	-15112.16	248.36	248.45	-0.09	0.03
334576L9	HATCHMANS	-856.48	27.26	25.17	2.09	7.67
65435L1	HAMMONDER	0.00	177.91	178.00	-0.12	0.06
754361L1	CHEETHAMS	-13194.03	413.19	413.77	-0.58	0.14
843371L1	SMITH	-9395.03	196.36	196.45	-0.09	0.04

- 8 account listed -

*** Accounts with dollar discrepancies under \$0.05 and percentage discrepancies under %0.01 are not listed ***

NOTES:

CAPS allows 1 cent per period for rounding errors. Therefore the minimum discrepancy printed will be the number of periods plus one

REPORT 4:

Summary of discrepancies

<u>Level</u>	<u>Reported</u>	<u>Unreported</u>	<u>Total</u>
1	22.99	-0.01	22.98
2	0.00	0.01	0.01
3	0.00	-0.00	-0.00
5	0.00	-0.00	-0.00
9	0.64	0.00	0.64
40	-157.30	0.00	-157.30
	-133.67	-0.01	-133.69

NOTES:

Reported The discrepancies actually reported in the discrepancy report.

Unreported The discrepancies calculated but not printed.

REPORT 5:

Listing of accounts with special interest rates outside range 7.000 - 14.500

<u>Account</u>	<u>Name</u>	<u>Balance</u>	<u>Rate</u>
1234L1	SMITH	19248.00	15.00

* * * * End of Listing * * * *

Overdraft Interest report examples

The overdraft interest audit report consists of 4 parts. The first part is for the parameters used in the audit. The second part is a summary of interest calculated. The third part is the

detail discrepancy report followed by a summary of the discrepancies. The last part reports accounts with special interest.

REPORT 6:

Overdraft Parameters

Account Type: S2

<u>Rate Start Date</u>	<u>Normal Rate</u>	<u>Special Rate</u>
01/06/88	12.50	11.00
31/07/88	12.50	11.00

NOTES:

Normal Rate This indicates the normal overdraft interest rate.

Special Rate Indicates the rate for special accounts (e.g. account with whole of pay). CAPS determines this by looking at the special interest rate field on file. If there is a special interest rate on file, CAPS will use the special rate entered.

REPORT 7:

Interest Calculation Audit Summary

Total Overdraft Loans Interest

<u>Date</u>	<u>Interest Calculated</u>
01 JUL 88	31.11
05 JUL 88	36.26
07 JUL 88	30.70
08 JUL 88	9.74

16 JUL 88	257.23
23 JUL 88	21.32
26 JUL 88	100.18
28 JUL 88	25.93
	512.47

REPORT 8:

Listing of accounts with interest charge discrepancies

Page: 1.

<u>Account</u>	<u>Name</u>	<u>Current Balance</u>	<u>Interest this Audit Period</u>		<u>\$ Diff</u>	<u>% Diff</u>
			<u>Client</u>	<u>Audit</u>		
654223S2	PATTERBEEK J L	88.21	4.56	4.98	0.42	0.09

- * * * Accounts with dollar discrepancies under \$0.05 or percentage discrepancies under %0.05 are not listed * * * *

REPORT 9:

Summary of discrepancies

<u>Level</u>	<u>Reported</u>	<u>Unreported</u>	<u>Total</u>
S2	0.42	0.00	0.42

NOTES:

<i>Reported</i>	Accounts that passed the discrepancy criteria set out above and are listed in the report.
<i>Unreported</i>	Accounts that did have discrepancies, but not large enough to be reported.

REPORT 10:

Listing of accounts with special interest rates outside range 7.000 - 14.500

<u>Account</u>	<u>Name</u>	<u>Balance</u>	<u>Rate</u>
123452	SMITH	1248.00	15.00

* * * End of Listing * * * *

Savings Interest report examples

REPORT 11:

Example of Savings Interest Parameters Listing

This listing prints the parameters you have entered. It prints them in account level order. If parameters are the same for one or more periods, they will be printed together. This sample shows interest parameters for S1 accounts. Note that there is a rate change on 15 Feb.

Level : 1

Periods: 1, 2 (01/02/88 - 15/02/88)

Method : 1 Daily Plus

Base : 2 Tiered on whole balance

Overdraft Method : 3 Nil

Overdraft Rate: 0

	<u>Tier</u>	<u>Interest Rate</u>
1	0.00	4.00
2	999.99	6.00
3	1999.99	8.00
4	4999.99	8.50

5 9999.99 9.50

Example of Savings Interest Audit reports

The first part of the report is a summary of the CAPS calculated interest accrual for each period and each account level. Then CAPS prints the discrepancy report, sorting the discrepancies into levels. Two other reports concerning special interest rates and Data Capture file entries will also be printed.

REPORT 12:

Interest Calculation Audit Summary

Page: 1.

Total Savings Interest Accruals

<u>Level</u>	<u>01 JUN 98 TO 30</u> <u>JUN 98</u>	<u>01 JUL 98 TO 31</u> <u>JUL 98</u>
1	6.55	6.71
2	0.00	0.00
7	2.48	1.86
	9.03	8.57

REPORT 13:

Listing of savings accounts with interest accrual discrepancies

Page: 1.

<u>Acc</u>	<u>Name</u>	<u>Current</u> <u>Balance</u>	<u>Opening</u> <u>Accrual</u>	<u>Accrual</u> <u>Client</u>	<u>This</u> <u>Audit</u>	<u>Period</u> <u>Diff</u>	<u>Int Paid</u> <u>this Per</u>	<u>Closing</u> <u>Accrual</u>
100264S1	TONKIN	773.16	0.00	5.15	5.10	0.05	0.00	5.15
577386S1	ADSETT	56.19	0.00	2.22	2.63	-0.40	0.00	2.22
578686S7	SHORNEY	247.54	0.00	8.98	4.34	4.64	0.00	8.98

- 3 account listed -

* * Accounts with dollar discrepancies under \$0.05 and percentage discrepancies under % 0.05 are not listed * *

NOTES:

Opening accrual This is the amount already accrued before the period began.

Closing accrual The accrual as at the end of the period.

REPORT 14:

Summary of discrepancies

<u>Level</u>	<u>Reported</u>	<u>Unreported</u>	<u>Total</u>
1	-1.29	0.03	-1.26
2	0.00	-0.00	-0.00
7	4.64	0.00	4.64
	3.35	0.03	3.38

NOTES:

Reported The discrepancies that were printed out above because they passed the criteria.

Unreported Discrepancies found that were not reported above under the criteria.

REPORT 15:

Listing of accounts with special interest rates outside range 7.000 - 14.500

<u>Account</u>	<u>Name</u>	<u>Balance</u>	<u>Rate</u>
1231S1	HABERS O P	32452.34	0.00
123411S2	MADELTON D H	12312.23	16.45

***** End of Listing *****

NOTES:

These are the accounts with information in the special interest rate field of the transaction file.

REPORT 16:

Listing of accounts with previous entry expected on audit file but not found

Page: 1.

<u>Account</u>	<u>Name</u>	<u>Balance</u>
43562S2	TILLY K S	2346.44
26232S1	LEFLY I S	5443.44

NOTES:

This reports those accounts for which CAPS expects an entry in the Data Capture file but cannot find one.

Savings Bonus Interest report example

REPORT 17:

Interest Calculation Audit Summary						Page: 1
Total Savings Bonus Interest Accruals						
NOV 08	01 JUL 08		01 AUG 08	01 SEP 08	01 OCT 08	01
	TO	Level	TO	TO	TO	
TO	31 JUL 08	Total	31 AUG 08	30 SEP 08	31 OCT 08	30
Level						
NOV 08						
-----	-----	-----	-----	-----	-----	-----
6	802.12		670.70	568.58	670.65	
653.46		3365.51				
8	1630.77		1686.07	1623.64	1599.72	
1610.90		8151.10				

2264.36	2	2432.89 11516.61	2356.77	2192.22	2270.37
---------	---	---------------------	---------	---------	---------

*** KENDALLS ***

Listing of Savings Bonus accounts with interest accrual discrepancies Page: 1

Account %Diff	Name	Opening Balance	Interest this Client	Audit Period Audit	\$Diff

125725S6 0.07	FULHAM	10037.16	215.62	215.45	0.17
125843S8 41.73	TOWLE	1800.55	5.99	3.49	2.50
138813S6 1.71	MERCIECA	20.00	2.91	2.86	0.05
17402S8 2.85	BRYANT	0.01	0.35	0.34	0.01
39106S6 120.00	EMERY	0.02	0.05	0.11	-0.06
47742S6 50.00	SCOTT	-1.49	0.02	0.03	-0.01
47782S6 0.01	DARGAVILLE	5414.19	57.13	57.12	0.01
73702S8 21.73	HARPER	900.54	0.46	0.36	0.10
762052S8 27.41	UNICOMB	1273.34	0.62	0.45	0.17
775048S8 59.67	BRIDGE	1791.93	0.62	0.25	0.37
776355S8 80.00	SHIELS	0.00	0.05	0.01	0.04
803221S6 0.22	MCGILL	100.04	9.04	9.02	0.02
803226S8 0.00	DRISCOLL	57946.50	456.61	456.59	0.02
886015S8 0.24	LEE	3074.97	4.11	4.10	0.01
886025S8 0.17	BURKE	11523.18	51.57	51.48	0.09

- 15 account(s) listed -

Summary of discrepancies

Level	Reported	Unreported	Total
-----	-----	-----	-----
6	0.18	0.00	0.18
8	3.31	0.00	3.31
	-----	-----	-----
	3.49	0.00	3.49

**** End of Listing ****

Chapter 7 - Investments audit

0. INTRODUCTION

0.1. Description of Audit Tests

This module completely re-calculates the amount of the interest accrual. This is therefore a very useful balance sheet audit tool. You can then check the amount accrued to the appropriate General Ledger account.

It lets you enter a 'reasonable' interest rate range, and reports details of all those members with investment account interest rates outside that range. This helps trap any obvious errors, such as interest rates of 30%.

It completely re-calculates interest paid in a specified audit period.

0.2. Suggested sequence and frequency of using this module

External auditors may only want to use the Accrual part of this module once or twice a year to check the accrued interest to the balance sheet. "Term Deposit Interest" audit could be run quarterly or half yearly.

Internal Auditors may want to use this module every three or six months to check that interest rates are within reason and to check interest paid to members.

This is a very simple Audit Module to use. The steps are:

Step

1. Use menu option 1 - TERM DEPOSIT ACCRUAL AUDIT to tell CAPS to set up the audit to check the accrual. It is usually run overnight using NIGHT AUDIT.
2. The next morning, or at any convenient time, use menu option 2 - PRINT TERM DEPOSIT ACCRUAL AUDIT to print the results of the audit. Carry out any necessary investigations.
3. Use menu option 3 - TERM DEPOSIT INTEREST AUDIT DATA CAPTURE to save the deposit details for use in the TERM DEPOSIT INTEREST AUDIT. The program is usually run overnight.
4. Use menu option 4 to enter the parameters for the TERM DEPOSIT INTEREST AUDIT, and then use the menu option to check the interest paid. The program is usually run overnight.
5. The next morning, or at any convenient time, use menu option 5 - PRINT TERM DEPOSIT INTEREST AUDIT to print any discrepancies.
6. When you are satisfied that you have completed auditing deposits up to

a particular date, use this menu option 6 - PURGE TERM DEPOSIT INTEREST AUDIT DATA CAPTURE FILE to remove unneeded deposit information (deposit information prior to this date).

7. When you are satisfied the audit is complete, and you have no further use for the files generated, select menu option 7 - CLEAR TERM DEPOSIT FILES to release the space taken up on the Financial Institution's computer system.

1. TERM DEPOSIT ACCRUAL AUDIT

This menu option instructs CAPS to do a Term Deposit Accrual audit, and lets you enter some information it needs. The information is entered as follows:

CAPS Term Deposit Module - Term Deposit Accrual Audit

Denominator <1> 365

Accrue From: <2>

Accrue To: <3> 28/02/95

Acceptable Interest Rate Range

Deposit	Low	High
Date	Rate	Rate
<4> -----	-----	-----
001 01/07/89	12.00	12.50
002 01/09/89	12.00	12.75
003		

<1> Denominator

This is the number of days in a year to be used when calculating interest.

<2> Accrue From

This field is normally left blank. We have included it here to allow some auditors to override the start date for the accrual period. The default (if left blank) is to start the accrual period from the deposit date of each deposit.

<3> Accrue To

This field is normally left blank. We have included it here to allow some auditors to set the date to which to accrue the interest. The default (if left blank) is to accrue to the date of the last Financial Institution accrual run. This way the results will be comparable with the results on a General Ledger account.

NOTE: You cannot reliably backdate the audit too far using the above fields because CAPS relies on the Deposit information being available on file. If a deposit is reinvested or purging has taken place, then CAPS may not be able to access the deposit details relevant to your accrual period. If you wish to compare your results to the GL then we recommend that you leave these fields blank and run the audit as at the time required.

<4> Interest rate ranges (window)

Deposit Date

All deposits made between the previous date and this date are subject to the associated Low and High rates. All deposits made after the last date are subject to the constraints associated with the last date.

Low Rate

This indicates the minimum interest rate allowable. If CAPS finds a term deposit with a rate lower than this amount in this period, it will be reported.

High Rate

This indicates the maximum interest rate allowable. If CAPS finds a term deposit with a rate higher than this amount in this period, it will be reported.

The CAPS Term Deposit Accrual Audit allows for detailed examination of the interest calculations when in Test Mode.

If you are in Test Mode, CAPS prompts:

You are in Test Mode, do you want to start 'Term Deposit Accrual Audit' now? (Y/N)

Enter [Y] if you wish to perform a quick test run by sampling only a small number of members term deposit accounts.

Enter [N] if you don't need a test run, but want to audit all term deposit accounts.

If you answer [Y], CAPS prompts:

Do you want to process individual accounts?

If you answer [Y], CAPS prompts:

Enter Account number to process

Enter each account number on a separate line and finish by pressing [Enter] on a blank line.

If you answer [N], CAPS prompts:

Do you want to process particular Account Levels?

If you answer [Y], CAPS prompts:

Below are the number of accts by level from the previous audit run:

Acct Level	Count
-----	-----
4	260
5	350
10	154
11	300
13	428
15	178
16	74
18	62
21	8

Enter the Account Level(s) to audit, one to a line.

Press [Enter] on a blank line to finish entering account levels to be audited. The reason for the above report is to give you some idea how large the resulting report will be. Note however, that each account may have several deposits, and each deposit would represent one line in the report. CAPS collects this statistical information only when you perform an audit in Live Mode.

If you request to audit particular accounts or specific account levels, a detailed interest calculation report will be generated and written to a file called "CAPS.TD.ACCRUAL" in a directory called "&HOLD&", and you are advised of this when the audit finishes. This is done so that the file may be downloaded and imported into another application for further examination. If you simply want to print this report, from the Command Level (TCL), type the following command:

```
LIST.ITEM  &HOLD&  "CAPS.TD.ACCRUAL"  LPTR
```

If you answer [N], CAPS prompts:

How many records do you want to process?

Enter the number of term deposit accounts you want CAPS to use as a test sample. CAPS displays messages to indicate the progress of the audit. When completed it returns to the menu.

If you answer [N], or if you are in Live Mode, CAPS prompts:

Do you want 'Term Deposit Accrual Audit' submitted for overnight running?

Confirm (Y/N)

Enter [Y] to add it to the overnight queue.

Enter [N] to cancel the request, and return to the Term Deposit menu.

Result

If you chose a test sample only, CAPS immediately runs the Term Deposit Accrual Audit.

If you chose a full live sample, CAPS sets up an instruction for the Term Deposit Accrual Audit to be run overnight under 'NIGHT AUDIT'. (See CAPS UTILITIES, Section 2 - NIGHT AUDIT for more details).

The results of running the Term Deposit Accrual Audit are stored in a file called 'Term Deposit Accrual Audit Result'.

2. PRINT TERM DEPOSIT ACCRUAL AUDIT

This menu option lets you print the results of the TERM DEPOSIT ACCRUAL AUDIT.

Print Password

Enter your print password. No user can print a report unless they have their print password. The user will be given two opportunities to enter the correct password or CAPS will automatically shut down. This feature provides security to reduce the likelihood of unauthorised users gaining access to CAPS reports.

YOU MUST COLLECT THE PRINT OUT IMMEDIATELY !

DO NOT LEAVE AT THE PRINTER !

Result

CAPS uses the information in file 'Term Deposit Accrual Audit Result' to print a summary of the term deposits showing the total deposited for each level of account and the interest accrual for each. You should check this overall summary to the Financial Institutions figures to make sure they are reasonable.

It also lists each term deposit account which has an interest rate outside the range you entered when you used the TERM DEPOSIT Menu option. The report shows the members number, the deposit number and the interest rate for each.

Please refer to the example at the end of the chapter.

3. TERM DEPOSIT INTEREST AUDIT DATA CAPTURE

This menu option generates a Data Capture file containing details of all Investment accounts on the Certificate file - Term Deposit certificate file. You must run this option at least before the Certificate file is purged by the Financial Institution.

In running the Term Deposit Interest Audit, CAPS can extract deposit information from the transactions, the certificate details and the Data Capture file in an attempt to get all the information it needs to calculate interest paid relevant to a deposit in your audit period. In order to give CAPS the maximum possible opportunity to get the required deposit details we have included this Data Capture option.

The Data Capture stores Deposit Certificate details so that when these details get purged by the F.I., there will still be a copy of this information available for the audit. It is important to note that the Data Capture file is not actually cleared before it is run. Any new deposit details will be added during this process. We recommend that the Data Capture be run after the Term Deposit Audit at the end of each quarter. As this process is cumulative, there is no harm in running it as often as you think is necessary. CAPS will only add deposit information to the Data Capture which has changed since the last Data Capture. This file will grow in size each time this process is run. It is recommended that you use option 6 (Purge Term Deposit Data Capture file) to remove old certificate data that is no longer required, up to a nominated date.

CAPS prompts:

Do you want 'Term Deposit Data Capture' submitted for overnight running? (Y/N)

Enter [Y] to queue the Data Capture in NIGHT AUDIT

Enter [N] to cancel the request, and return to the Term Deposit menu.

Result

CAPS sets up an instruction for 'Term Deposit Data Capture' to be run overnight under NIGHT AUDIT. (See CAPS UTILITIES, Section 2 - NIGHT AUDIT for more details).

The results of running 'Term Deposit Data Capture' are stored in the Data Capture file.

4. TERM DEPOSIT INTEREST AUDIT

This menu option instructs CAPS to calculate interest paid on each deposit and report discrepancies. CAPS lets you enter information it needs as follows :

CAPS Term Deposit Module - Term Accrual Deposit Audit

Term Deposit Interest Audit Parameters

=====

Period Start:<1>01/01/89	Period End:	<2> 31/08/89
Minimum discrepancy for each interest payment:		<3> 1.00
Allow for errors caused by leap year:		<4> N
Maximum discrepancy for errors caused by leap year:		<5> 5.00
Report rate difference:		<6> Y
Deposit Start Date Reset to Part Redemption Date:		<7> N
Suppress Discrepancy Report:<8> N	Exclude Levels:	<9>

< 1 > Period Start

This indicates the beginning of the period the audit will operate on.

< 2 > Period End

This indicates the end of the period that the audit will operate on.

< 3 > Minimum discrepancy for each interest payment

If CAPS will only report discrepancies larger than this amount.

< 4 > Allow for errors caused by leap year

Choose [Y] if you wish to allow for possible discrepancies caused by the leap year, else [N]. The answer here depends on which method your institution is using to calculate interest. (Financial institutions could start the leap year on their computer systems at either the start of the calendar or financial year. They also have the option to accrue interest before they swap to or from a leap year.) Because of this flexibility, sometimes it is impossible to determine the actual fraction (365 on 366) used in the calculation.

< 5 > Maximum discrepancy for errors caused by leap year

If you are taking the leap year into account in your calculations, enter the maximum discrepancy you are prepared to allow for.

< 6> Report rate difference

Enter [Y] if you wish CAPS to report when there is a difference between the rates at the start and at the end of a deposit. CAPS will use the same interest rate the financial institution uses to calculate interest, which is the interest rate at the time interest was paid.

< 7> Deposit Start Date Reset to Part Redemption Date

Enter [Y] if you wish the Deposit Start Date to be reset to the Part Redemption date, otherwise enter [N]. The default is [N]. When a deposit is part redeemed (Part, but not all, of the money is withdrawn before maturity) the new deposit amount can earn interest from the original deposit date (default) or from the date of the part redemption.

< 8> Suppress Discrepancy Report

Enter [Y] if you want to disable the interest credit discrepancy report, otherwise enter [N].

< 9> Exclude Levels

Enter any investment account levels which you wish to exclude from the audit. You can enter a number of levels, or leave the field blank to include all levels.

- if you are in Test Mode, CAPS prompts:

You are in Test Mode, do you want to start 'Term Deposit Interest Audit' now (Y/N)

Enter [Y] if you want to do a quick test run by sampling a small number of members term deposit accounts.

Enter [N] if you don't need a test run, but want to audit all term deposit accounts.

- if you answer [Y], CAPS prompts:

How many records do you want to process?

Enter the number of members term deposit accounts you want CAPS to use as a test sample. CAPS displays messages to let you know what it is doing. When finished it returns to the menu.

- if you answer [N], or if you are not in Test Mode, CAPS prompts:

Do you want 'Term deposit Interest Audit' Submitted for overnight running?

Confirm (Y/N)

Enter [Y] to add it to the overnight queue.

Enter [N] to cancel the request, and return to the Term Deposit menu.

Result

If you chose a test sample only, CAPS immediately runs the Term Deposit Accrual Interest Audit.

If you chose a full live sample, CAPS sets up an instruction for the Term Deposit Accrual Audit to be run overnight under 'NIGHT AUDIT'. (See CAPS UTILITIES, Section 2 - NIGHT AUDIT for more details).

The results of running the Term Deposit Accrual Audit are stored for printing by menu option 4 - PRINT TERM DEPOSIT INTEREST AUDIT.

5. PRINT TERM DEPOSIT INTEREST AUDIT

This menu option lets you print the results of the TERM DEPOSIT INTEREST AUDIT.

- CAPS prompts:

Print Password

Enter your print password. No user can print a report unless they have their print password. The user will be given two opportunities to enter the correct password or CAPS will automatically shut down. This feature provides security to reduce the likelihood of unauthorised users gaining access to CAPS reports.

YOU MUST COLLECT THE PRINT OUT IMMEDIATELY !

DO NOT LEAVE AT THE PRINTER !

Result

CAPS uses the information on file to print discrepancies between the CAPS and the institution's calculations. It will also print out accounts with interest rate changes if this option has been selected.

If you find that there are many discrepancies you should check the possibility that your client's software is adjusting the start date of the deposit incorrectly. For example a deposit made in December 1992 may have its original deposit transaction purged and then reinserted with a new date (eg June 1993) so that it appears on the member's statement. CAPS will calculate the interest based on the deposit date (June, 93) and compare it to the interest paid (which was based on the December 92 date) and come up with a discrepancy.

To solve the problem, either ask your client not to purge Investments as often (leave 12 months transactions on file) or ask their software supplier to maintain the accuracy of the data. Usage of the Data Capture file should minimise these sorts of discrepancies.

The 'Total Interest Summary' report shows interest paid within the period and not interest accrued within the period. Beware of this when attempting to compare with General Ledger figures.

Please refer to the example at the end of the chapter.

6. PURGE TERM DEPOSIT DATA CAPTURE FILE

This lets you purge data from the Term Deposit interest Data Capture file. When you use the TD Data Capture process, Certificate data on deposits held at the F.I. is appended to the Data Capture file. As such this file will grow in size each time the Capture process is used.

All deposits maturing up to and on this date will be purged. 30/06/95

Enter the date you wish to apply for the purge process.

If you are in Test Mode, CAPS asks;

You are in test mode, do you want to start 'Term Deposit Data Capture Purge' now?

If you answer [Y], CAPS immediately starts purging the term deposit Data Capture file. The deleted data cannot be restored. If you answer [N] CAPS returns you to the Term Deposit menu without doing anything.

Otherwise,

Do you want 'Term Deposit Data Capture Purge' submitted for overnight running?

Confirm (Y/N)

Enter [Y] to queue Term Deposit Data Capture Purge in NIGHT AUDIT

Enter [N] to cancel the request, and return to the Term Deposit menu.

Result

The Term Deposit Interest Data Capture file is irretrievably purged up to and including the date entered by you.

7. CLEAR TERM DEPOSIT AUDIT FILES

This lets you clear the term deposit audit files. Parameter data and the TD Data Capture file are not cleared.

Are you sure you want to clear all term deposit audit forms?

This is just a warning and a check to make sure you really know what you are doing. If you answer [Y], CAPS immediately clears all term deposit audit files. They cannot be restored. If you answer [N] CAPS returns you to the Term Deposit menu without doing anything.

Result

The Term Deposit Audit Result files are irretrievably cleared.

Term Deposit Accrual Audit report examples

Report 1 shows total interest accrued on term deposits together with an example of the “Irregular Balances” report. Report 2 shows the “Detailed Interest Calculation” report when the audit is run in Test Mode. Report 3 shows those accounts with interest rate outside the reasonable ranges set in your parameters.

REPORT 1:

Term Deposit Interest Accrual Report Page 1

<u>Level</u>	<u>Total Term Deposit</u>	<u>Interest Accrued</u>
8	18,000.00	426.13
9	29,413.74	1,095.84
15	112,244.78	3,972.91
	159,658.52	5,494.88

*** Listing of accounts with irregular balances due to CAPS calculation. ***

<u>Account Num</u>	<u>Dep Num</u>	<u>Dep Balance</u>	<u>Tran Balance</u>	<u>Difference</u>
37604I8	157699	25691.36	20000.00	
		-----	-----	
		25691.36	20000.00	5691.36
166573I9	174759	1768.76	1806.53	
		-----	-----	
		1768.76	1806.53	-37.77
98592I15	173242	12624.99	11775.98	
		-----	-----	
		12624.99	11775.98	849.01

NOTES:

<i>Level</i>	The Investment account level
<i>Total Term Deposit</i>	The total of term deposits for that level
<i>Interest Accrued</i>	The total interest accrued for those deposits
<i>Dep Balance</i>	The balance of this particular deposit

<i>Tran Balance</i>	The balance of all the deposits within an account
<i>Difference</i>	The difference in the sum of the deposits and the sum of the account (TRAN) balances for a particular account level.

The report on “irregular balances” only appears if CAPS has not been able to reconcile the balances of the deposits within an account, to the account balance. The report will group all accounts within an account level, and show the balances. This is so that you can more readily find the discrepancy when comparing to balances within the General Ledger because those balances will be on an account level basis.

REPORT 2:

Example of detailed interest calculation report in CAPS.TD.ACCRUAL.

Account num	Dep#	Accrual period		Balance	Rate	Accrued \$
2916I72	56528	16/01/03	31/03/03	30000.00	5.450	331.48
2916I72	56674	25/02/03	31/03/03	25000.00	5.450	126.92
2916I72	45783	23/03/03	31/03/03	15000.00	6.400	21.04
2916I72	51804	01/10/02	31/03/03	30000.00	4.900	728.96
2916I72	44912	31/12/02	31/03/03	20000.00	6.650	327.95
73553I16	72140	08/03/03	31/03/03	100000.00	5.450	343.42
3572I16	72363	23/03/03	31/03/03	25000.00	5.350	29.32
17382I16	48207	24/03/03	31/03/03	5000.00	5.300	5.08
17382I16	72210	12/03/03	31/03/03	5000.00	5.150	13.40
44363I16	61597	04/03/03	31/03/03	5164.92	4.150	15.86
6363I72	62744	09/10/02	02/12/02	6000.00	6.400	56.81
6363I72	62744	02/12/02	31/03/03	5000.00	6.400	104.33

REPORT 3:

Term Deposit Audit Parameters

<u>Deposit Date</u>	<u>Low Rate</u>	<u>High Rate</u>
01/06/88	12.00	13.00
01/07/88	12.25	13.50

NOTES:

Low rate is the lowest allowable interest rate for deposits made between the corresponding date and the next (or for that date onwards if there are no subsequent dates). High rate is the maximum rate allowable for the period.

Listing of deposit numbers that have abnormal interest rate

Page: 1.

<u>Member Id.</u>	<u>Name</u>	<u>Deposit No</u>	<u>Deposit Date</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Int. Rate</u>
223424I2	DAWSON E M	I28804	19 JUL 88	19 DEC 88	1733.38	11.00%
32458I2	MURPHY R	I35806	06 AUG 88	06 NOV 88	6725.03	11.50%
365821I2	HEARN W L	I35800	09 AUG 88	09 NOV 88	10955.33	11.75%
353454I1	PENFOLD G C	I224895	17 AUG 88	17 NOV 88	1000.00	11.75%
542394I2	BREUSCH H B	I35797	05 MAY 88	05 NOV 88	5000.00	11.50%
576543I2	EVANS R J	I35808	09 MAY 88	09 NOV 88	5000.00	11.50%

Term Deposit Interest Audit report examples

Report 4 is a summary of CAPS and book interest payments. Report 5 is an interest discrepancy report.

REPORT 4:

Audit period from 01/07/2007 to 31/08/2007

Total Interest Summary

Page: 1

Audit Total Level ver + unver -----	Client Total verified -----	Audit Total verified -----	Audit Total unverified -----	Client Total ver + unver -----
1 4001.65	4001.56	4001.65	0.00	4001.56
5 33.64	33.64	33.64	0.00	33.64
7 2926.52	2926.52	2926.52	0.00	2926.52
15 5183.32	5183.32	5183.32	0.00	5183.32
17 581.72	581.72	581.72	0.00	581.72
21 16.84	16.84	16.84	0.00	16.84

34	197.20	295.81	0.00	197.20
295.81				
38	3561.91	3561.91	0.00	3561.91
3561.91				
40	12759.83	12661.36	0.00	12759.83
12661.36				
44	1390.47	1390.47	0.00	1390.47
1390.47				
47	5014.55	4989.16	0.00	5014.55
4989.16				
57	876.65	876.65	0.00	876.65
876.65				
90	6965.27	6976.47	0.00	6965.27
6976.47				
-----	-----	-----	-----	-----
13	43509.48	43495.52	0.00	43509.48
43495.52				
=====	=====	=====	=====	=====
=====				

NOTES:

Client Total verified	Total interest paid by the Financial Institution
Audit Total verified	Total interest calculated by CAPS
Audit Total unverified	Interest that could not be verified because the balance of the deposit could not be determined.

REPORT 5:

*** KENDALLS ***

Interest Credit Discrepancies

Page: 1

Account Num	Name	Deposit#	Start	Rate	End	Rate	Deposit Amt	Int
Paid	Int Calc							
-----	-----	-----	-----	-----	-----	-----	-----	-----
224891I47	ETTRIDGE	88003	22 MAY 07	6.550	03 AUG 07	6.550	231280.11	
101.37	75.98 R							
236035I40.1	SINGH	86253	27 JUN 07	5.400	23 JUL 07	5.900	6815.10	
101.46	28.64							
230713I34	PIKE	55466	05 JUN 07	5.900	05 AUG 07	5.900	20000.00	
98.60	197.21							
3179I40	HAMMEL	76611	28 MAY 07	6.250	28 AUG 07	6.300	164233.24	
2684.05	2658.40							
589046I90	BIBBY	812045	08 SEP 06	5.600	17 JUL 07	6.150	62000.00	
7.18	18.38 R							
-----	-----							-----
2992.66	2978.61							
=====	=====							

'*' on end of line means details from Data Capture file; 'R' means an Early Redemption occurred.

**** End of listing ****

NOTES:

<i>Start</i>	This is the date the deposit was made or the first full period interest payment date after the start of the audit period.
<i>End</i>	This is when the deposit matured or the last interest payment date within the audit period.
<i>Interest Paid</i>	Is the amount of interest that was paid to the account.
<i>Interest Calc</i>	Is the amount of interest that CAPS calculated.

Chapter 8 - Dormancy audit

0. INTRODUCTION

0.1. Description of Audit Tests

The Dormancy Module is an important audit tool. Dormancy accounts have been difficult to audit in the past, as they were always difficult to identify. However with CAPS you can now define and identify dormant accounts and conduct special audit tests on them.

Dormancy is an important area for any Financial Institution because:

- Dormancy accounts can make up 25% of the total of the Financial Institution's deposit accounts.
- They are likely targets for fraud.
- Normal third party audit confirmations do not specifically circularise dormancy accounts.
- If the funds are unclaimed, the question of 'title' to the funds becomes important. Any relevant 'Unclaimed Moneys Acts' could take effect. In some cases the unclaimed funds belong to the Financial Institution, in some cases they may revert to the State.

0.1.1. Definition of 'Dormant' and 'Inactive' accounts

For convenience CAPS defines 'dormancy accounts' as any account which is either 'dormant' or 'inactive'. The distinction between a 'dormant account' and an 'inactive account' has important audit consequences. CAPS defines them as follows:

- A 'Dormant Account' is one which has had no active deposit or withdrawal transactions for some time. By active transactions we mean transactions which indicate that the member is using the account.

In your Dormancy Profile, you define active transactions. For example, you will consider transaction codes for Cash Deposits, Cheque Deposits, Cash Withdrawals and Cheque Withdrawals as active. That is, they indicate that the member is using the account. You can generally think of active transactions as member generated transactions, but they may also include transactions which the member has not actually generated but still indicate that they are using the account, such as a payroll credit.

You also define the length of time where there are no active transactions. For example, if you define the period as 90 days, you are likely to find more dormant accounts than if you define the period as 180 days.

- An 'Inactive Account' is one which has had active withdrawal transactions but no active significant deposit transactions for the defined dormancy period.

An auditor might be interested in **inactive** accounts because they may indicate fraud. Someone at the Financial Institution may identify a **dormant** account

and begin withdrawing money from it, thereby changing the account's status to **inactive**. This change in status is noted by the Dormancy Audit process.

Active transaction code definition is up to you but generally you do not want to include fines, fees, interest, charges or tax.

Because you may only want to consider deposit transactions to be significant if they are over a certain amount and of a certain frequency CAPS has two parameters which allow you to filter them. These parameters are explained in more detail in the Dormancy Profile section of this chapter.

In your Dormancy Profile parameters you tell CAPS *what is defined as a non-dormant account*. CAPS then goes through all accounts and determines whether each account is non-dormant (it has active debit and credit transactions), inactive (it has active debit transactions) or dormant (it has no active debit or credit transactions) in the specified audit period. The dormant and inactive accounts are recorded on your profile for subsequent selection.

0.1.2. Definition of Dormant and Inactive Members

A dormant member is simply a member with all of their Savings accounts dormant. For instance, if a member has three accounts and only two of them are dormant accounts, the member is not dormant. However if all three accounts are dormant, CAPS considers the member is a dormant member and these can be selected for reporting.

An inactive member is simply a member with some Savings accounts dormant and the rest inactive. That is, all of their Savings accounts are at least inactive and possibly dormant.

0.1.3. Comparison Tests

Dormancy accounts (by definition) are not supposed to change from one period to the next, and you are likely to be very interested in those that do. A special feature of the CAPS Dormancy Audit module is that it highlights dormancy accounts that change Dormancy/Inactive status.

It does this by keeping a copy of the previous 'profile'. Then, it compares the accounts it has selected on the current profile with those on the earlier profile. And it prints out a report of:

- New 'dormant accounts or 'inactive accounts' since last period. - This is for your information only and not of great significance.
- Accounts which were 'dormant accounts' or 'inactive accounts' and are now active accounts. - These can be very interesting. Has the member returned from overseas, or is someone manipulating the account?
- Accounts which were 'dormant accounts' or 'inactive accounts' and are now 'closed accounts' (balance has gone to zero). These can be interesting. Someone is withdrawing funds from these accounts. Are they properly authorised to be withdrawing funds?

- Accounts which have changed class, either from dormant to inactive or from inactive to dormant.

0.1.4. Account Selection for Detailed Audit Tests

CAPS also lets you select a sample of individual accounts from the 'profile' for detailed investigation. This selection can be either random, or you can select accounts over a nominated dollar value.

You can also specify that only accounts with specific types of debit transactions are to be printed. This enables you to conveniently monitor transactions on dormancy accounts.

A feature of CAPS is to allow you to select dormant members for detailed investigation. You have the option to only print dormant members who have loan accounts or have loan accounts and are in arrears.

0.1.5. Third party Audit Confirmation

Once you have selected the accounts or members you wish to investigate, CAPS helps you prepare a third party confirmation letter, by printing statements for those members whose accounts have been selected using the Circularisation Module.

0.2. Suggested sequence and frequency of using this module

The main aim of the dormancy audit module is to ensure that the funds entrusted to the Financial Institution are being properly safeguarded. It should therefore be run regularly by both internal and external auditors. For example:

- Internal auditors may decide to use the module every month.
- External auditors may want to use the audit module every three months.

The steps to follow are these:

Step

- 1 Use menu option 1 DORMANCY PROFILE to define a non-dormant account and to get CAPS to search through members Savings accounts looking for accounts not fitting your definition criteria.
- 2 After the Dormancy Profile has been run, use menu option 2 PRINT DORMANCY PROFILE to get CAPS to compare the accounts it selected this time with those it selected last time. (Note, if this is the first time you have done a dormancy audit, CAPS won't print a report of accounts added, deleted or closed).

- 3 After looking at the results of the printout, use menu option 3 DORMANCY ACCOUNTS SELECTION to get CAPS to select a small number of accounts for you to investigate in detail.
- 4 After the Accounts Selection has been run, use menu option 4 PRINT DORMANCY ACCOUNTS SELECTION to print the details of the accounts CAPS selected.
- 5 Use menu option 5 DORMANCY MEMBER SELECTION to determine which members can be classified as dormant overall.
- 6 After the Member Selection has been run, use menu option 6 PRINT DORMANCY MEMBERS to print a report of dormant members.
- 7 When you are satisfied the dormancy audit is complete, and you have no further use for any of the CAPS files generated during the audit, select menu option 7 CLEAR DORMANCY AUDIT FILES to release the space taken up on the Financial Institution's computer system. Note that the two 'Dormancy Data Capture files' are not cleared using this menu option.

1. DORMANCY PROFILE

This menu option lets you define a non-dormant account which CAPS uses to determine whether an account is 'dormant' or 'inactive'. CAPS will search all member Savings accounts and identify whether an account is non-dormant, dormant or inactive. All dormant and inactive accounts are recorded on the profile.

Note - Do not run the Data Capture in Test Mode. You achieve nothing, and you run the risk of overwriting essential information with useless 'test' data.

CAPS Dormancy Module - Dormancy Profile

Dormancy Profile Parameters

Period of audit (Days)	:<1>180	
Minimum No. of Credit Transactions	:<2>1	
Minimum Transaction Amount (\$)	:<3>1.00	
Active Credit	Active Debit	Account Levels
Transaction Codes	Transaction Codes	to exclude
<4>-----	<5>-----	<6>-----
001 23	001 50	001 20

002 24	002 51
003 25	003 52
004 26	004 58
005 27	005 61
006 28	006 55
007 29	007 76
008 30	008 65
009 31	009 76

NOTE: The parameters in this example screen are not complete and will not necessarily be suitable for your Financial Institution. They are meant to be used as a guide only.

< 1> Period of audit (days)

This is the number of days you want CAPS to look back over to find significant transactions. The longer the period, the fewer dormancy accounts CAPS is likely to find. (Note that you can only go back as far as the information held on file).

< 2> Minimum number of credit transactions

Enter a number between 1 and 10. If an account has more than (or equal to) this 'minimum number' of specified credit (or deposit) transactions made during the period, CAPS assumes it is active. CAPS therefore won't select it.

< 3> Min Transaction Amount (\$)

Enter an amount less than \$50. CAPS will assume that accounts with a specified deposit transaction during the period greater than this amount are active, and therefore won't select them.

Further Explanation of <2>Minimum number of credit transactions and <3> Min transaction amount.

Because you may only want to consider deposit transactions to be significant if they are over a certain amount and of a certain frequency, CAPS has two parameters which allow you to filter them: **Minimum number of credit transactions** and **Minimum transaction amount**. Accounts will only be reported as dormant or inactive if the number of active credit transactions on the account is less than the Minimum number of credit transactions as specified by you. Similarly with the Minimum transaction amount, CAPS will assume that accounts with active credit transactions greater than or equal to this specified amount are active.

For example;

If you enter Minimum number of credit transactions as 3 and a minimum transaction amount of \$1 then CAPS would only consider an account to be dormant or inactive if it had less than 3 credit transactions of amounts less than \$1.

If you enter Minimum number of credit transactions as 1 and minimum transaction amount of \$0.20 then CAPS would only consider an account to be dormant or inactive if it had no credit transactions.

So generally speaking, the larger the values you enter in these parameters the more dormant and inactive accounts you would expect because you have set a stricter criteria for non-dormant (or active) accounts.

< 4> Active Credit Transaction Codes (window)

Enter all the credit transaction codes that you consider are 'active' or 'member generated'. For example, transaction code 25 - Cash Deposits. Only input here transactions that indicate the member is actively using the account. An interest credit does not indicate the account is in use whereas a cash deposit does, and a social security deposit may.

This is the most critical parameter of the Dormancy Data Capture parameters.

< 5> Active Debit Transaction Codes (window)

Enter all the debit transaction codes that you consider are 'active' or 'member generated'. For example, transaction code 50 - Cash Withdrawals.

The active transaction code definition is up to you, but generally you do not want to include fines, fees, interest, charges or tax.

< 6> Account Level to Exclude (window)

If you want to exclude any account level(s) from the dormancy audit test, enter them here.

CAPS lets you enter more than one level of account to exclude. Enter one per line. Press [Enter] on a blank line to finish.

You will then be prompted with:

**Enter the date to use as 'Run Date' to allow backdating
or press <Enter> to use today's date:**

You can set the "Run Date" back in time to allow backdating the audit. If you enter a date back in time, CAPS will then review the transactions for your nominated audit period, backward from this "Run Date". Backdating the audit allows you to quickly make up for lost time. If you backdate the Profile, you must clear the Profile and "Reset to initial state" via option 7 (once only). Run the Dormancy Profile with an earlier date, then run it again with

a “Run Date” which is the ‘audit period’ number of days after the first Run Date you used. You can continue to follow these steps until you catch up to today’s date.

The key to a successful dormancy audit is to get your definition correct for an account that is not dormant. The secret to this is to accurately record only those transactions codes that indicate the member is using the account. If you include the interest payment transaction in your list of active credit transactions you will not find many dormant accounts because all accounts (unless with nil balance) will get paid interest automatically whether they are dormant or not. Conversely if you leave out a critical (common) member generated transaction like cash deposit or cash withdrawal you will get a huge dormancy report of accounts that are not really dormant.

- if you are in Test Mode, CAPS prompts:

You are in Test Mode. Do you want to start 'Dormancy Profile' now. (Y/N)

Enter [Y] if you want CAPS to select a test sample of members accounts.

Enter [N] if you don't need a test run, but want to capture all dormancy accounts.

- if you answer [Y], CAPS prompts:

How many records do you want to process?

Enter the number of members accounts you want CAPS to use as a test sample.

- if you answer [N], or if you are not in Test Mode, CAPS will prompt:

Program 'Dormancy Profile' requires running overnight.

Confirm (Y/N)

Enter [Y] to add it to the overnight queue.

Enter [N] to cancel the request, and return to the Dormancy menu.

Result

CAPS carries out the following steps:

1. It renames the current profile as the ‘old Profile’.
2. It then searches through all the members Savings accounts looking for dormancy accounts which it places into the 'current Profile'.
3. It then compares the contents of the 'old Profile' with the 'current Profile' and generates the following information:

- Accounts deleted from the dormancy file
- Accounts added to the dormancy file
- Accounts changing class (between Dormancy and Inactive)
- Dormancy accounts closed (zero balance) in the period
- Dormancy profile summary

2. PRINT DORMANCY PROFILE

This menu option lets you print the results of running the DORMANCY PROFILE menu option. CAPS will first prompt you with the following screen:

CAPS Dormancy Module - Print Dormancy Profile Selection

Selection Parameters

Addition Report	< 1>Y
Deletion Report	< 2>Y
Class Change Report	< 3>Y
Zeroed Report	< 4>Y
Profile Summary	< 5>Y

< 1> Addition Report

Enter [Y] if you want to print the report containing all accounts newly added to the Profile. On your first run of this program (since CAPS installation) this report will not be generated. In future runs it will reflect the 'newly' dormant accounts only.

< 2> Deletion Report

Enter [Y] if you want to print the report containing all accounts that have been removed from the Profile, i.e. those accounts that become active again.

< 3> Class Change Report

Enter [Y] if you want to report accounts that change from dormant to inactive or vice versa. Accounts changing from dormant to inactive should be checked as they may indicate fraud.

< 4> Zeroed Report

Enter [Y] if you want to report dormancy accounts that closed between this Profile and the previous Profile.

< 5> Profile

Enter [Y] to print a Profile summary of the dormancy accounts with the number that fall within the above 4 classifications.

Print Password

Enter your print password. No user can print a report unless they have their print password. The user will be given two opportunities to enter the correct password or CAPS will automatically shut down.

YOU MUST COLLECT THE PRINT OUT IMMEDIATELY !

DO NOT LEAVE AT THE PRINTER !

Result

CAPS prints the DORMANCY PROFILE parameters plus the details contained in the files produced by the DORMANCY PROFILE.

Please refer to the example at the end of the chapter.

3. DORMANCY ACCOUNT SELECTION

This menu option allows you to select a sample of dormant and inactive accounts for a third party confirmation.

There are two screens for this selection. The first is for the selection method and the second for the sorting method. Complete the parameters for the first screen as follows:

CAPS Dormancy Module - Dormancy Account Selection

Dormancy Selection Parameters

Dormancy	Selection	Sample	Minimum	Dormancy	Debit
Type	Method	Size	Balance	Period	Trns?
<1>-----	-----	-----	-----	-----	-----

001 Dormant	R	25		N
002 Inactive	L		1000.00 30	Y

Min. Transaction Amount to list:<2>500.00

Transaction Codes to list

List only accounts with debit trans:<3>N

<4>-----

001 50

< 1 > Selection Parameters (window)

Dormancy Type

Dormancy type is controlled by CAPS. You do not have to input here. CAPS will automatically skip this field.

Selection Method

You have two choices:

[R] To choose a random sample.

[L] To choose those that have balances above a specified amount and that have been dormant longer than a specified time.

-if you choose [R], CAPS prompts:

Sample Size

Enter a number between 1 and the number of dormant or inactive accounts on file. This is the number of accounts you want CAPS to select. If you want to know how many are on the Profile, enter 99999 here.

if you choose [L], CAPS prompts:

Minimum Balance

Enter a minimum balance. CAPS will not bother to choose accounts with a balance below this amount.

Dormancy Period

Enter the minimum number of the days that the account must have been on the dormancy file for it to qualify for selection. For instance, if you were to type 30 and an account was only on file for 28 days, it would not be selected. NOTE: This is the number of days that CAPS has recognised the account as dormant, not necessarily the actual number of days that the account has been dormant.

List Debit Transactions

Enter [Y] if you want CAPS to report debit transactions posted to the selected dormancy accounts. Enter [N] if you do not want the debit transactions listed. If you do enter [Y], CAPS then prompts:

< 2> Minimum transaction amount to list

If you requested CAPS to list debit transactions you can limit the listing to only those with a debit transaction greater than a particular amount, enter the amount here.

< 3> List only accounts with debit transactions

Indicate here (Y/N) whether you want to only list out accounts that have debit transactions or not.

< 4> Transaction Code to list (window)

If you want CAPS to limit the listing to specific transaction codes, enter the transaction codes here. Note, they must be Debit transaction codes between 50 and 99. If you don't enter anything, CAPS will print all debit transactions.

CAPS lets you enter more than one transaction code. Enter each code you want and press RETURN. When you have finished, press [Enter] again.

Now press [Enter] to continue to the second screen.

CAPS Dormancy Module - Dormancy Account Selection

Statement and Listing Orders

Clients Statement Order :<1>1

Your Control Listing Order :<2>4

Possible Orders are

(1) Member number

- (2) Descending postcode
 - (3) Ascending postcode
 - (4) Alphabetical order
-

< 1 > Clients statement order:

CAPS wants to know in what order you want it to print the third party confirmation statements to be sent to members. It also wants to know the order for your control listing. (Note these can be printed out in a different order).

< 2 > Your control listing order:

CAPS wants to know in what order you want it to print the audit reports.

CAPS gives you a choice of 4 possible orders which it displays on the screen. Enter the number of your choice.

Once you have entered the information for this screen, you may return to the previous screen by entering [L]. However if you are satisfied with your parameters simply press [Enter] to continue with the audit.

- if you are in Test Mode, CAPS prompts:

You are in Test Mode, do you want to start 'Dormancy Account Selection' now?

Enter [Y] if you want to do a quick test run by selecting from only a small number of dormancy accounts.

Enter [N] if you don't want a test run but want to select from all dormancy accounts.

- if you answer [Y], CAPS prompts:

How many records do you wish to process?

Enter the number of dormancy accounts you want CAPS to use as a test sample.

CAPS displays messages to show it's progress. When finished it returns to the Dormancy menu.

- if you answer [N], or if you are not in Test Mode, CAPS prompts:

Do you want 'Dormselect' submitted for overnight running?

Confirm (Y/N)

Enter [Y] to do it.

Enter [N] to cancel the request, and return to the Dormancy menu.

Result

CAPS generates a file called "Selected dormant accounts" containing details of each dormancy account it has selected.

4. PRINT DORMANCY ACCOUNTS SELECTION

This menu option lets you print a control list of the dormancy accounts CAPS selected.

Print Password

Enter your print password. No user can print a report unless they have their print password. The user will be given two opportunities to enter the correct password or CAPS will automatically shut down.

YOU MUST COLLECT THE PRINT OUT IMMEDIATELY !

DO NOT LEAVE AT THE PRINTER !

Result

CAPS uses information from file "Selected dormant accounts" to print the report. Please refer to the example at the end of the chapter.

5. DORMANCY MEMBERS SELECTION

Dormancy members selection will locate members with all their savings accounts dormant or inactive. The parameters screen is as follows:

CAPS Dormancy Module - Dormancy Member Selection

Selection Parameters

Report only if with loans	<1> Y
Report only if in arrears	<2> Y
List members that are Dormant	<3> Y
List members that are Inactive	<4> Y
List debit transactions	<5> Y
List only members with Debit trans	<6> N
Minimum transactions amount to list	<7> 500.00
Transaction Codes to list	
<8>-----	
001 50	
002 52	

<1> Report only if with loans

Enter [Y] if you wish to select members with loans accounts only, otherwise enter [N].

< 2> Report only if in arrears

Enter [Y] if you only wish to select members with loan accounts in arrears, otherwise enter [N]. This option only works if the <1> Report only if with loans option has been chosen with [Y].

< 3> List members that are dormant

Indicate if you want to select members that are dormant (Y/N). Remember there are only two possible states; Dormant or Inactive.

< 4> List members that are inactive

Indicate if you want to select members that are inactive (Y/N).

< 5> List Debit Transactions

Indicate if you would like the debit transactions to be listed on the selected members print out.

< 6> List only members with debit transactions

Indicate if you only want to select only those members who have debit transactions. (Y/N)

< 7> Minimum transaction amount to list

Indicate here the minimum transaction amount required before the transaction debit is listed if requested in the above field`.

< 8> Transaction codes to list (window)

Enter the transaction codes to list out if you requested that they be printed in the questions above. If you wish to list all transaction codes, leave this field blank.

You are in Test Mode, do you want to start 'Dormancy Members Selection' now?

Enter [Y] if you want to perform a quick test run by selecting from a small number of members dormancy.

Enter [N] if you don't need a test run but want to select from all members.

- if you answer [Y], CAPS prompts:

How many records do you want to process?

Enter the number of members you want CAPS to use as a test sample.

CAPS displays messages to let you know what it is doing. When finished it returns to the Dormancy menu.

- if you answer [N], or if you are not in Test Mode, CAPS prompts:

Do you want 'Dormancy Member Selection' submitted for overnight running?.

Confirm (Y/N)

Enter [Y] to add it to the overnight queue.

Enter [N] to cancel the request, and return to the Dormancy menu.

Result

CAPS generates a file containing details of each dormant member it has selected.

6. PRINT DORMANT MEMBERS

This menu option allows you to print a control list of the dormancy members CAPS selected.

Print Password

Enter your print password. No user can print a report unless they have their print password. The user will be given two opportunities to enter the correct password or CAPS will automatically shut down. This feature provides security to reduce the likelihood of unauthorised users gaining access to CAPS reports.

YOU MUST COLLECT THE PRINT OUT IMMEDIATELY !

DO NOT LEAVE AT THE PRINTER !

Result

CAPS uses information from the file produced by DORMANCY MEMBER SELECTION to print a report on dormant members. Please refer to the example at the end of the chapter.

7. CLEAR DORMANCY AUDIT FILES

This allows you to clear all files relating to the dormancy audit.

CAPS will prompt:

Are you sure you want to clear all dormancy audit files?

This is just a warning and a check to make sure you really know what you are doing. If you answer [Y], CAPS immediately clears all dormancy audit files and then prompts:

Do you also want to reset Profile to initial state?

Enter [Y] to reset the Profiles to their initial state (as though the Dormancy Profile has never been used before). This is necessary if you wish to use the backdating feature for the Dormancy Profile.

If you answer [N] CAPS returns you to the Dormancy menu without doing anything.

Note that this process does not clear the two Profiles nor the parameter data.

Result

CAPS will clear off the dormancy files ready for the next audit. This will free space on the Financial Institution's computer system.

Dormancy audit report example

Example of Dormancy Profile reports:

There are 5 reports in this printout unless you suppress some of them. The first four are movement reports which show the changes between this and previous Profile. These reports will contain nothing if this is the first time you have run the Dormancy Profile. The last report gives you a summary of the Profile.

REPORT 1:

Listing of Accounts Added to the Dormancy Profile

<u>Member Id.</u>	<u>Name</u>	<u>Balance</u>
7647976S1	JAMES D F	10.00
8765234S1	TEMBY O J	2.55
23874698S3	WEBSTER U J	3.00

**** End of listing ****

**** Note: Entries starting with ** are Dormant accounts, others are Inactive (no CR trans >= \$\$\$\$\$)

REPORT 2:

Listing of Accounts Deleted from the Dormancy Profile

<u>Member Id.</u>	<u>Name</u>	<u>Last Dep. Date</u>	<u>Deposit Amt.</u>
8651324S2	GATTON H K	18/01/89	10.00
** 9686652S1	FENTON U W	16/01/89	15.00
7615347S1	HEFSON O P	26/01/88	38.00

**** End of listing ****

**** Note: Entries starting with ** were Dormant accounts, others were Inactive.

REPORT 3:

Listing of Accounts which have changed class since the previous Profile

<u>Member Id.</u>	<u>Name</u>	<u>Balance</u>
8762354S1	BANNON M K	455.00
**8751238S1	SESSION K U	78.00
8688566S2	KELLY J D	50.00

**** End of listing ****

**** Note: Entries starting with ** are now Inactive accounts which were Dormant.

NOTES:

An entry starting with '***' has changed from 'dormant' to 'inactive'. This means a withdrawal was made on a dormant account, and no significant deposit had been made. These accounts should be watched carefully. The others have changed from 'inactive' to 'dormant'.

REPORT 4:

Listing of Dormancy Accounts which have closed in the period

<u>Member Id.</u>	<u>Name</u>	<u>Last Wdl. Date</u>	<u>Withdrawal Amt.</u>
**8765234S1	WEESEL K J	03/06/89	20.15
**8769879S1	NOX I J	06/06/89	23.78
7657651S2	GROSS J A	16/06/89	123.64

**** End of listing ****

**** Note: Entries starting with ** were Dormant accounts, others were Inactive.

REPORT 5:

Profile of Dormancy Accounts

<u>Balance Class</u>	<u>Dormant Accounts Count</u>	<u>Total Balance</u>	<u>Inactive Accounts Count</u>	<u>Total Balance</u>
Upto \$50	48	637.21	14	298.45
\$51 - 100	12	907.75	9	636.51
\$101 - 500	53	12,553.54	9	1,851.95
\$501 - 1000	19	12,484.54	6	4,192.11
\$1001 - 5000	22	52,106.62	17	48,414.27
\$5001 - 10000	7	47,834.91	3	15,044.70
Over \$10000	6	281,033.44	4	76,714.59
	167	407,558.01	62	147,152.58
	=====		=====	
Net Dormancy	3205		2414	

*** Note: Above summary represent accounts from the 'Added' and 'Changed' reports.

NOTES:

The “Net Dormancy” for Dormant and Inactive accounts is the sum of totals from the previous Dormancy Profile and the current totals.

REPORT 6:

Example of Dormancy Account Selection report

CAPS will report selected ‘dormant’ and ‘inactive’ accounts separately.

Listing of Selected Dormant Accounts

Page: 1

Member No. Balances	PRD	Name	Arrears Amount	Post	Age	Current Balance	Other A/C Current
-----	---	-----	-----	----	----	-----	-----
100144S12		BLING, T	0.00	2470	90	8.93	
102532S55		TURNER, J	0.00	2487	90	8859.26	
10000.00							118
110567S10		BALMER, V J	0.00	2480	90	0.00	

231.75							S2
72087S3	KLEAN, F R	0.00	2480	90	0.14		S10
71.11							
72439S10	MAKER, S M	0.00	2482	90	39.65		
72548S10	CHELLO, B E	0.00	2480	90	205.87		S12
239.02							
83290S10.2	DALM, G J	0.00	2482	90	7.67		S3
0.65							S10
379.29							S10.1
0.01							
88532S10	GEMMY, N	0.00	2489	90	0.00		
88559S10	BREWWING, J T	0.00	2483	90	0.00		
89387S12	TORRAY, J C	0.00	2470	90	0.88		S10
0.00							
92287S10	TROWELL, D J	0.00	9999	90	0.00		S12
0.32							
96479S10	MERKER, A D	0.00	2489	90	0.00		S3
0.00							
99349S10.1	THE HEART OF ME,	0.00	4552	90	68.53		S10
153.34							S10.5
1406.51							
Balances Total					9190.93		

*** End of Listing ***

Page: 1

Listing of Selected Inactive Accounts

Member No. Balances	PRD	Name	Arrears Amount	Post	Age	Current Balance	Other A/C Current
-----	---	-----	-----	-----	-----	-----	-----
105436S10		TREEMAN, P H	0.00	2481	90	9.63	
108663S10		KENNIE, L	0.00	2481	90	3469.22	
108699S3		BREEN, M R	0.00	2470	90	4.35	S10
69.77							
34878S1		LAMOS, G E	0.00	2480	90	0.00	S2
1815.18							S10
3904.41							
58882S1		TALLCOMBE, R M	0.00	2478	90	0.00	S2
0.00							S10
0.90							

98.51							S10.1
-2043.77							L37
59747S10	PRIETORS ST,	0.00	2470	90	207.48		
77624S10	WADE, N E	0.00	3031	90	889.80		
89972S12.1	ALEYIAS, D	0.00	2484	90	372.24		S3
1371.23							S3.1
1664.11							S12
1.50							
89972S3	ALEYIAS, D	0.00	2484	90	1371.23		S3.1
1664.11							S12
1.50							S12.1
372.24							
Balances Total					6323.95		

*** End of Listing ***

NOTES:

If you have selected to list debit transactions, those transactions will be listed below each account.

REPORT 7:

Example of Dormancy Member Selection report

CAPS will report selected 'dormant' and 'inactive' members separately. The sample here lists the selected dormant members only. The definition of 'dormant members' is those members with all their savings accounts dormant. 'Inactive members' are those with all their savings accounts either dormant or inactive.

Listing of Selected Dormant Members

<u>I Member No</u>	<u>Name</u>	<u>Address</u>	<u>Post</u>	<u>Acct Level</u>	<u>Loans Bal</u>	<u>Acct Lvl</u>	<u>Savings Balance</u>	<u>Acct Lvl</u>	<u>Investment Balance</u>
343979	FRANCIS, S L	C/- L PALM, MCPHAIL	4504			1	133.26		
134530	BURR, E J	8 HEATHER STREET, THOR	4163			1	2,382.00		
345438	STEVENS, J M	24 YANGOORA CRESCENT	4214			1	316.97		
334553	SHEPHERD, D	46 RAVEN STREET, INALA	4053			1	1.70		
134500	LEACH, L I	PO BOX 327, BLACKWAY	4719			1	473.42		
176541	KENZLER, H M	31 CRYSTAL STREET, CROW	4563	1	-12281.75	1	10.04		
165419	MUNCE, S E	C/- STATE SCHOOL, TENBY	4871	1	0.00	1	2,916.97		

765465	BURNETT, C J	GLASSHOUSE MOUNTAINS, G	4518	1	171.63
176551	BERNETH, K L	39 SWALLOWS STREET, ROXBY	4161	1	804.07
153251	SELFF, J M	M S 687, DALBY	4405	1	3,726.00

Chapter 9 - Incompatible duties

0. INTRODUCTION

0.1. Description of Audit Tests

Proper segregation of duties amongst staff is an important control in any Financial Institution. It has always been difficult for the auditor to scrutinise all transactions and check they were processed by staff at appropriate levels. With CAPS you can now define which transaction codes should be processed by each operator and identify transactions processed outside of these defined boundaries.

Duties Table

To perform duty tests, CAPS builds up a table of 'who can do what'. CAPS lets you define this table either by operator or by transaction code. CAPS then produces a printed matrix of operators and valid transaction codes.

0.2 Suggested sequence and frequency of using the module

The Incompatible Duties audit should be run at the beginning of each visit to the client to highlight transactions for further scrutiny. Internal auditors may want to run it once a month to follow up exceptions on a regular basis.

The sequence is as follows:

Step

- 1 Use menu option 1-Duties Definition by Transaction Code to define which operators can process a particular transaction code.

 - OR -

 Use menu option 2-Duties Definition by Operator to define which transaction codes can be processed by an operator. This step is the converse of the above and is simply provided in case it is more convenient to enter the duties in this manner.
- 2 Print the result of the duties definition using menu option 3 - Print Duties Table. Examine the table to ensure all duties have been properly defined.
- 3 Use menu option 4-Incompatible Duties Audit to search the transactions on file for those with incompatible duties.
- 4 Print the results of the Incompatible Duties Audit using menu option 5 - Print Incompatible Duties Audit

- 5 Clear off the files for the next audit using menu option 6 - Clear Incompatible Duties Audit Files.

1. DUTIES DEFINITION BY TRANSACTION CODE

This menu option lets you input the operator codes for each transaction code that can be used. Alternatively you can enter the operators that cannot use the transaction code in question. Even though you may enter codes in the negative, CAPS will convert these to the affirmative, to be consistent with the logic used in the audit program.

When you update this table it automatically cross matches with and updates the 'Duties Definition by Operator' table.

CAPS Incompatible Duties Module - Transaction Code Security Table

Transaction Code: 25

Description: Cash Deposit

The operators can use this transaction: <1> Y

Operator	Name
<2> ----	-----
001 1034	Susan Smith
002 315	Mark Annerly
003 865	Andrew Petrie

Transaction code

Enter a valid transaction code. Press [Enter] only, when you want to end the input process.

Description

CAPS will display the description of the transaction code entered.

<1> The operators can use this transaction?

Enter 'Y' to indicate that the following operators are those that can use this transaction code. It will be assumed that all other transaction codes are not useable. Enter 'N' to indicate that the following operators are those that cannot use this transaction code.

< 2> Operators that can/cannot use this transaction code (window)

Operator

Enter the operator code for each operator who is supposed to be using (or not using) this transaction code.

Name

As each operator code is entered CAPS displays their name on file so you can verify the operator code. If you enter a code that does not exist, you will be notified.

Result

CAPS builds up a table of which transactions codes that are allowed to be used by each operator.

2. DUTIES DEFINITION BY OPERATOR

This menu option lets you input transaction codes that are allowed to be used by the operator in question. Alternatively you can enter the transaction codes that cannot be used by the operator in question. When you leave this screen it automatically cross matches with and updates the 'Duties Definition by Transaction Code' table.

CAPS Incompatible Duties Module - Operator Security Table

Operator Code: 01

Operator Name: Susan Smith

The transactions can be used by this operator :<1> N

Tcode

Description

<1> -----	-----
001 25	Cash Deposit
002 26	Cheque Deposit

Operator code

Enter a valid operator code. Press RETURN only, when you want to end the input process.

Operator Name

CAPS will display the name for the operator code entered.

<1> The transactions can be used by this operator?

Enter 'Y' to indicate that the following transaction codes are those that can be used this operator. It will be assumed that all other transaction codes are not useable. Enter 'N' to indicate that the following transaction codes are those that cannot be used by this operator.

<2> Transaction Codes which can/cannot be used by this operator.

TCode

Enter the transaction codes that can be used by this operator.

Description

As each transaction code is entered CAPS displays its description so you can verify.

Result

CAPS adds to the table of transactions codes which should be in use by each operator.

3. PRINT DUTIES TABLE

This menu option lets you print the table of operators and allowed transaction codes.

CAPS allows you to specify a combination of operators and transactions or all of them to include in the duties table.

CAPS Incompatible Duties Module - Print Operator Duties Table

Print Operator Duties Table

Operators	Transaction Codes
<1>-----	-----
001 01	001
002 913	
003 1247	

< 1 > Operators (window)

Enter all the operators you wish to print. Leave this field blank to print all operators.

< 2 > Transaction Codes (window)

Enter all the transaction codes you wish to print. Leave this field blank to print all transaction codes.

Print Password

Enter your print password. No user can print a report unless they have their print password. The user will be given two opportunities to enter the correct password or CAPS will automatically shut down. This feature provides security to reduce the likelihood of unauthorised users gaining access to CAPS reports.

YOU MUST COLLECT THE PRINT OUT IMMEDIATELY !

DO NOT LEAVE AT THE PRINTER !

Result

The Incompatible Duties table will be printed out. Please refer to the example at the end of the chapter.

4. INCOMPATIBLE DUTIES AUDIT

This menu option instructs CAPS to search for transactions completed by staff with incompatible duties.

This is a powerful audit tool. You can quickly set up a test to audit all codes and branches, or you can easily focus on one branch, operator, or transaction code.

CAPS Incompatible Duties Module - Incompatible Duties Audit

Incompatible Duties Audit Parameters

Period Start :<1>01/09/98

Period End:<2> 31/12/98

Major Sorting Method:<3>T

Secondary Sorting Method:<4>D

Ledger	Tcode	Operator	Branch
<5>-----	<6>-----	<7>-----	<8>-----
001 S	001 23	001 269	001 3
002 L	002 24	002 289	
	003 25		

< 1> Period Start

Enter the date for the start of the audit period. Use the following format (dd/mm/yy)

For instance, enter 01/09/98 to start the audit from 1 September 1998.

< 2> Period End

Enter the date for the end of the audit period. Enter in the following format (dd/mm/yy)

For instance, enter 31/12/98 to finish the audit period on the 31 December 1998.

< 3> Major Sorting Method

Enter an [O] to sort the report by operator order, or a [T] to sort the report by transaction code.

< 4> Secondary Sorting Method

Enter [A] to sort the report in ascending order or [D] to sort the report in descending order within the major sorting method.

< 5> Ledger (window)

Enter the ledgers to audit.

Enter [L] to select the Loans ledger, [S] to select the Savings ledger, and [I] to select the Investments ledger.

If you do not specify any ledgers CAPS will assume you want to audit all ledgers.

< 6> TCode (window)

Enter the transaction codes to audit.

Enter all the transactions codes that you want to be included in the audit.

If you do not specify any transaction codes, CAPS will assume you want to audit all transactions codes.

< 7> Operator (window)

Enter the operator codes to audit.

Enter all the operator codes that you want to be included in the audit.

If you do not specify any operator codes, CAPS will assume you want to audit all operator codes.

Important: If you leave this field blank, indicating all operators, and you have neglected to input definitions for all operators (or included all operators in the transaction code definitions) there will be excessive exceptions and your audit will run very slow.

< 8> Branch (window)

Enter the branches to audit.

Enter all the branches that you want to be included in the audit.

If you do not specify any branches, CAPS will assume you want to audit all branches.

- if you are in Test Mode, CAPS prompts:

You are in Test Mode, do you want to start Incompatible Duties Audit now. (Y/N)

Enter [Y] if you want to do a quick test run by auditing only a small number of transactions.

Enter [N] if you don't want a test run, but want to audit all transactions for the parameters input.

- if you answer [Y], CAPS prompts:

How many records do you want to process?

Enter the number of transactions you wish CAPS to use as a test sample.

CAPS displays messages to let you know what it is doing. When finished it returns to the Incompatible Duties menu.

- if you answer [N], or if you are not in Test Mode, CAPS prompt:

Do you want 'Incompatible Duties Audit' submitted for overnight running?

Confirm (Y/N)

Enter [Y] to add it to the overnight queue.

Enter [N] to cancel the request, and return to the Incompatible Duties menu.

Result

If you chose a test sample only, CAPS immediately runs 'Incompatible Duties Audit'. If you chose a full live audit, CAPS sets up an instruction for 'Incompatible Duties Audit' to be run overnight under 'NIGHT AUDIT'. (See CAPS UTILITIES, Section 2 - NIGHT AUDIT for more details).

Using the incompatible duties table which has been built, CAPS checks the transaction and operator codes on file and reports any exceptions. The results of running 'Incompatible Duties Audit' are stored on files.

5. PRINT INCOMPATIBLE DUTIES AUDIT

This lets you print the results of the Incompatible Duties audit. CAPS first prompts you for some parameters :

CAPS Incompatible Duties Module - Print Incompatible Duties

Print Incompatible Duties Audit Parameters

Minimum Amount :<1> 10.00

Page Breaks :<2> N

< 1 > Minimum Amount

Enter the minimum amount to report.

For example, If you entered \$10.00, CAPS would only report Incompatible Duties that involved transactions of more than \$10.00.

< 2 > Page Breaks

Indicate if you require page breaks between each operator or transaction code (Depending on which report you request) in the report. Enter [N] if you want to allow more than one Operator/Transaction per page, else enter [Y] for separate pages.

Print Password

Enter your print password.

YOU MUST COLLECT THE PRINT OUT IMMEDIATELY !

DO NOT LEAVE AT THE PRINTER !

Result

CAPS uses the information in the audit file to produce the report. Please refer to the example at the end of the chapter.

6. CLEAR INCOMPATIBLE DUTIES AUDIT FILES

This allows you clear all files relating to the Incompatible Duties audit.

CAPS will prompt:

Are you sure you want to clear all transaction audit files?

This is just a warning and a check to make sure you really want to clear the information from the audit files. If you answer [Y], CAPS immediately clears the Incompatible Duties work files which were created in menu option 4. They cannot be recovered. If you answer [N], CAPS returns you to the Incompatible Duties menu without clearing anything.

Result

The work files are irretrievably cleared to free space on the Financial Institution's computer system.

Incompatible duties report example

REPORT 1:

Example of an Operator Duties Table printout:

Operator Duties Table					
		25	32	51	52
101	GATERING L P	**			
278	SENSETER U A	**			**
1527	ANDERSON J		**	**	

NOTES:

This table may be very big depending on the number of operators and transaction codes printed. If the whole table cannot fit on the one page, CAPS will print them on different pages. You can put them together to form a big table.

Those cells with '**' inside indicate legal operations. For example, operator 101 is allowed to use transaction code 25 but not 32, 51 and 52.

REPORT 2:

Example of Incompatible Operator Duties report:

This report can be printed in operator or transaction code order. This example shows all the 'illegal operations' by operator 101 within the audit period.

List of incompatible operations by operator 101

<u>Tcode</u>	<u>Date</u>	<u>Acc No.</u>	<u>Amount</u>	<u>Br No</u>	<u>Narration</u>
32	09/09/88	223473L1	142.00	1	TRANSFER (AUTH45329)
51	09/09/88	245321S1	5.00	1	CHQ - Pshield
51	09/09/88	65431S1	22.20	1	CHQ - pDUES
52	09/09/88	143116S1	28.00	1	TRANSFER (AUTH 37026)
52	09/09/88	124425S1	53.00	1	TRANSFER (AUTH 38086)
52	09/09/88	332175S1	280.00	1	TRANSFER (AUTH 64985)
52	09/09/88	354321S1	48.00	1	TRANSFER (AUTH 64938)
			578.20		

NOTES:

Date This is the posting date.

Chapter 10 - Circularisation audit

0. INTRODUCTION

0.1. Description of Circularisation function

This function allows you print letters to members regarding their account(s). You may select a list of members based on their Dormancy status, confirmation of Balances, or specific members you nominate. You can create a letter of your choice, and will be kept separate for each selection as noted above. This means you can conduct a positive or negative circularisation very easily, simply by wording the message appropriately.

With the data from the replies, CAPS will produce a comprehensive circularisation report. Also, if the response is insufficient, CAPS will allow you to print out a second request, for the members who did not reply.

0.2. Suggested sequence and frequency of using this module

External auditors only want to use this module once or twice a year mostly in conjunction with the Balances module.

Internal Auditors may like to use this module whenever they run the Dormancy or Balances modules, or when they want to do special circularisation. This is a relatively simple Audit Module to use. The steps are:

Step

- 1 Select the source of the Circularisation using menu option 1. You may choose Dormancy, Balances or Specially Selected Members.
- 2 If you wish to select special members you may input them using menu option 2.
- 3 Specify the printer parameters using menu option 3. Once this is set up, you don't need to change them unless you change printer.
- 4 Enter the statement parameters using menu option 4. This step allows you specify what message and information goes onto the statement.
- 5 Print the statements using menu option 5.
- 6 As replies come in log them using menu option 6.
- 7 When sufficient statements are returned use step 7 to print the Circularisation report.
- 7a You may then send a second or subsequent request to those who did not reply. When sufficient second requests are returned use

step 7 to print the Circularisation report.

8 When finished clear the statements file with option 8.

1. SELECT SOURCE OF CIRCULARISATION

This menu option allows you to choose which audit will be the source of the Circularisation. CAPS will prompt you with the following screen :

CAPS Circularisation Module

Source of Circularisation

1. Balance Account Selection
2. Dormancy Account Selection
3. Dormancy Member Selection
4. User Selected Members
5. Balances Special Selection

Option :

Enter the number of the source you wish to produce statements for. CAPS will automatically return you to the Circularisation menu. You will notice CAPS displays your choice on the main Circularisation menu. You will then have a separate Statement Parameters screen for each source. This is to give you the flexibility to enter different parameters for each source.

2. ENTER USER SELECTED MEMBERS

If you have chosen User Selected Members as your source of Circularisation CAPS will allow you to enter accounts here. However if you have chosen another source CAPS will display an error message.

CAPS Circularisation Module - Enter User Selected Members

Member Number : 666576

Member Name : John H Jacob

Accounts Selected

<1>-----

001 L1

002 S1

Member Number

Enter here the member number of the member to be selected . For example 66825.

Member Name

CAPS displays here the member name of the member to be selected. This is not an input field.

< 1 > Accounts Selected (window)

List here the members accounts to be circularised. If CAPS cannot locate the account input it will display a message. If you wish to circularise all accounts, leave this field blank.

3. PRINTER PARAMETERS

This menu option allows you to specify the parameters used to produce the statement printout.

CAPS Circularisation Module - Printer Parameters

Printer Parameters

Page Length :<1>66
Page Break Control Codes
<3>-----

Page Width: <2>80
Control Lines:<4>0
Top Margin: <5>2
Bottom Margin:<6>6

< 1> Page Length

Enter the printer page length (in lines).

< 2> Page Width

Enter the printer page width (in columns).

< 3> Page Break Control Codes (window)

Enter any control codes in ASCII numbers for advancing to a new page. Normally you should leave this field blank unless you are using a special printer. This special control code is also required if the page length is not 11 inches. Most printers default paper length to 11 inches, if A4 paper is used. Talk to your computer operator for more information about using printer control codes.

< 4> Control Lines

Enter the number of lines that the page break control codes take up. Normally this will be zero.

< 5> Top Margin

Enter the top margin measured in lines (include lines for the control code).

< 6> Bottom Margin

Enter the number of lines for the bottom margin.

4. STATEMENT PARAMETERS

This step allows you to enter the parameters for the content of the letters (statements). You may have a separate Statement Parameters screen for each source of your Members

list. This gives you the flexibility to enter different letters (statements) for each Member list.

The 'Statement Print' function will list the Member's account transactions (if requested) in effective date order as opposed to processing date order. This is so if the client recalculates interest, they use the correct dates.

The parameter screen is as follows:

CAPS Circularisation Module - Statements Parameters

Parameters for printing Statements

Statement Date:<1>31/05/10	All Accounts:<7>N
First Tran Date:<2>01/01/10	Loans:<8>N
Last Tran Date: <3>31/03/10	Savings:<9>Y
Stationery: <4>L	Investments:<10>N
Signature Line: <5>Y	Second Request:<11>N
Suppress Header <6>N	Last Member Printed:<12>
	Show Balance Only:<13>N

Messages

<14>-----

001 Our auditors are conducting a routine survey to
002 confirm the accuracy of our account balances.
003 Please inspect the following statement for errors
004 and sign at the bottom, indicating any
005 inaccuracies. Please return all pages to our
006 auditors:
007 J.I. Murray & Partners
008 P.O. BOX 3472
009 Bridgetown NSW 2897

< 1> Statement Date

Enter the date you would like to appear on the statements as the 'statement date'.

< 2> First Tran Date

Enter the date of the first transaction to include in the statement. This is the opening balance date.

< 3> Last Tran Date

Enter the date of the last transaction to include in the statement. This is the closing balance date.

< 4> Stationery

Type [L] for letter head stationery or [P] for plain computer paper. If you choose [L], CAPS will not print the Financial Institution name and address on the statement. Plain computer paper has 66 lines.

< 5> Signature Line

Do you wish to provide space for the member's signature on the statements? Enter [Y] for Yes or [N] for No.

<6> Suppress Header

Enter [Y] to prevent the report identification header and footer pages from being printed. This may prevent some printers from getting out of alignment.

< 7> All Accounts

Enter [Y] if you wish to print statements for all accounts belonging to a selected member even if only some of his accounts are selected on the source list. For instance if the account 12345S1 is selected, do you want to print out statements for this member's other accounts 12345S2 and 12345L1 as well?

<8> Loans

You can suppress statements for Loan accounts by entering [N] here. If you wish to have Loan accounts printed on your statements enter [Y].

If you enter [N] then no loan accounts will be printed on your statements.

< 9> Savings

You can suppress statements for Savings accounts by entering [N] here. If you wish to have Savings accounts printed on your statements enter [Y].

< 10> Investments

You can suppress statements for Investment accounts by entering [N] here. If you wish to have Investment accounts printed on your statements enter [Y].

<11> Second request

Enter [N] if this is your first statement run for this audit. Enter [Y] if this is a second or subsequent statement request. If [Y] is entered, CAPS will print statements for members who have not yet been registered in the reply screen. If you have not entered any members into the reply screen then CAPS will print all statements as per previous parameters.

<12> Last member printed

This field tells you the last member statement printed. This allows you to print only a remaining portion of the statements if something goes wrong whilst printing. For example if you started printing your statements and the printer jammed or went out of alignment part way through the statement run you could enter the last member number that was successfully printed. When you choose Print Statements again, CAPS would start printing the statements from the member following in your statement list.

IMPORTANT: If you print a small sample of accounts to test the printer alignment and then want to print the whole statement list from the start, or you have generated a new list of Members (via Dormancy Module, Balances Module, or by entering specific Member numbers), you must reset this field to null by typing a '\' (backslash). This will force CAPS to start from the first Member in the selected source.

This field must be cleared in order to perform a second request.

It is recommended that you run Print Statements (Menu option 5) in test mode first to ensure correct layout and then start from the beginning again by clearing this Last Member Printed field with a backslash.

<13> Show Balance Only

Enter [Y] to prevent transactions from being displayed on the statement.

<14> Messages (window)

Enter the message you wish to appear on the statement. You can enter as many lines as you like. Unfortunately there is no word wrap on the editor. The edit keys are as outlined in the introduction section 5.2 of this manual. Maximum line length is 50 characters.

5. PRINT STATEMENTS

- if you are in Test Mode, CAPS prompts:

You are in Test Mode, do you want to start 'Print Statements' now (Y/N)

Enter [Y] if you want to print a sample of statements.

Enter [N] if you don't want to print a sample of statements.

- if you answer [Y], CAPS prompts:

Statements to print

Enter the number of statements you want to print. Enter [0] (zero) if you don't want to print any more.

- if you answer [N], or if you are not in Test Mode, CAPS asks:

Program 'Print Statements' requires running overnight.

Confirm (Y/N)

Enter [Y] to add it to the Night Audit queue.

Enter [N] to cancel the request, and return to the Circularisation Menu.

Result

CAPS prints out the requested statements. Please refer to the example at the end of the chapter.

6. ENTER REPLIES

CAPS allows you to enter members who have replied to your confirmation statements:

CAPS Circularisation Module - Input Circular Results

Member Number:56435

Member Name :JONES J

Confirmation Details

Account	Book Balance	Confirm	Audit Balance	Comment
<1> -----	-----	-----	-----	-----
001 S1	345.80	C		
002 L1	1200.55	N	1100.55	Paid 100

Member Number

Enter the member number of the returned statement.

Member Name

CAPS will display the member name so that you can confirm it.

< 1 > Confirmation Details (window)

Account

CAPS will enter the account type for which statements have been printed.

Book Balance

CAPS will display the book balance.

Confirm

Enter [C] here to confirm or [N] if the balances were not confirmed.

Audit Balance

Enter the audited balance if the statement is not confirmed.

Comment

Enter any comment.

Result

CAPS will update the file for use by the Circularisation Report.

7. PRINT CIRCULARISATION REPORT

CAPS allows you to print the results of the Circularisation, incorporating the replies from members.

Print Password

Enter your print password. No user can print a report unless they have their print password.

YOU MUST COLLECT THE PRINT OUT IMMEDIATELY !

DO NOT LEAVE AT THE PRINTER !

Result

CAPS will print out the Circularisation report. Please refer to the example at the end of the chapter.

8. CLEAR SELECTED SOURCE FILE

CAPS allows the user to clear out a source file for re-use. The Source File holds the record keys of the members that will be used to produce the Statements.

CAPS will prompt:

Do you want to clear selected source for “<source name>”?

This is just a warning and a check to make sure you really want to clear this data file. If you answer [Y], CAPS immediately clears the Source File. If you answer [N] CAPS returns you to the Circularisation menu without doing anything.

Result

The Circularisation Source File is cleared.

Circularisation audit example

REPORT 1:

Example of a Circulation Statement

Statement of account for AUDIT PURPOSES 01 NOV 1998

ALL BUTCHERS CREDIT UNION LTD
234 FANSIDAR TERRACE, SPRINGBROOK
QUEENSLAND, 4055
(07) 3876 9182

B R LEIBINGES
650 GRACE ST.
NEWMARKET, QLD 4051

Please check your balance below. If you do not agree with it, please return the attached reply.

Sincerely,

J P Neidrauer

Member No.: 124333 LEIBINGES, B R

Listing of transactions from 01 JUN 1998 to 30 JUN 1998

<u>S1 - EXTRA A/C</u>	<u>Debit</u>	<u>Credit</u>	<u>Balance</u>
01 JUN 98 Opening Balance			\$199.74
15 JUN 98 CASH WITHDRAWAL	20.00		\$179.74
30 JUN 98 Balance			\$179.74

Member's Signature: _____

124333

NOTES:

The amount of text you can put in the ‘*’ box is variable.

If more than one account is selected for this member, they will all be printed on the same statement.

This sample is printed on 80 column plain paper. If you selected letterhead stationery, the name of the financial institution will not be printed.

REPORT 2:

Examples of the Circulation Report

Circularisation Report as of 30 JUN 98

Mem No	Mem Name	Lvl	Balance	<Balance>	<Balance not agreed>	<No Reply>
			Circularised	Agreed	Amt Confirmed	Difference
12433	LEIBINGES, B R	S1	179.74			
145843	JOHNSON, R J	S1	3,465.78	3,465.78		
145843	JOHNSON, R J	L1	-5,987.14		-5,981.14	6.00
346756	HILLS, T G	S2	0.00			
454545	SMITHS, Y E	S2	0.00			
Nominal Total			-2,341.62	3,465.78	-5,981.14	600
Absolute Total			9,632.66	3,465.78	5,981.14	6.00

NOTES:

Balance Circularised

The balance that appeared on the Circularisation statement. Accounts with a Circularised '0.00' balance at the end of the list means they have been selected but no statements printed for them.

Balance Agreed

If the circularised balance is confirmed then the Circularised balance is shown here.

Amt Confirmed

If the member did not agree with the statement, the balance confirmed by the member appears here. Otherwise, this column is blank.

Difference

If the balance is not confirmed, the difference between the confirmed balance and the Circularised

balance is shown here.

No Reply Balance

If there was no reply the Circularised balance will appear here. If there was a reply, this column is blank.

Nominal Total

The total of each column by adding the signed values.

Absolute Total

The total of each column by adding the absolute values.

Chapter 11 - General Ledger audit

0. INTRODUCTION

0.1 Description of Audit Tests

This module provides a toolkit of audit tests for use on the General Ledger.

The tests include;

- audit trial balance
- transaction profile
- transaction selection
- account examination
- review tests
- ratio analysis
- report writing facility

The details of these 'tests' follow.

0.1.1. Audit Trial Balance

The special feature of the trial balance program is that you can request a trial balance for individual accounts, classes or groups rather than just all accounts. This would be useful, for instance, to check the asset accounts only when auditing fixed assets.

0.1.2. Transactions Profile

This menu option goes through all transactions on file for the period selected and produces a profile of the transactions in the General Ledger.

0.1.3. Transactions Selection

This menu option selects transactions from the General Ledger file using the parameters specified in the Transaction Selection Parameter entry screen.

0.1.4. Account Examination

This is a very powerful facility allowing the selection of very specific transactions. You do not need a transaction profile to run this program. There are six criteria you can use.

0.1.5. Review Tests

The Review Tests menu option compares the information on the General Ledger Data Capture file with current information and reports any changes or differences.

0.1.6. Ratio Analysis

This menu option calculates the various ratios.

0.1.7. Report Writing

There is a powerful report writer included in the General Ledger Module. It allows you to define comprehensive reports which can be set up as audit working papers. Thus a lot of your routine audit work can be automated.

0.2. Suggested sequence and frequency of module use

This module is a toolkit to assist in the auditing of the General Ledger.

Internal auditors can use the module to monitor transactions occurring in the General Ledger. External auditors can use it to assist with their interim and final audits tests.

The steps shown below give an example of how the module can be used.

Step

1. Use menu option 1 - AUDIT TRIAL BALANCE to check General Ledger account balances and print out a trial balance for the end of the period you are auditing; interim or final.
- 2.. Use menu option 2 - ACCOUNT LISTING to list transactions for a specific G/L account you want to examine. You can also use this step to review an account after using menu option 8 - ACCOUNT EXAMINATION.
3. Use menu option 3 - TRANSACTION PROFILE to construct a profile of all transactions for the period under review.
4. Use menu option 4 - PRINT PROFILE to print the transaction profile.
5. Use menu option 5 - TRANSACTION SELECTION PARAMETERS to input your selection criteria, followed by menu option 6 - TRANSACTION SELECTION to select the transactions matching your parameters.
6. Use menu option 7 - PRINT TRANSACTION SELECTION to print the transactions selected.
7. Use menu option 8 - ACCOUNT EXAMINATION to report transactions by various criteria.

This powerful feature allows the auditor to quickly review transactions of interest. This test can be used for a variety of situations including examination of transactions at a branch prior to an audit visit, review of high value transactions, or transactions made by nominated staff members.

8. Use menu option 9 - GENERAL LEDGER DATA CAPTURE to take a copy of the opening ledger and budget figures, for later use with the Review Tests menu option for comparison purposes.
9. Use menu option 10 - REVIEW TESTS to check for changes to the budget, changes to the opening balances, new accounts opened since the previous

audit, and accounts deleted from the system.

10. Use menu option 11 - TERMS DEFINITION to define terms for later use with the Ratio Analysis menu option.
11. Use menu option 12 - RATIO ANALYSIS to perform this function.
12. Menu options 13 to 18 control the report writing facility. These menu options can be used to set up standard reports and audit work papers which can then be used each year.
13. Menu option 19 - END OF YEAR DATA CAPTURE is an adjunct to the report writer. It provides the facility to keep balances for the past five years on file.
14. When you are satisfied the General Ledger audit is complete, and you have no further use for any of the CAPS files generated during the audit, you can select menu option 20 - CLEAR AUDIT FILES to release the space taken up on the Financial Institution's computer system.
15. Use menu option 21 - SWITCH GENERAL LEDGER FILES when you want to use the End of Year files instead of the Current Year files.

0.3. Essential Financial package information

Be aware that the G/L module in CAPS differs from the other modules in that the audits are run at the time when you finish the parameter screen entry. They cannot be queued to start at a later time through Night Audit.

Following is a brief explanation of Group, Class and Account.

Group

A group is number designating the general area of the Class and account. (eg 3)

Class

A Class consists of a group number with a Class number appended. (eg 3.12)

Account

An Account consists of a Group number, a Class number and an Account number. All three parts are required to designate a specific account. (eg 3.12.15)

1. Audit Trial Balance

This menu option compiles and prints a General Ledger trial balance at any date specified by you.

The special feature of this trial balance program is that you can request a trial balance for individual accounts, classes or groups rather than just all accounts. This may be useful, for instance, to check the asset accounts only when auditing fixed assets.

The following screen will be displayed after you select menu option (1) from the Main General Ledger Menu.

CAPS General Ledger Module - Trial Balance (Live Mode)

Trial Balance Parameters

Account Number	: <1> 4.5
Zero Accounts	: <2> N
Null Accounts	: <3> N
Date of Trial Balance	: <4> 30/06/98
Destination	: <5> P

You are then requested to enter the following parameters:

< 1> Account Number

Enter 'ALL' if you want the trial balance for all General Ledger accounts.

Enter a group number (e.g. "4") if you want only the section of the trial balance for all accounts within that group.

Enter a class number (e.g. "4.5") if you want only the section of the trial balance for all accounts within a particular class within a particular group.

Enter a full account number if you only want a single account balance.

Press [Enter] on a blank entry to exit this screen and return to the Main General Ledger Menu.

< 2> Zero Accounts

Zero Accounts are defined as those accounts with zero balances as at the date of the CAPS trial balance.

Enter [N] if you don't want to include those zero accounts in the trial balance.

Enter [Y] if you want to include those zero accounts in the trial balance.

< 3> Null Accounts

Null accounts are those accounts created but never used during the current financial year. They will have a zero opening balance, no transactions for the current year and a zero closing balance.

Enter [N] if you don't want to include null accounts in the trial balance.

Enter [Y] if you want to include null accounts in the trial balance.

< 4> Date of Trial Balance

Enter the date after which transactions will not be included in the trial balance, e.g 30/06/89.

< 5> Destination

Enter [S] if you require the output to go to the screen.

Enter [P] if you require the output to go to the printer.

Results

The required trial balance will go to either the screen or the printer as requested. Please refer to the example at the end of the chapter.

CAPS will add all transactions to the opening balance for each selected account and produce an independent closing balance as at run time. CAPS will print a message if this closing balance does not agree with the book balance.

If the output goes to the screen, CAPS will pause after displaying each screen full of accounts. You can press [Enter] to display the next screen or [Q] to return to the Trial Balance Parameters Screen.

When the report is completed, CAPS returns to the Trial Balance Parameters Screen.

Please refer to the example at the end of the chapter.

2. ACCOUNT LISTING

This menu option lists the transactions posted to the specified account within a period.

The following screen will be displayed when you select this option.

CAPS General Ledger Module - Account Listing

Account Listing Parameters

Account Number	: <1> 3.2.1
Cutoff Date (before)	: <2> 01/06/98
Cutoff Date (after)	: <3> 30/06/98
Destination	: <4> S

< 1> Account Number

Enter the number of the account you wish to examine. This must be a full account number. It is not possible to specify an entire group etc.

After you have finished listing the accounts required, press [Enter] to go back to the Main General Ledger Menu.

< 2> Cutoff Date (before)

Enter the first date to include in the listing.

< 3> Cutoff Date (after)

Enter the last date to include in the listing.

< 4> Destination

Enter [S] for the listing to go to the screen.

Enter [P] for the listing to go to the printer.

Results

CAPS will list all required transactions to the screen or printer as required. Information provided includes the branch, operator and transaction code. Please refer to the example at the end of the chapter.

If the output is to the screen, CAPS asks you to press RETURN to go through each screen full of information or [Q] to stop listing and go back to the Account Listing Parameters screen.

If the output is to the printer, CAPS prints the listing to the printer. The report will also show the period selected, cheque/journal number and references.

When the listing is completed, CAPS will return to the Accounting Listing Parameters screen.

3. TRANSACTION PROFILE

This menu option goes through all transactions on file for the period selected and produces a profile of the transactions.

The following parameters screen will be displayed.

CAPS General Ledger Module - Transaction Profile

Transaction Profile Parameters

Account required	: <1>12.4.24
Cutoff Date (before)	: <2>01/01/97
Cutoff Date (after)	: <3>31/01/97

<1> Account required

Enter the account number you wish to study. You may enter a full account number; a group and class or just the group.

< 2> Cutoff Date (before)

Enter the first date to include in the transaction profile, eg. 01/01/97.

< 3> Cutoff Date (after)

Enter the last date to include in the transaction profile, eg. 31/01/97.

After you have entered these parameters, CAPS will then prompt:

Records to Process

Enter [ALL] if you want to run a transaction profile for all General Ledger accounts.

Enter a group number (e.g. "4") if you want only a profile of transactions within that group.

Enter a class number (e.g. "4.5") if you want only a profile of transactions for all accounts within a particular class within that group.

Results

CAPS will produce a transaction profile and file it. It will also clear the transaction selection parameters. CAPS will then return to the Main General Ledger Menu.

4. PRINT PROFILE

This menu option allows you to print out the current transaction profile which was generated by running the transaction profile in the previous step.

CAPS will then prompt:

Destination

Enter [P] for printer output.

Enter [S] for screen output.

Results

CAPS will print the transaction profile to the required output media. Please refer to the example at the end of the chapter.

5. TRANSACTION SELECTION PARAMETERS

This step lets you input parameters for selection of transactions based on the Transaction Profile.

The following screen will be displayed if you select this option from the Main General Ledger Menu.

CAPS General Ledger Module - Transaction Selection Parameter

Tran Code	No of Tran	Sample Size	Low \$ Value	High \$ Value	Low % Prop.	High % Prop.
<1>----	-----	-----	-----	-----	-----	-----
001 60	1345	10	1.00			

CAPS allows you to run transaction selection any number of times based on the same transaction profile. You may enter several transaction codes to be selected. Later on, you may decide to do further testing on other transaction codes. So all you do is run transaction selection again on those transaction codes. CAPS displays the transaction selection

parameters used previously. Please note if you do another transaction profile, your transaction selection parameters will be cleared from the system.

CAPS then asks you to enter the details for each transaction code you wish to examine:

< 1> (window):

Tran Code

Enter the transaction code you wish to examine. If you wish to use an existing transaction code, press [Enter]. Otherwise, type a new code. If you wish to delete extraneous codes, type '\ ' and press [Enter].

Press [Enter] on a blank code to finish input.

No of Tran

CAPS will display the number of transactions determined from the transaction profile for this transaction code.

Sample Size

Enter the number of transactions for the transaction code you want to sample. The sample size can be from 0 to the population size displayed by CAPS. CAPS randomly selects the transactions for the sample. This will generate a "Sample Selected" report once the Transaction Selection process is run.

Low \$ Value

Enter the low transaction value. Any transactions on file for this selected transaction code which have a dollar value equal to or less than this value will be selected.

High \$ Value

Enter the high transaction value. Any transactions on file for this selected transaction code which have a dollar value equal to or higher than this value will be selected.

These 2 Dollar Value parameters generate a "Dollar Value" report.

Low % Prop.

Enter the low proportion in percentage. If an account contains less than or equal to the specified proportion of transactions of this selected transaction code, the account will be selected.

High % Prop.

Enter the high proportion in percentage. If an account contains more than or equal to the specified proportion of transactions of this selected transaction code, the account will be selected.

These 2 Proportions parameters generate a “Proportions” report.

Results

CAPS will file the parameters input for the Transaction selection menu option.

If you want to obtain a hard copy of the transaction selection parameters, you can use the print screen function, just type [PSCR] when you see the prompt "Hit <CR> to proceed, 'EX' to exit or item no to edit".

6. TRANSACTIONS SELECTION

This menu option selects transactions from the General Ledger file using the parameters specified in the Transaction selection Parameter menu option.

CAPS will start the selection process at once. CAPS uses the accounts selected in the transaction profile step above. Hence if you selected ALL in the profile, CAPS will carry out the transaction selection on all accounts. If you selected a group of accounts in the profile, CAPS will now do the transaction selection on that group.

Results

CAPS will go through the selected accounts and select the transactions required. The selected transactions will be stored on file. After it has gone through all the selected accounts, CAPS will sort all the selected transactions into date order for printing.

7. PRINT TRANSACTION SELECTION

This step prints the results of the Transaction selection Menu option.

Results

The results of the selection will go to the printer only. The report printed consists of three parts. The first part is those transactions selected by random sampling. The second part is those transactions selected by the dollar value test. The third part is those accounts selected by the proportion test.

CAPS will return to the Main General Ledger Menu after this process. Please refer to the example at the end of the chapter.

8. ACCOUNT EXAMINATION

This menu option allows you to select transactions from specified General Ledger account(s) that satisfy the criteria specified.

This is a very powerful step as you can select very specific transactions. You do not need a transaction profile to run this program. There are six criteria you may use:

The simple rule for selection is: any transaction that satisfies all seven criteria will be selected. Any criteria not entered means no test will be performed in that area, and that criteria will automatically be satisfied.

When you select this option, the following parameter screen will be displayed.

< 1> Account No

Enter [ALL] if you want to examine all General Ledger accounts.

Enter a group number (ie. "4") if you want to examine all accounts for all classes within a group only.

Enter a class number (ie. "4.5") if you want to examine all accounts within a group-class only.

Enter an account number if you want to examine a single account only.

Press [Enter] to go back to the Main General Ledger Menu.

< 2> Page Breaks

Enter [Y] if you want to have a break page in between each account.

Enter [N] to save space by listing transactions of one or more accounts on the same page.

< 3> Cutoff Date (before)

Enter the first date of the period you wish to examine in the form of (dd/mm/yy).

If you don't fill in this field, CAPS will start the selection process from the first transaction on file.

< 4> Cutoff Date (after)

Enter the last date of the period you wish to examine in the form of (dd/mm/yy).

If you don't fill in this field, CAPS will select all transactions that are entered on or after the Cutoff Date (before) specified.

< 5> Dollar Value (low)

Enter a dollar value here if you want to include all transactions with a value less than or equal to this value for further tests.

Don't input anything here if you don't want to select on this criterion.

< 6> Dollar Value (high)

Enter a dollar value here if you want to include all transactions with a value larger than or equal to this value for further tests.

Don't input anything here if you don't want to select on this criterion.

If both the high and low values are entered, transactions passing either test will be included. If both values are not entered, then all transactions will be included for further tests.

< 7> Destination

Enter [P] for output to printer.

Enter [S] for output to screen.

< 8> Transaction codes

You can enter as many transaction codes as you wish to be selected. If you input more than one, transactions of either types will be included for further tests.

If you want to include all transaction codes, leave this entry blank.

< 9> Branch

You can enter as many branch codes as you wish. If you enter more than one, transactions generated by each branch will be included for further tests.

If you want to include transactions from all branches, leave this entry blank.

<10> Operator

You can enter as many operator codes as you wish. If you input more than one, transactions entered by either operator will be included for further tests.

If you want to include transactions entered by all operators, leave this entry blank.

Results

CAPS will start to select the transactions using the criteria you specified.

If you select to view the output on screen, CAPS will ask you to press [Enter] after each screen full of information or after each account. You can enter [Q] to quit an account and continue with other accounts, or [EX] to exit the report and return to the Account Examination Parameter screen.

If you selected printed output, a message will be displayed after the examination report is completed.

In either case, CAPS will return to the Account Examination Parameter screen.

9. GENERAL LEDGER DATA CAPTURE

This menu option copies the opening balances and budget figures for later use in the Review Tests.

Generally speaking, you would probably run this process about a month into the year when all accounts have been created and which should not vary after this.

If you run this menu option, the result of the previous General Ledger Data Capture will be overwritten. CAPS will therefore ask you if you are sure you want to overwrite the existing file.

Results

CAPS will go through all accounts and copy the required information to the Data Capture file.

CAPS will then return to the Main General Ledger Menu.

10. REVIEW TESTS

The Review Tests menu option compares the information on the General Ledger Data Capture file with current information and reports any deletions or changes.

When you select this option from the Main General Ledger Menu, the following screen will be displayed.

CAPS General Ledger Module - Review Tests

Options

Changes to budget figures	:<1> Y
Changes to opening balances	:<2> Y
New accounts since Data Capture	:<3> Y
Deleted accounts since Data Capture	:<4> Y

You can select to do any or all of the tests.

< 1> Changes to budget figures

Enter [Y] if you want to compare the captured budget figures with the current budget figures.

Enter [N] if you don't want CAPS to perform this test.

< 2> Changes to opening balances

Enter [Y] if you want to compare the captured opening balances with the current opening balances.

Enter [N] if you don't want CAPS to perform this test.

< 3> New accounts since Data Capture

Enter [Y] if you want CAPS to check if there are any new accounts added since the Data Capture file was made.

Enter [N] if you don't want CAPS to perform this test.

< 4> Deleted accounts since Data Capture

Enter [Y] if you want CAPS to check if there are any accounts deleted since the Data Capture file was made.

Enter [N] if you don't want CAPS to perform this test.

Results

CAPS will do the tests in two passes. The first pass checks changes to the budget figures, opening balances and detects deleted accounts. The second pass solely locates new accounts.

The exceptions detected will be printed to the printer automatically.

11. TERMS DEFINITION

This menu option lets you input the accounts that make up some of the financial terms that CAPS uses in the Ratio Analysis step.

When this option is selected, the following input screen will be displayed:

Account No/Balance

<1>-----

001 1.1.1 TO 1.1.2

CAPS will then ask you to input:

Term

Enter the term you wish to define. To make input easier, CAPS displays a numbered list of terms used by the Ratio Analysis menu option. This list appears below. You can select the term by typing the number in front of it.

Press [Enter] only to finish all input.

List of terms

- 1 Bad Debts Recovered
- 2 Bad Debts Written Off
- 3 Current Assets
- 4 Current Liabilities
- 5 Debt Collection Expenses
- 6 Doubtful Debt Expenses
- 7 Int. Paid on Savings
- 8 Int. Received on Loans
- 9 Members Loans LY
- 10 Members Loans TY
- 11 Members Savings LY
- 12 Members Savings TY
- 13 Members Share Cap'l LY
- 14 Members Share Cap'l TY
- 15 Net Income LY

16 Net Income TY

17 Operating Profit

18 Quick Assets

19 Staff Costs

20 Total Liabilities LY

21 Total Liabilities TY

< 1 > Account No/Balance

You can define the term by telling CAPS all the accounts that make up the selected term. You can specify accounts in the following ways:

A group of accounts - enter the group number.

A class of accounts - enter group and class number with a dot in between, i.e. [2.3] for class 2.3.

A range of accounts within the same class - enter first and last account numbers with TO in between, i.e. [2.3.1 TO 2.3.9].

An account - enter a single account number.

You can define a term as a dollar value by using the dollar sign ('\$') in front of the figure, i.e. [\$132579.87]. If a dollar value is used, CAPS will remove all other definitions you have entered for this term.

After you have finished all input, CAPS will ask you whether you want to have a hard copy of the definitions. Enter [Y] to obtain a printout. Please refer to the example at the end of the chapter.

Results

The terms defined will be filed for future use.

12. RATIO ANALYSIS REPORTS

This menu option calculates the various ratios.

The following screen will be displayed after you select this option.

All Ratios	: <1> N
Quick Assets	: <2> Y
Current Ratio	: <3> Y
Working Capital	: <4> N
Rate of Return on Capital	: <5> N
Net Operating Margin Ratio	: <6> N
Interest Received to Loans	: <7> N
Interest Paid to Savings	: <8> N
Bad Debt & Debt Collection	
Expenses to Loans	: <9> Y
Staff Costs to Net Income	: <10>Y
Destination	: <11>P

You may then select which ratio you wish to calculate.

< 1 > All Ratios

Enter [Y] to calculate all ratios except those individual ratios you de-select by answering [N] at the prompts for those ratios.

Enter [N] to calculate only those ratios you have selected.

In other words, CAPS will calculate all ratios not marked [N] if you answer [Y] to this question; and CAPS will calculate only those ratios you marked [Y] if you say [N] to this question.

Enter [Y] if you want the ratio calculated.

Enter [N] if you don't want the relevant ratio calculated.

< 2 > Quick Assets

< 3 > Current Ratio

< 4 > Working Capital

< 5 > Rate of Return on Capital

< 6 > Net Operating Margin Ratio

< 7> Interest Received to Loans

< 8> Interest Paid to Savings

< 9> Bad Debt & Debt Collection Expenses to Loans

<10> Staff Costs to Net Income

<11> Destination

Enter [P] to print the results to printer.

Enter [S] to view the ratios on screen.

Results

Please note CAPS may take a few minutes to perform all the calculations and produce the ratios.

The selected ratios will be calculated and the result sent to the requested output media. Please refer to the example at the end of the chapter.

After displaying or printing all requested ratios, CAPS will return to the Main General Ledger Menu.

13. REPORT COLUMN DEFINITION

This step allows you to define some calculation columns for the report writer. CAPS has some column definitions already defined. See additional documentation.

Each column is defined by completing the following screen.

CAPS General Ledger - Column Definition

Column: BAL6

Description: <1>

Results: <2>\$

Formula

<3>BAL5 + AP6

You define a column by entering:

Column

The name of the column you wish to create or edit.

< 1> Description

A short description for this column.

< 2> Result

This specifies how the computed result should be scaled.

Enter [\$] for dollar values.

Enter [%] for percentage result.

Enter [C] for a constant or index result.

< 3> Formula

Enter the formula for calculation. The formula should only be made up of defined columns, and the operators +-*/() only. For example, the balance for period 1 can be defined as OB + AP1. OB is a pre-defined column for the opening balance and AP1 is that for the result of period 1. Another example is (AP2-AP1)/AP1, this is the improvement of the period 2 result over period 1 in percentage terms.

If another calculated column is included in the formula, CAPS will substitute the current formula of that column into this formula. Future formula changes in that column will not be reflected in this column. Therefore you should be very careful in defining calculated columns using calculated columns.

Results

CAPS will parse through the formula, check its correctness and generate an internal calculation formula for this column.

14. INPUT REPORT LAYOUT

This menu option defines the formats for various financial reports.

A report layout is defined by telling CAPS which columns should appear on the report. You can specify the order in which they appear, their field length and headings.

You can define a report layout by filling in the following screen of information:

CAPS General Ledger Module - Define Report Layout

Layout Name: LEAD SCHEDULE - ALT

Description: <1> LEAD SCHEDULE

Report Width:<2> 90

Column Name	Column Width	Column Heading1	Column Heading2
<3>-----	-----	-----	-----
001 NO	7	ACCOUNT	NUNBER
002 NO	25	ACCOUNT	NAME
003 BAL6	15	31 DECEMBER	1997

	47		

CAPS will request you to input the information sequentially:

Layout Name

Enter the name of the layout you wish to define or edit. If you entered a layout name that already exists, CAPS will display that layout definition and allow you to edit it.

<1> Description

Enter a short description for this layout.

< 2> Report Width

Enter the report width in number of columns. The width depends on the printer you are using. The main printer attach to the Financial Institution computer normally prints 132 columns. If you are using other printers, this may vary from 80 to 132 columns.

< 3> Column Information

Column Name

Enter the name of the column you wish to include in this report. You can type [?] to display a list of columns defined.

Column Width

Enter the width for this column. CAPS automatically sums the total column widths you have used and displays it. You should not use the full report width as there needs to be spaces in between columns. The maximum you should use is the report width minus the number of columns.

Column Heading1

Enter the first line of column heading. The maximum length would be the same as the column width used. If you just want to have one line of column heading, please use Column Heading2.

Column Heading2

Enter the second line of column heading.

Results

CAPS will calculate the position for each column, headings etc and file the layout.

15. DELETE REPORT LAYOUT

This menu option allows you to delete unwanted report layouts. Enter the layout name of the report you want deleted. CAPS will display the definition of the layout selected. Press [Enter] to delete the report or 'EX' to cancel.

Results

The selected layout will be deleted from file.

16. INPUT REPORT CONTENTS

This menu option is used to define which accounts should appear in a report.

The Input Report Layout menu option defines the information about an account you want to be printed in each column of the report. This step defines which account or group of accounts should be included in the report. You can also specify totals and literals to print too.

The following screen will be displayed when you select this option:

Layout Name: <1>LEAD SCHEDULE - ALT

Report Headings

<2>-----

001 XYZ CREDIT UNION

002 LEAD SCHEDULE - FIXED ASSETS

Line Description

<3>-----

001 1.5.1 DB

002 'LESS

003 2.3.1 DB

004 @SP

005 @UL

006 @TOTAL1 DB

007 'PROPERTY PLANT + EQUIPMENT;

008 @TOTAL2 DB

You then enter all the required information as follows:

Report Name

Enter the name of the report you wish to define or edit. If the report was previously defined, its definition will be displayed for you to edit.

< 1 > Layout Name

Enter the name of the report layout format you wish to use with this report. The layout name must be previously defined using the Input Report Layout menu option.

< 2 > Report Headings

You can have multiple lines of report headings on each page of the report. This heading will be automatically centered by CAPS.

If you wish to put a period end date on one of the headings, you can enter [@DATE]. CAPS will substitute the period end date when it encounters @DATE on these headings. For example, if you enter 'for period ended @DATE' and the report is for the period ended on 31/07/89, CAPS will print 'for period ended 31/07/89' instead.

< 3> Line Description

This section defines the accounts to be printed. You can use the following description commands:

@SP - force an empty line to be printed

@PAGE - force to start a new page

@UL - prints underlines (-)

@DL - prints double underlines (=)

'literal string - prints the literal string. For example, 'TOTAL

'literal string; - as above but will not generate a carriage return so that you can have a narrative and totals on the same line. For example, 'TOTAL;

account CR/DB - prints one account. If the account balance does not have the specified balance type, the values will be printed in brackets.

class CR/DB {SUP/NP} - prints all accounts in that class. If SUP is used, any accounts with zero values on all columns will be suppressed. If NP is used the accounts are not printed, but CAPS keeps on accumulating the totals.

group CR/DB {SUP/NP} - prints all accounts in that group.

account1 TO account2 CR/DB {SUP/NP} - prints all accounts from account1 to account2. Account1 and account2 must be in the same class.

class1 TO class2 CR/DB {SUP/NP} - prints the class total for all classes between class1 and class2. Class1 and class2 must be in the same group.

group1 TO group2 CR/DB {SUP/NP} - prints the group total for all groups between group1 and group2.

@TOTALi CR/DB - prints the total accumulator i (i=1 to 9).

@TOTALi = 0 - resets the total accumulator i.

Results

CAPS files the report content definition.

17. DELETE REPORT CONTENTS

This menu option allows you to delete unwanted report content definitions.

CAPS will display the definition of the report selected. You can cancel this request by typing 'EX'.

Results

The selected report content definition will be deleted from file.

18. PRINT REPORT

This step prints the financial report you defined in the previous steps.

You can print a report any time for any period of the year. For example, you can print a report for period 1 while you are in period 10 of the financial year.

The following screen will be displayed when you select this option:

CAPS General Ledger Module - Print Financial Report

Report to print	: <1>FIXED ASSETS
Period to print	: <2> 6
Date	: <3> 31/12/97

You then fill in the information for CAPS to print the report.

< 1> Report to print

Enter the name of the report you wish to print.

< 2> Period to print

Enter the period number for the period you wish to report. Note that period 1 represents July, 2 August, 6 December ... 12 June.

< 3> Date

Enter the ending date of the period you entered above. The date should be enter in the following format (dd/mm/yy)

The following is an example of a report content definition:

CAPS General Ledger Module - Report Specification

Report Name: TEST

Layout Name:<1>TEST

Report Headings

<2>-----

001 Test Report for Test Credit Union

002 Audit Lead Schedule as at @DATE

Line Description

<3>-----

001 'Members Savings

002 6 DB SUP

003 @UL

004 'Total Savings;

005 @TOTAL1 DB

006 @SP

007 @TOTAL1 = 0

008 'Members Loans

009 7 CR SUP

010 @UL

011 'Total Loans;

012 @TOTAL1 CR

013 @SP

014 @UL

015 'Savings minus Loans;

016 @TOTAL2 DB

017 @DL

This report content definition prints all accounts in group 6 first. If any account is in credit, the figure will be displayed in brackets, any account with zero values in all columns will not be printed. @TOTAL1 prints the total of all accounts listed. The ; at the end of the 'Total Savings; command line makes the totals come out on the same line as this narrative. @TOTAL1 = 0 clears the total accumulator 1. Similarly, all loan accounts and their totals are printed.

Since we have not cleared total accumulator 2, it contains the totals of both group 6 and 7. Since the balances of group 6 and 7 are in different signs, total accumulator 2 therefore contains the arithmetic sum of the two groups which is the value of total savings minus total loans.

19. END OF YEAR DATA CAPTURE

This menu option copies the year end balances of all accounts to a Data Capture file and keeps them there for 5 years. These figures are then available for use in the report writing facility. If you do not plan to use the report writing facility then there is no advantage in running this Data Capture.

This menu option should be run after the Financial Institution finalises their accounts after the year end.

When you select this option, CAPS will check when you last ran this program. If it is within 300 days, it will warn you and you have the option to:

Enter [O] to overwrite the previous Capture file, in case your last Data Capture did not capture the correct closing balances.

For example you may have done the Data Capture on the 23 July and then some late closing entries went through. You would therefore use this step to over-write the current Data Capture with the updated figures.

Enter [N] to start a new Data Capture. In this case CAPS moves all the figures on file over to the next year, creates a new year of figures, and deletes the oldest figures. Hence the current figures become year1, year1 becomes year2, year2 becomes year3, etc, and the old year file is deleted.

Enter [A] to abort the Data Capture operation.

Results

CAPS will go through the General Ledger files and copies the required information onto the year end Data Capture file.

20. CLEAR AUDIT FILES

This menu option will clear off the results of various General Ledger audit runs.

CAPS will prompt you to confirm the operation:

Are you sure you want to Clear Audit Files?

You can cancel the operation by entering [N].

Results

Selected CAPS files will be cleared.

21. SWITCH GENERAL LEDGER FILES

CAPS will allow you to choose between Current-Year data or End-of-Year data. Current-Year data is that which is currently in use. End-of-Year data is that of the previous financial year. CAPS will prompt you with a screen as follows.

CAPS General ledger Module - Switch GL Files

CAPS is currently auditing files for Current Year

Do you wish to audit End of Year Files ? Y

This screen would be displayed if the files were currently set for the Current Year. If the files were set for End of Year then that would be indicated on screen and the alternate option offered.

Simply respond with either [Y] or [N] depending on whether you want to change over.

General audit ledger report example

REPORT 1:

Example of a Trial Balance

General Ledger Trial Balance as at 01 JUN 88

<u>Account Number</u>	<u>Account Name</u>	<u>Debit Balance</u>	<u>Credit Balance</u>	<u>Class Balance</u>
2.1.1	COM REGULAR STOCK	150,000.00		
2.1.2	SEMI OTHER	970,617.74		
2.1.3	SEMI QLD	1,508,101.91		
2.1.4	REGIONAL	500,841.44		
*** Total Class 2.1 GOVERNMENT ***				-3,129,561.09
2.2.4	BANKERS TRUST	500,000.00		
*** Total Class 2.2 SHORT TERM MONEY MARKET ***				-500,000.00
2.3.1	COMMERCIAL BILLS	2,029,494.84		
2.3.2	BANK BILLS	484,123.40		
*** Total Class 2.3 BILLS ***				-2,513,618.24
2.4.1	NEWSTATE BANK		0.00	
2.4.2	MAT TERM DEP		0.00	
2.4.3	TERM DEPOSIT NAT MUT		0.00	
*** Total Class 2.4 FINANCE COMPANIES ***				0.00
2.5.1	CALL	2,358,000.00		
2.5.2	TERM	24,600,000.00		
2.5.3	SPECIAL	10.00		
*** Total Class 2.5 Q.C.C.U.L ***				-26,958,010.00
2.9.1	SHARES IN SUBSIDIARIES	306,458.25		
2.9.2	FINANCIAL SYSTEMS	25,009.00		
*** Total Class 2.9 INVESTMENTS ***				-331,467.25
*** Total Group 2 STOCKS ***				-33,432,656.58
Grand Total		33,432,656.58	0.00	-33,432,656.58

NOTES:

This trial balance is for the accounts in group 2.

REPORT 2:

Example of an account listing

Account Listing from 01/06/88 to 30/11/88

Page: 1.

Account : 2.1.1 Name: LOCAL STOCK

Opening Balance: -150000.00 Current Balance: 0.0

<u>Date</u>	<u>Br</u>	<u>Op</u>	<u>Tc</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>	<u>Balance</u>	<u>Chg</u> <u>Info</u>	<u>Ref</u>
01/08/88	01	105	26	CHEQUE DEPOSIT		150,000.00	0.00		
Totals					0.00	150,000.00	0.00		

REPORT 3:

Example of Transaction Profile

Transaction Profile from 01/07/88 to 30/10/88

Page: 1.

<u>Tran</u> <u>Code</u>	<u>Transaction</u> <u>Description</u>	<u>Highest</u> <u>Value</u>	<u>Lowest</u> <u>Value</u>	<u>Average</u> <u>Value</u>	<u>Popn</u>	<u>Sample</u>
26	CHEQUE DEPOSIT	150,000.00	150,000.00	150,000.00	1	
40	JOURNAL CREDIT	20,327.87	4.23	1,667.88	17	
51	CHEQUE WITHDRAWAL	510,050.00	51,957.50	281,003.75	2	
60	JOURNAL DEBIT	790.60	189.81	390.07	3	
					23	

REPORT 4:

Example of Transaction Selection Report

Selection Transactions for Transaction Code: 40

<u>Date</u>	<u>Acc No</u>	<u>Account Name</u>	<u>Br</u>	<u>Op</u>	<u>Narration (if any)</u>	<u>Jnl/Chq. No</u>	<u>Clnt Ref Amount</u>	<u>Cnt</u>
31/07/88	3.1.3	FULL QLD	03	172	(JUL)	#11	64.85	1
31/07/88	3.1.5	FULL QLD	03	172	(JUL)	#12	446.67	2
31/07/88	3.1.6	FULL OTHER	03	172	(JUL)	#11	682.99	3
25/08/88	3.1.3	FULL QLD	03	114	AUG PREMIUM	#84901	4.23	4
31/08/88	3.1.2	FULL	03	172	(AUG)	#18	168.29	5
31/08/88	3.1.3	FULL OTHER	03	172	(AUG)	#18	682.99	6
30/09/88	3.1.5	FULL OTHER	03	172	(SEP)	#28	20,327.87	7
30/09/88	3.1.7	LOCAL	03	172	(SEP)	#28	168.29	8
30/09/88	3.1.5	FULL QLD	03	172	(SEP) 88	#28	4.23	9
30/09/88	3.1.3	FULL QLD	03	172	(SEP)	#28	640.85	10

End of Transaction Code 40

REPORT 5:

Example of the Account Examination

General Ledger Account Examination

Page: 1.

<u>Date</u>	<u>Br</u>	<u>Op</u>	<u>Tcode</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>	<u>Chq Info</u>	<u>Ref</u>
-------------	-----------	-----------	--------------	--------------------	--------------	---------------	-----------------	------------

** Account: 3.1.1 Name: REG INSCRIBED STOCK Balance: 0.00

01/08/88	1	105	26	CHEQUE DEPOSIT		150,000.00		
----------	---	-----	----	----------------	--	------------	--	--

Gross total of transactions selected is 150,000.00

Gross total of transactions during the period is 150,000.00

Percentage of gross transactions selected is 100.00%

** Account: 3.1.2 Name: SEMI QLD Balance: -1527700.82

31/07/88	3	172	40	(JUL)		640.85	#11	
31/07/88	3	172	40	(JUL)		446.67	#12	

31/07/88	3	172	60	(JUL)	189.81	#12
03/08/88	3	271	51	CHQ - ZACKARIA & CO	510,050.00	527956
11/08/88	1	336	51	CHQ - ZACKARIA & CO	51,957.5	528467
25/08/88	3	114	40	INV 11.8	1,843.21	#84901
31/08/88	3	172	40	AUG PREMIUM	4.23	#84901
31/08/88	3	172	60	(AUG)	189.81	#18
31/08/88	3	172	40	(AUG)	446.67	#18
31/08/88	3	172	40	(AUG)	640.85	#18
30/09/88	3	172	40	(SEP)	189.81	#29

Gross total of transactions selected is 567,691.16

Gross total of transactions during the period is 567,691.16

Percentage of gross transactions selected is 100.00%

** Account: 3.1.3		Name: FULL OTHER		Balance: -1,486,515.67	
31/07/88	3	172	40	(JUL)	682.99 #11
31/08/88	3	172	40	(AUG)	682.99 #18
30/09/88	3	172	60	(SEP)	790.60 #28
30/09/88	3	172	40	(SEP)	20,327.87 #28
30/09/88	3	172	40	(SEP)	682.99 #28

Gross total of transactions selected is 23,167.44

Gross total of transactions during the period is 673.16

Percentage of gross transactions selected is 100.00%

** Account: 3.1.4	Name: LOCAL	Balance: -500,168.28
--------------------------	--------------------	-----------------------------

31/07/88	3	172	40	(JUL)	336.58	#11
31/08/88	3	172	40	(AUG)	168.29	#18
30/09/88	3	172	40	(SEP)	168.29	#28

Gross total of transactions selected is 673.16

Gross total of transactions during the period is 673.16

Percentage of gross transactions selected is 100.00%

REPORT 6:

Example of the Term Definitions

General Ledger Module - Term Definitions

Page: 1.

Definition for	Bad Debts Recovered
Account	Balance (Opening/Closing)
2.1.1	Closing

REPORT 7:

Example of the Ratio Calculations

CAPS General Ledger Module - Ratio Calculation

Page: 1.

Ratio: Quick Assets

Formula: (Quick Assets/Current Liabilities)

Term

Quick Assets	=	-500,000.00
Current Liabilities	=	-3,414,384.77

Result = 0.14

REPORT 8:

Example of the Report Layout

Layout Name: TEST

Report Width: <1> 132

<u>Column Name</u>	<u>Column Width</u>	<u>Column Heading 1</u>	<u>Column Heading 2</u>
NO	12	Account	Number
NA	30	Account	Name
OB	15	Opening	Balance
AP1	15	Movements	Period 1
BAL1	15	Closing Bal	Period 1
	87		

REPORT 9:

Example of a Report Output

Test Report for Test Credit Union

Audit Lead Schedule as at 31/07/87

<u>Acc No</u>	<u>Acc Name</u>	<u>Opening Balance</u>	<u>Movement Period 1</u>	<u>Closing Bal Period 1</u>
	Members Savings			
6.1.1	Ordinary Savings	1,000.00	60.00	1,060.00
6.1.2	Super Savings	5,000.00	100.00	5,100.00
6.2.1	Extra Club	3,700.00	80.00	3,780.00
	Total Savings	9,700.00	240.00	9,940.00

Members Loans

7.1.1	General Loans	2,000.00	80.00	2,080.00
7.2.1	Housing Loans	8,000.00	120.00	8,120.00
7.3.1	Staff Loans	1,000.00	30.00	1,030.00
	Total Loans	11,000.00	230.00	11,230.00
	Savings Minus Loans	(1,300.00)	10.00	(1,290.00)

NOTE:

The horizontal spacing of this sample is not exactly the same as in the layout specification due to space restrictions on these pages.

12. AFIC AUDIT

This module allows you to perform various tests on loan and investment accounts to enable you to meet AFIC (now APRA) requirements.

CONTENTS

- 0. Introduction
 - 0.1 Description of audit tests
 - 0.2 Suggested sequence and frequency of using this module
 - 0.3 Essential Financial Package information
- 1. Year End Data Capture
- 2. Loans Related Parameters
- 3. Loans Related Tests
- 4. Print Loans Related Tests
- 5. Investment Related Parameters
- 6. Investment Maturity Test
- 7. Print Investment Maturity Test
- 8. Clear AFIC Audit Files

0. INTRODUCTION

0.1. Description of Audit Tests

This module has been designed to enable the auditor to meet some AFIC requirements. It is composed of various tests for loans and one test for investments. The tests are as follows:

All these tests can be run as at a Balance Date specified by the auditor.

- **Loan & Overdraft Maturity:** For each loan account the amount of principal repaid in each period specified by the auditor is calculated under current repayment conditions and added to the corresponding period total. Overdraft accounts are allocated to the first period. The periods and balance date are specified by the auditor. This ensures that the test can be adjusted according to potential loan dissection requirement changes.
- **Investment Maturity:** The maturity date for all investment account deposits is calculated and the account balance added to the corresponding period total. The periods and balance date are specified by the auditor. This ensures that the test can be adjusted according to potential deposit profile requirement changes.
- **Loan & Overdraft accounts with stopped interest:** This test selects all loan and overdraft accounts for which interest is not currently being charged. A totalled detail report is produced.
- **Loans Purpose Code test:** All loans are allocated to one of three Purpose Code classes, defined by the auditor, and the balance is added to the class total. If a loan has a purpose code which is not part of a class then this loan is reported on an exception report.
- **Loans Security Code test:** All loans are allocated to one of three Security Code classes, defined by the auditor, and the balance is added to the class total. If a loan has a security code which is not part of a class then this loan is reported on an exception report.

0.2. Suggested sequence and frequency of using this module

This module would typically be used at the end of the financial year, however the information it provides may be useful on a more frequent basis.

The steps in using this module include:

Step

1. If required, run the Year End Data Capture using menu option 1. This is usually run overnight. Further details about when and why it may be necessary to use the Capture file are detailed in the section below “1. YEAR END DATA CAPTURE”.
2. The following day (or within a few days) use menu option 2 - LOANS RELATED PARAMETERS or menu option 5 INVESTMENT RELATED PARAMETERS to enter the parameters you require for the Loans and Investment Tests.
3. When you decide to run the tests, select menu option 3 - LOANS RELATED TESTS or 6 - INVESTMENT MATURITY TEST.

4. The following day (or at any time later) use menu option 4 or 7 - PRINT LOANS RELATED TESTS and PRINT INVESTMENT MATURITY TEST to print the results of these tests.
5. When you are satisfied the AFIC audit is complete and you have no further use for any of the CAPS files generated during the AFIC audit, you can select menu option 8 - CLEAR AFIC AUDIT FILES to release the space used on the Financial Institution's computer system. Note that the 'Year End Data Capture' file is not cleared using this menu option.

1. YEAR END DATA CAPTURE

This option generates a Data Capture file containing Loan, Overdraft and Investment information which can be used for the subsequent tests of this module. You only need to use this option if you are unable to run all the AFIC processes you require on the Balance Date you require. In this case you can run the Data Capture on one night and then run the audit programs at a later more convenient date. For example, you may want to run a Data Capture on or just prior to June 30 and then run the audit programs sometime later when the Financial Institution has finished its year end processing.

NOTE: You do not have to use this option. You can back-date the AFIC audit programs by specifying the 'Balance Date'. However the balance will be calculated as at this date and all other information such as the interest rate, maturity date etc. will be read off the current system files and this information may have changed since the balance date. Provided the Data Capture date is the same as the balance date, or close to the balance date, (a day earlier), and you can be reasonably sure loan and investment account details won't change considerably before or on the balance date, your resulting reports will accurately reflect the loan and investment account information as at the balance date.

The main reason this option has been included is because you may require reports dated as at June 30 but because of Financial Institution year end processing, you may be unable to run the audits at this time. Also, it is usual for account information to change on July 1, so that if you wait until after June 30 to run the audits, you run the risk of using information which did not apply in this prior period. Either you can run a Data Capture on June 30 taking a fraction of the time of an audit program or you can run it just prior to June 30, ensuring that your audit programs are using all the data relevant to the balance date. You can then run the audit at a more convenient time later.

Selecting this menu option and given you are in Test Mode, and the Data Capture has previously been run in live mode, CAPS prompts:

You are in Test Mode, do you want to overwrite the live Data Capture file? [N]

You would usually enter [N] to this question at which point you will be prompted:

Then, do you want to have a practice run without creating a Data Capture file? [Y]

Enter [Y] if you want to perform a quick 'test' run of the Data Capture file. This is not necessary. The message only appears in Test Mode - there are no warnings in Live Mode.

You are in Test Mode, do you want to start now (Y/N)

Enter [N] if you don't want a test run, but want to run the Data Capture file overnight.

- If you answer [Y], CAPS asks:

How many records do you want to process?

Enter the number of records you want CAPS to use as a test sample.

CAPS displays messages to indicate its progress. When finished it returns to the AFIC menu. This process displays the number of records processed in increments of 100.

The counter is counting Loan and Investment accounts.

- If you are in Live Mode, or if you answer [N], CAPS asks:

Do you want 'Year End Data Capture' submitted for overnight running?

Confirm (Y/N)

Enter [Y] to queue the program in NIGHT AUDIT

Enter [N] to cancel the request, and return to the AFIC menu.

Result

If you chose a test sample only, CAPS immediately runs 'Year End Data Capture'. If you chose a full live sample, CAPS sets up an instruction for 'Year End Data Capture' to be run overnight under 'NIGHT AUDIT', (See CAPS Utilities, Option 2 - NIGHT AUDIT for more details).

The results of running 'Year End Data Capture' are stored for later use.

2. LOANS RELATED PARAMETERS

This screen lets you enter parameters for the various loans tests.

CAPS AFIC Module - AFIC Selection Parameters

AFIC Selection Loans Parameters

Balance Date:<1>30/06/95 Loan Maturity Periods

<3>-----

Loan Accts with Int Stopped:<2>Y 001 01/07/95 30/09/95

002 01/10/95 30/06/96

003 01/07/96 30/06/00

004 01/07/00

Loan Purpose Code Classes Loan Security Code Classes Lvl's to Exclude

----- ----- <12>-----

Class 1 Class 2 Class3 Class 1 Class 2 Class3 001 15

<4>----- <5>----- <6>----- <7>----- <8>----- <9>----- 002 99

001 10 001 21 001 78 001 1 001 20 001 16

002 11 002 79 002 2 002 21 002 17

003 8 003 4

Check Purp Code Classes:<10>Y Check Sec. Code Classes:<11>Y

<1> Balance Date

This is the date CAPS uses to calculate the balances. All balances are calculated as at this date.

<2> Loan Accts with Int Stopped

Indicate [Y] if you would like to select Loan accounts for which interest is not being charged, otherwise enter [N]. The default is [N].

<3> Loan Maturity Periods

Enter the maturity periods for which you would like a balance total. For example if you would like principal repaid totals for loans: less than 3 months, 3 months to 1 year, 1 to 5 years and more than 5 years, then enter dates as shown above. You must enter the dates in the format dd/mm/yy. NOTE: You can enter a Start date and no End date for the last of your periods which means that all loans with a maturity period greater than or equal to this date will fall in this last category. To do this, type your last Start Date and press [Enter]. Then for the Ending Date type the hash (#) key and press [Enter].

Purpose Code Classes

<4> Class 1, <5> Class 2 and <6> Class 3

Input all the Purpose Codes which correspond to a 'class'. For example you may have purpose classes of Personal, Commercial and Other for which various ranges of Purpose codes apply. NOTE: You may enter the class descriptions in the Print Parameters which will appear on the resulting report.

Security Code Classes

<7> Class 1, <8> Class 2 and <9> Class 3

Input the Security Codes which correspond to each 'class'. For example you may have classes of Unsecured, Secured by mortgage, Secured by other. NOTE: You may enter the class descriptions in the Print Parameters which will appear on the resulting report.

<10> Check Purpose Code Classes

Indicate [Y] if you wish to run the Purpose Code Class selection, otherwise enter [N]. The default is [N].

<11> Check Security Code Classes

Indicate [Y] if you wish to run the Security Code Class selection, otherwise enter [N]. The default is [N].

<12> Levels to Exclude

Enter any loan levels you would like to exclude. If you would like to include all levels leave this field blank.

3. LOANS RELATED TESTS

Do you wish to use the End of Year Data Capture file for this audit?

Enter [Y] if you have previously run the Data Capture and would like to use this information in the audit. Enter [N] to use the current data on the system.

- if you are in Test Mode. CAPS prompts:

You are in Test Mode, do you want to start 'AFIC loans selection' now? (Y/N)

Enter [Y] if you want to do a quick test run by selecting only a small number of accounts.

Enter [N] if you don't want a test run, but want to select all loan accounts overnight.

- if you answer [Y], CAPS prompts:

How many records do you want to process?

Enter the number of records you want CAPS to use as a test sample.

CAPS displays messages to indicate its progress. When finished it returns to the AFIC menu.

- if you are not in Test Mode, or if you answer [N], CAPS asks:

Do you want 'AFIC Loans Selection' submitted for overnight running? Confirm (Y/N)

Enter [Y] to queue the program in NIGHT AUDIT.

Enter [N] to cancel the request, and return to the AFIC menu.

Result

CAPS selects all loan accounts either from the Data Capture file or from the TRAN file and runs the tests you have specified in your parameters. This information is stored in the CAPS AFIC data files ready to be printed when required.

4. PRINT LOANS RELATED TESTS

This screen allows you to print the results of menu option 4 - LOANS RELATED TESTS. You can choose to print specific reports from the following menu.

CAPS AFIC Module - Print Loans Related Reports

REPORT SELECTION

Report 1: Loan Accounts with Stopped Interest :<1>Y
Report 2: Purpose Code Class Summary Report :<2>Y
Report 3: Purpose Code Exceptions Report :<3>Y
Report 4: Security Code Class Summary Report :<4>Y
Report 5: Security Code Exceptions Report :<5>Y
Report 6: Loans Maturity Reports :<6>Y

Purpose Class Descriptions

Class 1:<7> PERSONAL
Class 2:<8> COMMERCIAL
Class 3:<9> OTHER

Security Class Descriptions

Class 1:<10> SECURED BY MORT
Class 2:<11> SECURED BY OTHER
Class 3:<12> UNSECURED

If an asterix ‘*’ appears in a report column this means that this test was not selected in the Loans Related Parameters and the test has not been run; therefore no information is available for printing.

Report 1 to 6

Enter [Y] to print the report or [N] if you do not want to print it.

Print Password

Enter your print password. No user can print a report unless they have their print password.

YOU MUST COLLECT THE PRINT OUT IMMEDIATELY !

DO NOT LEAVE AT THE PRINTER !

Result

Please refer to the example at the end of the chapter.

5. INVESTMENT RELATED PARAMETERS

The Investment Parameters screen is as follows :

CAPS AFIC Module - AFIC Selection Parameters

AFIC Selection Investments Parameters

Balance Date:<1>30/06/95

Investment Maturity Periods

<2>-----

001 01/07/95 30/09/95

002 01/10/95 30/06/96

003 01/07/96 30/06/00

004 01/07/00

< 1> Balance date

This is the date CAPS uses to calculate the balances. All balances are calculated as at this date.

< 2> Investment Maturity Periods

Enter the maturity periods for which you would like a balance total. For example if you would like totals for investments maturing: less than 3 months, 3 months to 1 year, 1 to 5 years and more than 5 years, then enter dates as shown above. You must enter the dates in the format dd/mm/yy.

NOTE: You can enter a Start date and no End date for the last of your periods which means that all investments with a maturity period greater than or equal to this date will fall in this last category. To do this, type your last Start Date and press [Enter]. Then for the Ending Date type the hash (#) key and press [Enter].

6. INVESTMENT MATURITY TEST

Do you wish to use the End of Year Data Capture file for this audit?

Enter [Y] if you have previously run the Data Capture and would like to use this information in the audit. Enter [N] to use the current data on the system.

- if you are in Test Mode. CAPS prompt:

You are in Test Mode, do you want to start 'AFIC Investment selection' now (Y/N)

Enter [Y] if you want to perform a quick test run by selecting only a small number of accounts.

Enter [N] if you don't want a test run, but want to select all investment accounts overnight.

- if you answer [Y], CAPS prompts:

How many records do you want to process?

Enter the number of records you want CAPS to use as a test sample.

CAPS displays messages to let you know what it is doing. When finished it returns to the AFIC menu.

- if you are not in Test Mode, or if you answer [N], CAPS prompts:

Do you want 'AFIC Investment Selection' submitted for overnight running?

Confirm (Y/N)

Enter [Y] to queue the program in NIGHT AUDIT.

Enter [N] to cancel the request, and return to the AFIC menu.

Result

CAPS selects all investment accounts either from the Data Capture file or from the Certificate file and runs the maturity test according to the dates you have specified in your parameters. This information is stored in the CAPS AFIC data files ready to be printed out when required.

7. PRINT INVESTMENT MATURITY TEST

This allows you to print out the information produced by the Investment Maturity Test, menu option 6.

Print Password

Enter your print password. No user can print a report unless they have their print password.

YOU MUST COLLECT THE PRINT OUT IMMEDIATELY !

DO NOT LEAVE AT THE PRINTER !

Result

Please refer to the example report at the end of the chapter.

8. CLEAR AFIC AUDIT FILES

This allows you to clear all files relating to the AFIC audit.

Are you sure you want to clear all AFIC audit files?

This is just a warning and a check to make sure you really know what you are doing. If you answer [Y], CAPS immediately clears all AFIC audit files. They cannot be recovered. If you answer [N] CAPS returns you to the AFIC menu without doing anything.

Result

The AFIC audit work files are irretrievably cleared.

Chapter 13 - Year 2000 audit

0. INTRODUCTION

0.1. Description of Audit Tests

The main function of this module is to check the validity of specific dates which are stored in the Financial Institution's software package. For example, you might expect the 'Arrears Next Payment Due Date' for each loan account to be within a particular date range. If it was not in this range you would probably be interested in investigating why. Also, you would expect all member transactions on the system to be within a particular date range and would be interested in any that fall outside this range.

This type of audit is important as it verifies some of the date data items stored in the Financial Package. You need to be confident in the integrity of the data for your own satisfaction and because CAPS relies on this data in its audits.

The user is required to enter valid date ranges for particular dates stored in the Financial Institution's software to aid in testing for year 2000 compliance and to verify that the dates CAPS relies on are correct. This module is not solely designed for year 2000. The date validation checks can be performed at any stage to ensure the integrity of dates stored within the Financial Institution's system.

The Financial Institution's software stores dates in an internal format and then converts them to an external date format for display, input and reporting.

The date checks that CAPS performs include:

- Effective Dated Transactions between dates x and y.
- Members are aged between x and y years.
- Next Due Date for Loan Arrears is in a particular date range
- Accounts are opened between dates x and y
- Accounts are closed between dates x and y
- General Ledger postings are between dates x and y
- Periodical Payment Dates are between x and y dates
- Term deposit dates

The above tests are explained in more detail later on in this chapter.

0.2 Suggested sequence and frequency of using this module

The most obvious time to run this module is prior to the year 2000. However this module is not only designed to be incorporated into your year 2000 compliance program, but also can be used on a regular basis to verify the dates stored in the Financial Institution's Package are valid and lie within the particular date ranges set down by you or your institution.

The steps in using this module include:

Step

1. From the Year 2000 Main Menu use option 1 YEAR 2000 PARAMETERS. Enter the required parameters for each date test that you wish to perform.
2. Once you are happy with the parameters entered in the above step, you are now ready to perform your audit. Use option 2 - PERFORM YEAR 2000 AUDIT. Before performing the audit in LIVE mode make sure that you have carried out this audit in TEST mode first. This will highlight any immediate parameter errors.
3. On completion of the audit you can now print your results using option 3 - PRINT YEAR 2000 DATE VALIDATION RESULTS
4. When you are satisfied the Year 2000 audit is complete, and you have no further use for any of the CAPS files generated during the Year 2000 audit, you can select menu option 4 - CLEAR YEAR 2000 AUDIT FILES.

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1. Year 2000 Date Validation Parameters

This option allows you to enter the Date Validation parameters for each of the date checks.

The screen below is the first of three parameter screens. If you do not wish to perform a particular test then leave the relevant field(s) blank.

CAPS YEAR 2000 MODULE - DATE VALIDATION OF INSTITUTION DATA (Live Run)

YEAR 2000 - DATE VALIDATION

Member Transactions:

Period Start:< 1>01/01/97

Period End:< 2>21/03/99

Valid Member Ages

Minimum Age: < 3>5

Maximum Age:< 4>95

Report on No Birth Dates: < 5>N

NEXT DUE DATE for Arrears

Minimum Due Date:< 6>01/10/98 Maximum Due Date:< 7>31/12/99

Member Transactions:

This process goes through all transactions (looking at the effective date) between a nominated start date and end date. The dates you enter here should endeavour to cover the entire spectrum of transactions on your system.

<1> Period Start

Enter the start date for which the first effective dated transaction should commence from.

<2> Period End

Enter the end date for which the last effective dated transaction should have taken place.

Valid Member Ages:

This process goes through all client records making sure that their ages lie within a certain range.

<3> Minimum Age

Enter the minimum age for a member

<4> Maximum Age

Enter the maximum age for a member

<5> Report on No Birth Dates

Some Financial Institutions have clients on their system which have no birth dates. If you wish to ignore these blank birth dates in the above range test enter a 'N' here.

NEXT DUE DATE for Arrears:

This test checks that the next repayment date for each loan lies within a specified range.

<6> Minimum Due Date

Enter the minimum due date that is allowed for a repayment date.

<7> Maximum Due Date

Enter the maximum due date that is allowed for a repayment date.

The screen below is the second of three parameter screens. If you do not wish to perform a particular test leave the relevant field(s) blank.

CAPS YEAR 2000 MODULE - DATE VALIDATION OF INSTITUTION DATA (Live Run)

YEAR 2000 - DATE VALIDATION

Opening/Closing Dates for Member Accounts

Opening Start Date:< 8>01/01/90 Opening End Date:< 9>21/03/99

Closing Start Date:<10>01/01/90 Closing End Date:<11>21/03/99

General Ledger Transactions

Start Date: <12>01/07/98 End Date: <13>21/03/99

Opening/Closing Dates for Member Accounts:

This test ensures that accounts are opened and closed within a particular date range. All savings, loans and investment accounts are checked.

<8> Opening Start Date

Enter the earliest opening date of accounts opened on your system that you wish to check.

<9> Opening End Date

Enter the latest opening date of accounts opened on your system that you wish to check.

<10> Closing Start Date

Enter the earliest closing date of accounts closed on your system that you wish to check.

<11> Closing End Date

Enter the latest closing date of accounts closed on your system that you wish to check.

General Ledger Transactions:

This test goes through all General Ledger postings between two given dates. For example you may wish to perform a test that checks that all General Ledger transactions taking place are in the current financial year.

<12> Start Date

Enter the commencement date for when the first General Ledger transaction should take place.

<13> End Date

Enter the end date for which the last General Ledger posting should have taken place.

CAPS YEAR 2000 MODULE - DATE VALIDATION OF INSTITUTION DATA (Live Run)

YEAR 2000 - DATE VALIDATION

Periodic Payments: Range Check

Start Date: From <14>01/01/98 To <15>21/03/99

Expiry Date: From <16>01/01/98 To <17>31/12/99

Date Loaded: From <18>01/01/98 To <19>21/03/99

Date Last Altered: From <20>01/01/98 To <21>21/03/99

Periodical Payments

Periodical Payments refer to electronic payments deducted from a member's account on a regular basis. For Example, a member might pay their health insurance premium on a monthly basis via direct debit.

There are a number of periodical payment date definitions that can be entered onto the system.

CAPS can test for a number of these definitions in the following ways:

Start Date

<14> From

The earliest commencement date that the first periodical payment should have started.

<15> To

The latest commencement date for the last periodical payment.

Expiry Date

<16> From

Periodical Payments when setup can also have an expiry date. Enter the earliest expiry date that should appear on these periodical payments

<17> To

Enter the latest expiry date that should appear on these periodical payments.

Date Loaded

<18> From

This is the earliest date that a periodical payment should be loaded onto the system for an account.

<19> To

This is the latest date that a periodical payment can be loaded up on the system for an account.

Date Last Altered

<20> From

This is the earliest date that a periodical payment is allowed to be altered for an account

<21> To

This is the latest date that a periodical payment is allowed to be altered for an account

The screen below is the last of the three screens. If you do not wish to perform a particular test leave the relevant field(s) blank.

CAPS YEAR 2000 MODULE - DATE VALIDATION OF INSTITUTION DATA (Live Run)

YEAR 2000 - DATE VALIDATION

TERM DEPOSITS

Deposit Date: Default date range from <22> 01/01/96 To <23> 31/12/96

Specific Levels Date Ranges -

<24> Level	From	To
001 11	11/01/56	31/12/64
002 12	01/01/88	01/01/89
003 13	01/01/55	01/01/77
004 15	01/01/55	01/01/88

Maturity Date: Default date range from <25> 01/03/96 To <26> 31/12/02

Specific Levels Date Ranges -

<27> Level	From	To
001 22	31/12/66	30/06/00
002 23	01/01/75	15/03/01
003 24	01/01/75	01/01/02
004 26	11/01/56	21/11/01

Term Deposit date validation

Term Deposits held at a financial institution have two date components - the deposit date and the maturity date. This routine allows you to check that these dates are within a specified date range. Those found outside this range or have illegal data stored in the date fields will be reported as discrepancies.

Deposit date fields

Default date range

<22> From

Enter the starting term deposit date for checking all levels.

<23> To

Enter the ending term deposit date for checking all levels.

Specific Levels and Date ranges

<24> Level

Enter the term deposit level number to check the deposit date range. You may nominate certain levels of accounts to have a specific date range. An account matching this level will use the indicated date range rather than the Default date range above.

From

Enter the starting term deposit date for this level range.

To

Enter the ending term deposit date for this level range.

Maturity date fields

Default date range

<25> From

Enter the starting term deposit maturity date for checking all levels.

<26> To

Enter the ending term deposit maturity date for checking all levels.

Specific Levels and Date ranges

<27> Level

Enter the term deposit level number to check the maturity date range. You may nominate certain levels of accounts to have a specific date range. An account matching this level will use the indicated date range rather than the Default date range above.

From

Enter the starting term deposit maturity date for this level range.

To

Enter the ending term deposit maturity date for this level range.

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2. Perform Year 2000 Date Validation Audit

Once all your parameters have been entered you can now perform the Date Validation Audit.

We suggest that you run this audit in Test Mode first before a live run. This is to verify that your parameters are correctly set for this audit.

- if you are in Test Mode. CAPS prompts:

You are in Test Mode, do you want to start 'Data Validation' now? (Y/N)

Enter [Y] if you want to perform a quick test run by selecting only a small number of clients.

Enter [N] if you don't want a test run, but want to select all client accounts overnight.

- If you answer [Y], CAPS prompts:

How many records do you want to process?

Enter the number of records you want CAPS to use as a test sample.

CAPS displays messages to let you know what it is doing. When finished it returns to the Year 2000 menu.

- If you are not in Test Mode, or if you answer [N], CAPS prompts:

Do you want 'Data Validation' submitted for overnight running?

Confirm (Y/N)

Enter [Y] to queue the program in Night Audit.

Enter [N] to cancel the request, and return to the Year 2000 menu.

Result

CAPS selects all accounts which have invalid dates or dates which fall outside the parameter ranges and stores this information in the audit files. Each Year 2000 parameter test stores its results in its own file. This allows for the ease of printing the Year 2000 Date Validation results.

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3. Print Year 2000 Date Validation Results

This option allows you to print the information produced by the Year 2000 Audit, menu option 2.

Print Password

Enter your print password. No user can print a report unless they have their print password.

YOU MUST COLLECT THE PRINT OUT IMMEDIATELY !

DO NOT LEAVE AT THE PRINTER !

Result

Please refer to the example report at the end of the chapter.

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4. Clear Year 2000 Audit Files

This option allows you to clear all the files relating to the Year 2000 Audit.

Are you sure you want to clear all Year 2000 audit Files?

This is just a warning and a check to make sure you wish to clear the audit files. These audit files hold information about your Year 2000 Audit. Once cleared these files are unrecoverable.

If you answer [Y], CAPS immediately clears all Year 2000 audit files. If you answer [N] CAPS returns you to the Year 2000 menu without doing anything.

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Y2K report example

PARAMETER REPORT

*** Australian Medical Credit Union ***

YEAR 2000 Audit Parameters

Member Transactions

Period Start: 01/01/1990

Period End: 31/01/1999

Valid Member Ages

Minimum Age: 3

Maximum Age: 97

Next Due Date for Arrears

Minimum Due Date: 01/04/1999

Maximum Due Date: 30/09/1999

Opening/Closing Dates for Member Accounts

Opening Start Date: 01/01/1980

Opening End Date: 31/01/1999

Closing Start Date: 01/01/1998

Closing End Date: 31/01/1999

General Ledger Transaction Dates

Period Date: 01/07/1998

Period End: 31/01/1999

Periodical Payment Dates

Periodical Start From Date:	01/01/1994
Periodical Start End Date:	31/01/1999
Periodical Expiry From Date:	01/02/1994
Periodical Expiry End Date:	31/12/1999
Periodical Load From Date:	01/02/1994
Periodical Load End Date:	31/01/1999
Periodical Alt From Date:	01/01/1994
Periodical Alt End Date:	31/01/1999

Term Deposit Dates

DEPOSIT Period From Date:	01/01/1996
DEPOSIT Period End Date:	31/12/1996

Account Level: 11	From Date: 11/01/1956
	End Date: 31/12/1964
Account Level: 12	From Date: 01/01/1988
	End Date: 01/01/1989
Account Level: 13	From Date: 01/01/1955
	End Date: 01/01/1977
Account Level: 15	From Date: 01/01/1955
	End Date: 01/01/1988

MATURITY Period From Date:	01/03/1996
MATURITY Period End Date	31/12/2002

Account Level: 22	From Date: 31/12/1966
	End Date: 30/06/2000
Account Level: 23	From Date: 01/01/1975

Account Level: 24	End Date: 15/03/2001
	From Date: 01/01/1975
	End Date: 01/01/2002
Account Level: 26	From Date: 11/01/1956
	End Date: 21/11/2001

**** End of Listing ****

REPORT 1

*** Australian Medical Credit Union ***

**** Year 2000 Date Validation Report started at 23 Jan 99 12:31pm ****

Member Transactions outside Date Range

Acc No	Account Name	Date	Tcode	Amount	Balance	Error
-----	-----	-----	-----	-----	-----	-----
32684L2	Carlos Millhouse	23/12/1999	63	34.23	3929.29	Date out of Range
24332S1	Saul Skinner		25	122.39	1020.45	Invalid Date
22321L1	Hetty Smithers	10/12/1968	63	34.23	3929.29	Date out of Range
18383S2	Anna Kornokova	15/05/2000	63	34.23	3929.29	Date out of Range
32422S2	Sue Simpson	12/10/2001	63	34.23	3929.29	Date out of Range
23323I2	Colin Flanders	21/11/2004	63	34.23	3929.29	Date out of Range

**** End of Listing ****

REPORT 2

*** Australian Medical Credit Union ***

**** Year 2000 Date Validation Report started at 23 Jan 99 12:31am ****

Member Ages outside Date Range

Client ID	Name	Date of Birth	Age	Error
-----	-----	-----	-----	-----

923922	Fred Smirk	23/11/2000	-1	Date out of Range
129321	Judith Ayres	12/5/2001	98	Date out of Range
232882	Nigel Jones		0	Invalid Date

**** End of Listing ****

REPORT 3

*** Australian Medical Credit Union ***

**** Year 2000 Date Validation Report started at 23 Jan 99 12:31am ****

Next Due Date for Arrears outside Date Range

Acc No	Account Name	Next Due Date	Error
-----	-----	-----	-----

997721L1	Watson Lewis	12/12/1999	Date out of Range
828222L5	Beau Fowler	01/01/2001	Date out of Range

**** End of Listing ****

REPORT 4

*** Australian Medical Credit Union ***

**** Year 2000 Date Validation Report started at 23 Jan 99 12:31am ****

Member Accounts on opening Date outside Date Range

Acc No	Name	Date	Error
-----	-----	-----	-----
26262S2	Donald Murphy	11/10/1984	Date out of Range
83839L1	Brent Ryan	29/2/2001	Date out of Range

*** End of Listing ***

REPORT 5

*** Australian Medical Credit Union ***

**** Year 2000 Date Validation Report started at 23 Jan 99 12:31am ****

Member Accounts on closing dates outside Date Range

Acc No	Name	Date	Error
-----	-----	-----	-----
83838L1	Ethan Hawke		Invalid Date
29292I2	Dominic Smith	12/3/1965	Date out of Range
929188L10	Jerry E. Lewis	23/12/1999	Date out of Range

**** End of Listing ****

REPORT 6

*** Australian Medical Credit Union ***

**** Year 2000 Date Validation Report started at 23 Jan 99 12:31am ****

General Ledger Transactions outside Date Range

GL Acct	GL Name	Tran Code	Branch	GL Amt	GL Date
-----	-----	-----	-----	-----	-----
292.101.290	Security Fees	53	331	8332.30	23/12/1997
283.121.281	Petty Cash	27	102	450.00	19/12/2001

**** End of Listing ****

REPORT 7

*** Australian Medical Credit Union ***

**** Year 2000 Date Validation Report started at 23 Jan 99 12:31am ****

Periodical Payments outside Date Range

Client ID	Name	Date	Periodic Payment	Periodic Type	Error
-----	-----	-----	-----	-----	-----
-	-	-	-	-	-
23454S1	Mary Lamb	12/12/2002	4	2	Date out of Range
28382L1	Stephen Jones	1/11/1983	2	1	Date out of Range
42239L1	Beau Jangles	13/9/1999	1	2	Date out of Range

**** End of List ****

REPORT 8

*** Australian Medical Credit Union ***

Term Deposit dates outside date range as at 23 Jan 1999 Page : 1

Client ID	Name	Date	Type	Error
-----	-----	-----	-----	-----
111166I26	ENDRES	OISJFD	Deposit Date	Invalid Date
162222I9	MCDONELL		Deposit Date	Invalid Date
70679I15	CZISLOWSKI	LAKSJDFLJK	Maturity Date	Invalid Date
87763I11	BATES	30/12/1968	Maturity Date	Date out of Range
96207I22	DONAGHEY TSTEE B J	06/04/1965	Deposit Date	Date out of Range
96207I22	DONAGHEY TSTEE B J	01/07/1998	Maturity Date LVL 22	Date out of Range
I22	Record Missing!		Maturity Date	Invalid Date

**** End of Listing ****

*** Australian Medical Credit Union ***

**** YEAR 2000 Date Validation Results completed at 17:29:45 23 Jan 1999 ****