



Financial & IT Security Compliance in Tribal Lending

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Compliance Topics to Cover

Finance & Accounting

- Oversight, Control, & Understanding of Your Books
- Annual Financial Audits
 - Review Customer Charges/Revenue Calculations
 - Review Vendor Charges
 - Importance of Reconciliations
- Adherence to tax reporting rules
 - 1099s
 - Understanding what is written off debt

IT Security

- Oversight, Control, & Ownership
- Safeguards Rule
 - Purpose
 - Key Provisions

Managing Your Books

- Tribal Lending Entities (TLE) are owned by the tribe
- TLEs are responsible for their books and compliance regardless of who is providing services
- If an error occurs in reporting, the TLE and potentially the tribe are responsible
- Best practice is to have accounting in house or at least have control over books not just access



Understanding Your Books

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- Adherence to GAAP
 - Explanation of Cash vs Accrual
 - Reviewing Financial Results
 - Important to demonstrate control and understanding of financial activity



Annual Financial Audit

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- Independent CPA firm, preferably one that specializes in this unique industry
 - Review revenue calculations/customer charges vs loan docs
 - Review vendor charges vs contracts
 - Importance of Reconciliations



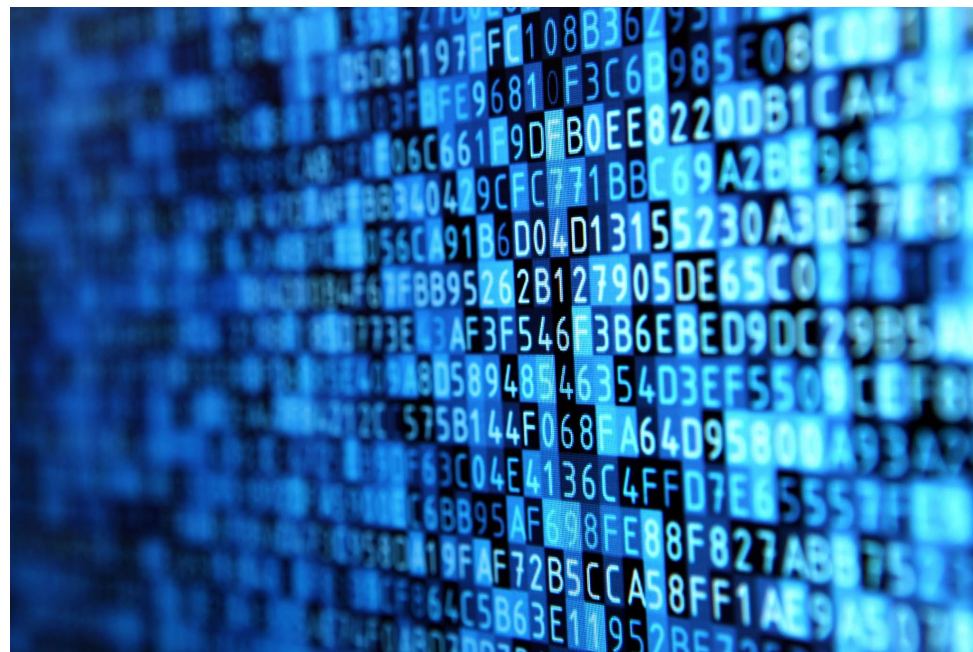
Tax Reporting

- What counts as written off debt?
- Who gets a 1099?
- 1099 reporting
 - 1099-C
 - 1099-MISC
 - 1099-NEC
 - Due January 31, 2024



IT Security: Oversight & Control

- Importance of Oversight & Control
 - Protection of consumer data
 - TLE and possibly tribe responsible for data breach
 - Expensive fines & penalties
 - Reputational damage
 - Data loss
 - Litigation Risks
 - Data sovereignty & digital jurisdiction
- Safeguards Rule
 - Requires financial institutions to develop, implement, and maintain an information security program with administrative, technical, and physical safeguards to protect consumer information
 - Lenders qualify as financial institutions under FTC jurisdiction



Safeguards Rule

- Key Provisions:
 - Organizations must designate a Qualified Individual to facilitate the compliance program
 - Perform a Risk Assessment
 - Design & Implement Safeguards to Control Risks
 - Maintain & Review access controls to the data
 - Evaluate apps that store customer data
 - Set up multi-factor identification
 - Keep a log of user activity when accessing data
 - Implement policies and procedures for unauthorized access to customer data
 - Test Plan Regularly
 - Train Employees
 - Monitor Vendors and Service Providers
 - Have a Written Incident Response Plan