

2010 MOP Recap of Changes

This high level summary of changes is intended to highlight the most significant updates to the Custodial Inventory Manual of Procedures. This document is not intended to be a comprehensive summary of all changes. As a reminder, all CIs are expected to be in compliance with the revised Custodial Inventory Manual of Procedures (MOP) on the date of their institution's conversion to the FedLine Web access solution. Those sites that still utilize FedCash will continue to use the preceding MOP, dated 11/03/08. For more information on the FLWeb crossover, please see http://www.frb services.org/operations/currency/custodial_inventory_program.html.

MOP Section	Change
3.3.2	<p>Revised: The CI Site must maintain an accurate, up-to-date, and uniquely identifiable Signature List (EXHIBIT 8) on file at the CI Site. The current signature list should reflect all active users on the FLWeb user list and be made available for review by the servicing Reserve Bank upon request, such as during an unannounced Compliance Review (records of signature lists must be retained on file for a minimum of one year). (Delete "current" and replace with "active" users.)</p>
4.0.8 & 9.0	<p>Revised: On a quarterly basis, the CI RVM must print, verify, and sign the FLWeb User List (EXHIBIT 12). This report shows all active and inactive employees (employees who have expired passwords and employees whose access has been deleted) and must be reviewed to ensure that all access to FLWeb is accurate. If changes are required due to turnover, the CI RVM must take steps to add or remove user access immediately and retain documentation for Compliance Reviews.</p>
4.1.2	<p>Updated: The CI RVM will not be allowed to complete the monthly Unannounced Management Inventory when he/she participated as a member of the CI RVS the last time the CI was accessed prior to the Management Inventory. In such cases, and on an exception basis only, a Management Designee can be assigned to complete the Management Inventory. This information must be documented as an exception on the Monthly Unannounced Management Inventory (with Management Designee) (EXHIBIT 6).</p>
4.3.1	<p>Added: 4.3.1 All CI Operators must log onto FLWeb each Business Day to retrieve broadcast messages and open the CI Vault. The CI Vault may be opened from any internet accessible PC. Note that Reserve Bank staff may authorize an exception to the requirement to open and close a CI Vault for reasons such as other holidays the DI may observe or for contingency purposes. If the CI Site plans to observe a non-FRB recognized holiday, CI Site management must advise the servicing Reserve Bank in advance.</p>
4.5.1	<p>Added: 4.5.1 Each Business Day, during the CI Operating Hours of the servicing Reserve Bank, a member of the CI RVS or CI RVM must input into FLWeb both the Institution's payments to customers for all denominations and the Institution's end of day DI Holdings for all denominations for the prior Business Day. This data will be used to calculate the Minimum Holdings Requirement and Inventory CAP.</p>
4.5.2	<p>Added/Moved Section: The source documentation for customer payments and DI Holdings must be verifiable to the CI Operator's supporting documentation; kept on file at the CI Site for a minimum of one year; and be made available for review by the servicing Reserve Bank upon request, such as during an unannounced Compliance Review.</p>

<p>4.5.4</p>	<p>Added: 4.5.4 Any time payments data are entered incorrectly it must be corrected. Corrections can be made directly in FLWeb by local CI staff (for both corrections that impact future CAP calculations as well as those that may impact prior CAP calculations for records dating back six months).</p> <ul style="list-style-type: none"> • The CI RVM must approve all corrections keyed into FLWeb, and all source documents supporting the corrections must be maintained for review by Reserve Bank staff during on-site compliance reviews. The CI RVM must print and sign the FLWeb generated Payments or Holdings Corrections Report (EXHIBIT 13 or 14). • Please note that depending on the significance of the change, data corrections may generate retroactive Minimum Holdings Violations. Violations related to data corrections, could lead to formal counseling by the servicing Reserve Bank. The Institution should take the necessary steps to ensure violations are not repeated.
<p>4.6</p>	<p>Added: Information about Minimum Holdings Requirements and Inventory CAP.</p>
<p>4.7.6</p>	<p>Added: 4.6.6 Failure to close the CI Vault by 4:00 p.m. local time of the servicing Reserve Bank will result in a Forced Settlement of the CI Vault in FLWeb by the Reserve Bank. If Forced Settlement occurs, the Institution or subcontractor must take action to ensure that the physical balance in the CI Vault matches the balance reflected in FLWeb at the time of the Forced Settlement. Incidences of Forced Settlement will be monitored closely by the Federal Reserve.</p>
<p>5.1</p>	<p>Added: All CI Operations activities, excluding data entry into FLWeb, are to be conducted under CCTV with both live monitoring and recording, including:</p> <ul style="list-style-type: none"> • Deposits to and withdrawals from the CI Vault; • Transfers in from and out for processing; • Storage in CI Vault; and • Access to CI Vault. <p>Note: The computers where entries are made in FLWeb are not required to be covered by CCTV.</p>
<p>5.6 & 5.7</p>	<p>Added: 5.6 Daily, the CI Operator shall conduct reviews to ensure that all the required CCTV cameras, VCRs, or digital recording equipment is functioning properly. The Daily Review Log CCTV Camera, VCRs, or Digital Recording Equipment (EXHIBIT 3) must be completed and includes the following elements:</p> <ul style="list-style-type: none"> • Date, time, equipment reviewed, comments to include findings or Exceptions noted; and • Signature of person conducting the review. <p>5.7 Weekly, the CI Operator shall conduct a random review to ensure the quality of the recording, that the field of view continues to present the proper views and that all of the activities are being conducted openly. The Weekly Review Log CCTV Quality of Recordings and Fields of View (EXHIBIT 4) must be completed and includes the following elements:</p> <ul style="list-style-type: none"> • Date, time, equipment reviewed, comments to include findings or Exceptions noted; and • Signature of person conducting the review.
<p>6.1 & 6.3</p>	<p>Added: 6.1 A CI RVM, in the presence of at least two CI RVS members, shall conduct an Unannounced Management Inventory on at least a monthly basis, and no later than the last Business Day of each month. The dates of the Unannounced Management Inventory should be random, meaning CI Operator management should not conduct the inventory on the same day of the month or during the same week each month.</p> <p>6.3 If not completed earlier in the month, a daily reminder is displayed in FLWeb to the CI RVM starting five (5) Business Days before the end of the month.</p>

<p>6.2 & 6.3.4</p>	<p>Added: 6.2 The CI RVM must verify that he/she completed the inventory by completing (via FLWeb), printing and signing a monthly Unannounced Management Inventory (EXHIBIT 5).</p> <p>Added: 6.3.4 The CI RVM prints the Monthly Unannounced Management Inventory (EXHIBIT 5) upon completing the process. The CI RVM must sign the form indicating completion of the review.</p>
<p>6.4.1</p>	<p>Revised: The CI RVM prints the Monthly Unannounced Management Inventory (with Management Designee) (EXHIBIT 6) upon completing the process. The form will include a signature line for the Management Designee to sign.</p>
<p>7.0 & Glossary</p>	<p>Added: 7.2 The certification must be signed by a Senior Cash Officer, listed on the Institution’s Official Authorization List (OAL) who is not a CI RVM or CI RVS to certify that the Institution and its Subcontractor, if applicable, are in compliance with all requirements of the Manual of Procedures and Appendix 1 (Custodial Inventory Program) to Operating Circular 2, Cash Services.</p> <p>SENIOR CASH OFFICER – An individual listed on the Institution’s Official Authorization List (OAL) who is not a CI RVM or CI RVS.</p>
<p>8.5</p>	<p>Deleted: If any mistake is made in entering information into FLWeb, the local servicing Reserve Bank must be notified.</p>
<p>10.0</p>	<p>Added: Reference to ELearning Tool</p>
<p>Glossary</p>	<p>Revised Definition: Annual Compliance Certification – A written certification from the Institution’s Senior Cash Officer certifying that the DI is in compliance with all requirements of the Manual of Procedures and Appendix 1(CI Program) to Operating Circular 2, Cash Services.</p>
<p>Glossary</p>	<p>Revised Definition: Bundle Storage – Bundles stored in plastic bags must be in whole bundle increments.</p>
<p>Glossary</p>	<p>Added to Definition of CI Vault: If containers are used to store currency within the CI Vault, the containers must be approved by the Federal Reserve. Examples of appropriate containers within a CI Vault include but are not limited to clear currency bags, clear or opaque large containers, and trays.</p>
<p>Glossary (Also updated references in 2.1, 2.3, 2.4, 4.0.1, 4.4.6, 4.7.3, 4.8.3)</p>	<p>Added & Revised: Definitions to reference CI holdings as “processed and unprocessed” and reference DI holdings as “verified and unverified” were combined into one definition;</p> <p>CURRENCY INVENTORY CLASSIFICATIONS -</p> <p>DI Holdings (sometimes referred to as DI Vault Holdings): Currency owned by the Institution located in their vault.</p> <p>Verified Balances - Value is documented by denomination.</p> <p>Unverified Balances - Value is not documented by denomination.</p> <p>Reserve Bank Currency (sometimes referred to as CI Holdings and CI Inventory, or CI Balances): Currency owned by the Reserve Bank but located within a CI Vault.</p> <p>Processed Currency - Currency that has been piece counted.</p> <p>Unprocessed Currency - Currency that has not been piece counted.</p>

<p>Glossary</p>	<p>Revised Definition: Forced Settlement -Settlement of CI Vault in FLWeb by the servicing Reserve Bank when the CI Operator is unable to settle the vault themselves or the CI Operator has failed to settle the vault at the end of a Business Day.</p>
<p>Glossary</p>	<p>Revised Definitions: Minimum Holdings Requirement (MHR – aka Minimum Vault Holdings (MVH)) – The amount of the Covered Denominations that an Institution is required to hold on its own books before it can deposit currency into the CI Vault, equal to one day of Average Daily Payments in Covered Denominations. Minimum Holdings Violation – An Institution reports DI Holdings that are less than the Minimum Holdings Requirement as described in section 4.6.</p>
<p>Glossary</p>	<p>Added Definition: Monthly Unannounced Management Inventory – An automated monthly certification provided by CI RVM using FLWeb to indicate that CI Operator management completed the Monthly Unannounced Management Inventory audit of the CI Vault and compared the physical balance to the FLWeb balance.</p>
<p>Glossary</p>	<p>Added to Definition of Secure Area: Note: To comply with system standard practices for CI Compliance Reviews, CI Sites are not expected or required to maintain PCs under CCTV surveillance monitoring and recording as this is not considered a component of the Secure Area.</p>
<p>Glossary</p>	<p>Added Definition: Senior Cash Officer – An individual listed on the on the Institution’s Official Authorization List (OAL) who is not a CI RVM or CI RVS.</p>
<p>Glossary</p>	<p>Added Definition: Subcontractor – A third party, such as an armored carrier, to who a DI has subcontracted managing and operating a CI Vault on behalf of the DI.</p>