



Department of Banking and Finance

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Brian Kemp
Governor

Kevin B. Hagler
Commissioner

June 10, 2021

TO: Board of Directors and Management of Georgia State-Chartered Credit Unions

RE: Implementation of the Information Technology Composite Rating for Credit Unions

The purpose of this letter is to notify you of an upcoming change in the way in which the Department of Banking and Finance (Department) will be assigning ratings to Georgia state-chartered credit unions as part of Safety and Soundness examinations. The Department will begin to assess "Information Technology" as a separate and distinct component rating, rather than solely as a factor within the "Management" component rating. The change will go into effect for all examinations commencing after January 1, 2022.

By implementing this additional "Information Technology" or "IT" composite rating, the Department is utilizing the Uniform Rating System for Information Technology as published in the Federal Financial Institutions Examination Council (FFIEC) IT Examination Handbook. While all regulators specifically review information technology policies, procedures, and oversight, those discussions and related reporting to credit union officials have been consolidated as part of the "M" or "Management" rating. The primary purpose of the IT composite rating is to evaluate the credit union's overall risk exposure and risk management performance and determine the degree of supervisory attention necessary to ensure that weaknesses are addressed, and risks are properly managed. The assigned rating determines the degree of supervisory attention necessary.

Please note that the implementation of this change will not increase regulatory burden or result in any additional examiner expectations. While the IT rating will now be separately reported, supervisory expectations for the management of IT remains unchanged. Examiners will continue to evaluate the overall effectiveness of the credit union's IT risk management practices and condition. Examiners will evaluate the IT composite to assess the institution's ability to identify, measure, monitor, and control IT risks. The separation of the "IT" composite rating does not imply a requirement to develop enhanced practices where risk is already appropriately identified, measured, monitored, and controlled. Rather, assigning a separate "IT" rating is appropriate and provides for greater granularity and transparency. It is noted that the IT rating may still factor into the overall "M" or "Management" rating.

Should you have any questions relative to this implementation, please contact Supervisory Manager Kevin Vaughn at 770-986-1645 or KV Vaughn@dbf.state.ga.us.

Sincerely,

A handwritten signature in blue ink that reads "Melissa Sneed".

Melissa Sneed
Deputy Commissioner for Supervision