
Internal Audit

Questionnaire

Yes No

GENERAL QUESTIONNAIRE

Review reports and the appropriate programs and work papers of the auditors in order to answer the following audit function questions. Where appropriate, retain supporting documentation and pertinent information or note it under "Comments."

Explain all "No" answers.

- | | | | |
|----|--|--------------------------|--------------------------|
| 1. | Has the auditor devised an overall audit plan identifying areas of risk? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. | Do programs and questionnaires exist for each area? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. | Is the independence of the internal auditor assured, based upon review of documentation such as the function's charter or the organization chart of the institution? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. | If the institution outsources responsibility for the internal audit function, does the outside contractor remain independent and not act in a capacity equivalent to management? | <input type="checkbox"/> | <input type="checkbox"/> |
| | • Does the arrangement comply with current AICPA guidance? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. | Where the auditor used operating personnel, is there documentation showing that: | | |
| | • Either the auditor, or someone the auditor directs, closely supervised the operating personnel's work? | <input type="checkbox"/> | <input type="checkbox"/> |
| | • They did not audit records of the department to which they are assigned or their own work? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. | Does the internal auditor meet with the directors at least annually to discuss written reports of audit? | <input type="checkbox"/> | <input type="checkbox"/> |
| | • How often? _____ | | |
| 7. | Do audit programs include tests of physical and accounting controls performed in the following (minimum) areas: | | |
| | • Cash? | <input type="checkbox"/> | <input type="checkbox"/> |
| | • Consigned items and other nonledger control accounts? | <input type="checkbox"/> | <input type="checkbox"/> |
| | • Investments? | <input type="checkbox"/> | <input type="checkbox"/> |
| | • Loans? | <input type="checkbox"/> | <input type="checkbox"/> |

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Prepared By: _____

Reviewed By: _____

Docket #: _____

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| | Yes | No |
|--|--------------------------|--------------------------|
| • Loans and participations sold and purchased? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Allowances for credit losses? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Deposits? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Confirmation of loans and deposits? | <input type="checkbox"/> | <input type="checkbox"/> |

Note: Detailed questions concerning the internal audit staff work in each of these areas follow.

Cash

| | | |
|---|--------------------------|--------------------------|
| 1. Does the internal audit staff count and balance cash on hand? | <input type="checkbox"/> | <input type="checkbox"/> |
| • How often? _____ | | |
| • Do they make cash counts on a surprise basis? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Do they test bank account reconciliations for accuracy? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Do they test cash receipt procedures? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Do they test cash disbursement procedures? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Do they review cash control records and trace any apparently large or unusual cash movements to or from a department or branch? | <input type="checkbox"/> | <input type="checkbox"/> |

Funds Transfer Activities

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|---|--------------------------|--------------------------|
| 1. Does the internal auditor review the wire transfer function for segregation of duties involving receipt, processing, settlement, accounting, and reconciliation? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the internal auditor test staff compliance with credit and personnel procedures, operating instructions, and internal controls? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Does the internal auditor review overnight drafts? | <input type="checkbox"/> | <input type="checkbox"/> |

Due From Banks

| | | |
|---|--------------------------|--------------------------|
| 1. Does the internal auditor test the bank reconciliation including the Federal Reserve Bank? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Do they receive cut-off bank statements as of the examination date and an appropriate date subsequent to the examination date for use in testing bank reconciliation? | <input type="checkbox"/> | <input type="checkbox"/> |

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| 2. Does the internal auditor review all returned items for an appropriate period subsequent to the examination date? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Does the internal auditor confirm due from banks? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Does the internal auditor check the accuracy and completeness of reports submitted to the Federal Reserve for calculation of required reserve balances? | <input type="checkbox"/> | <input type="checkbox"/> |

Consigned Items and Other Nonledger Control Accounts

- | | | |
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| 1. Does the internal auditor balance and confirm consignment items? | <input type="checkbox"/> | <input type="checkbox"/> |
| • How often? _____ | | |
| • On a surprise basis? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the internal auditor test income from the sale of consignment items? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Does the internal auditor test rental income for safe deposit boxes? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Does the internal auditor check vault entry records for signature(s) of authorized persons? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Does the internal auditor examine safekeeping/custodial accounts or confirm them with an outside custodian? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Does the internal auditor test the completeness of safekeeping/custodial items and records by examining supporting documentation or by confirming with customers? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Does the internal auditor test closed safekeeping/custodial accounts? | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Does the internal auditor test fee income for safekeeping/custodial accounts? | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Does the internal auditor test collection items by examining supporting documentation, subsequent receipt of payments, disbursement to customers of funds collected, or by confirming with customers? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Does the internal auditor test collection fee income? | <input type="checkbox"/> | <input type="checkbox"/> |

Investments

- | | | |
|--|--------------------------|--------------------------|
| 1. Does the internal auditor verify that the board adopted written investment policies that include the institution's investment limits, each trader's limits, etc.? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the internal auditor examine or confirm all investment securities? | <input type="checkbox"/> | <input type="checkbox"/> |

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| 3. | Has the internal auditor ascertained that securities transactions are in keeping with stated portfolio objectives? | <input type="checkbox"/> | <input type="checkbox"/> |
| | Has the internal auditor also: | | |
| | • Reviewed the securities dealers with who the institution conducts securities activities? | <input type="checkbox"/> | <input type="checkbox"/> |
| | • Reviewed objectionable investment portfolio transactions? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. | Does the internal auditor test that all investment securities transactions are authorized? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. | Does the internal auditor verify investment securities balances (including physical count of securities located in the institution, and confirm institution ownership and control of securities held in custody outside the institution)? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. | Does the internal auditor verify the book and market values of investment securities? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. | Does the internal auditor reconcile the accrued interest accounts to detail, and check computations of interest income? | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. | Does the internal auditor test the gain and loss on investment securities sold during the period? | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. | Does the internal auditor review hedging activities (forward commitments, futures, options, and interest rate swaps) for compliance with internal policies and procedures and strategies? | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. | Does the internal auditor check for compliance with laws and regulations applicable to those savings institutions engaging in the purchase or sale of securities instruments for their own account or for the account of customers (including providing commodity advice to customers)? | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. | Does the internal auditor check for compliance with the FFIEC "Supervisory Policy Statement on Investment Securities and End-User Derivatives Activities?" | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. | Does the internal auditor check for compliance with the repurchase agreement provision of the Government Securities Act for non-dealer entities? | <input type="checkbox"/> | <input type="checkbox"/> |

Retail Nondeposit Investment Sales

| | | | |
|----|---|--------------------------|--------------------------|
| 1. | Does the internal auditor check the monitoring and resolution of customer complaints? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. | Does the internal auditor test customer accounts for proper disclosures? | <input type="checkbox"/> | <input type="checkbox"/> |

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- | | Yes | No |
|---|--------------------------|--------------------------|
| 3. Does the internal auditor check for conflicts of interest? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Does the internal auditor review the saving association's compensation program for retail nondeposit investment product sales? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. If the savings association has a separate compliance program for retail nondeposit investment product sales, did the internal auditor review the adequacy of the compliance program? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Where the savings association offers retail nondeposit investment products through an independent third-party vendor, did the internal auditor review vendor adherence to the governing agreement? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Did the internal auditor ascertain that the sales activities were in keeping with established policies and procedures, applicable laws, and regulations, and the February 15, 1994, "Interagency Statement on Retail Sales of Nondeposit Investment Products?" | <input type="checkbox"/> | <input type="checkbox"/> |

Subordinate Organizations and Affiliates

- | | | |
|---|--------------------------|--------------------------|
| 1. Does the internal auditor review and test the investment in and the transactions with related organizations? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the internal auditor determine that investments, advances, or transactions with affiliates are consistent with covenants of debt or other instruments as approved by the board of directors or bank management? | <input type="checkbox"/> | <input type="checkbox"/> |

Derivatives

The level of internal auditor expertise should be consistent with the level of activity and degree of risk assumed by the savings association. In some cases, a savings association may need to outsource internal audit coverage of derivative activities to ensure that the persons performing the audit work possess sufficient depth and experience.

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|---|--------------------------|--------------------------|
| 1. Does the internal auditor assess the adequacy and reasonableness of information obtained and used in risk management systems (market, credit, liquidity, and operation and systems)? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the internal auditor validate the data integrity of significant market, liquidity, and risk management models? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Does the external auditor determine that contract documentation is properly maintained and safeguarded, and ascertain that legal counsel has properly reviewed documents? | <input type="checkbox"/> | <input type="checkbox"/> |

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| 4. Has the external auditor confirmed the effectiveness of internal control systems used for derivatives transaction processing and valuation? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Has the external auditor checked compliance with laws, rules, regulation, proper accounting, and taxation considerations? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Has the internal auditor ascertained the savings association staff performs derivative activities within the guidelines provided by bank policies and procedures? | <input type="checkbox"/> | <input type="checkbox"/> |

Loans

(Loans include commercial loans, installment loans, floor plan loans, credit card loans, home equity, and construction).

| | | |
|--|--------------------------|--------------------------|
| 1. Does the internal auditor determine if the institution maintains up-to-date documentation showing lending policies and procedures? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the internal auditor determine whether compliance with policies and procedures is adequate? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Does the internal auditor test delinquency lists? | <input type="checkbox"/> | <input type="checkbox"/> |
| • How often? _____ | | |
| 4. Does the internal auditor test interest and accrual computations? | <input type="checkbox"/> | <input type="checkbox"/> |
| • How often? _____ | | |
| 5. Does the internal auditor verify loan and escrow (impound) account balances (including confirmation procedures)? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Does the internal auditor physically inspect collateral, if applicable? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Has the internal auditor tested the pricing of negotiable collateral, if applicable? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Does the internal auditor examine notes and other legal documentation for authorized approvals and compliance with policies? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Do the internal auditor's work papers disclose: | | |
| • The number and percent of new loan files examined compared with the total originated during the period? | <input type="checkbox"/> | <input type="checkbox"/> |
| • The number and percent of files applicable to previous audit periods examined compared with the total number outstanding as of the audit date? | <input type="checkbox"/> | <input type="checkbox"/> |

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| <ul style="list-style-type: none">The basis used for selection of loan accounts for inspection and the specific documents inspected? | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Does the internal auditor note all material exceptions? | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Does the internal auditor determine the adequacy of insurance coverage and ensure that the institution names itself as loss payee? | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Does the internal auditor verify the loan-in-process accounts? | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Does the internal auditor review the sales of repossessed collateral/foreclosed mortgages to determine the propriety of the entries made to record the sales? | <input type="checkbox"/> | <input type="checkbox"/> |

Loans and Participations Sold or Purchased

| | | |
|---|--------------------------|--------------------------|
| 1. Do the internal auditor's work papers indicate the extent of audit procedures performed and conclusions reached? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the internal auditor confirm: <ul style="list-style-type: none">Significant balances of loans and participations sold or purchased?Significant terms of purchase or sales agreements? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Do the internal auditor's work papers indicate the methods used to determine the adequacy of auditing procedures on loans serviced by others? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Do the internal auditor's procedures include, when appropriate, obtaining letters from servicing organizations' auditors confirming the extent of their audit procedures? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. For loans purchased, do the internal auditor's procedures verify that: <ul style="list-style-type: none">The underwriting meets the institution's underwriting standards?The institution obtains, reviews, and retains all pertinent documents? | <input type="checkbox"/> | <input type="checkbox"/> |

Mortgage Banking Activities

| | | |
|---|--------------------------|--------------------------|
| 1. Does the internal auditor test book and fair-market values of mortgage servicing assets? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the internal auditor verify the appropriateness of hedge accounting? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Does the internal auditor test the accuracy of tracking systems by verifying that documentation was on hand, or in process of being received, for loans awaiting sales and those being serviced? | <input type="checkbox"/> | <input type="checkbox"/> |

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| • Did the internal auditor follow up on any exceptions outstanding over 120 days? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Does the internal auditor test impairment analyses? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Does the internal auditor determine the accuracy of financial reporting systems and other management information systems? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Does the internal auditor check compliance with established policies and procedures, accounting procedures, laws, rules, and regulations? | <input type="checkbox"/> | <input type="checkbox"/> |

Leasing Activities

- | | | |
|---|--------------------------|--------------------------|
| 1. Does the internal auditor confirm leases and related balance sheet accounts? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the internal auditor review the leases and other legal documentation? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Does the internal auditor test the computation of depreciation expense, interest expense, or rental income? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Does the internal auditor test the computation of any gain or loss on sales and disposals of property and trace the sales proceeds to cash receipts records? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Does the internal auditor determine that account balances accurately reflect any deferred tax liability or asset? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Does the internal auditor review insurance coverage and determine that property damage coverage is adequate in relation to book value and that liability insurance is in effect? | <input type="checkbox"/> | <input type="checkbox"/> |

Allowances for Credit Losses

- | | | |
|--|--------------------------|--------------------------|
| 1. In determining the adequacy of the general and specific allowances for credit losses, including the allowance for loan and lease losses (ALLL): | | |
| • Does the internal auditor verify loan balances for the loans charged off since the last audit? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Does the internal auditor examine the supporting documentation for loans charged off? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Does the internal auditor reconcile loan recovery detail amounts to credit entries in the appropriate general ledger accounts? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Does the internal auditor assess whether the ALLL is adequate to provide for losses for the remaining life of all classified loans and for the next 12 months for the loans that are not classified? | <input type="checkbox"/> | <input type="checkbox"/> |

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- | | Yes | No |
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| 2. Does the internal auditor verify that the institution uses a board-approved method to determine the need for and adequacy of allowances for credit losses? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Does this methodology comply with OTS policy, GAAP, and industry practice? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Is an adequate record available indicating which assets the internal auditor reviewed for classification and when? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Does the internal auditor consider self-classifications of loans in determining the adequacy of the allowances for credit losses? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Does the internal auditor test the recording of deferred tax credits (charges) if the deduction for loan losses on the thrift's tax return was different from that charged to operations? | <input type="checkbox"/> | <input type="checkbox"/> |

Deposits: Demand, Time Deposit Savings Accounts, and other Transaction Accounts

- | | | |
|--|--------------------------|--------------------------|
| 1. Does the auditor maintain up-to-date documentation showing savings policies and practices? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Is the extent of the internal auditor's tests to determine compliance with board-approved policies and practices adequate? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Does the internal auditor address the following (minimum) areas for dual control and segregation of duties: | | |
| • Inactive accounts? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Closed accounts: Does the internal auditor test closed accounts and determine that they were properly closed? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Dormant accounts: Does the internal auditor test account activity in dormant accounts, bank-controlled accounts, employee/officer accounts, and accounts of employees'/officers' business interests? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Passbooks and certificates? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Certificates of deposit: Does the internal auditor account for numerical sequence of pre-numbered certificates of deposits? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Opening accounts? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Closing accounts? | <input type="checkbox"/> | <input type="checkbox"/> |

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| • Loans on deposits? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Account transfers? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Interest (dividend) computation? | <input type="checkbox"/> | <input type="checkbox"/> |

Confirmation of Loans, Demand, Time Deposit Savings Accounts, and Other Transaction Accounts

| | | |
|--|--------------------------|--------------------------|
| 1. Does the internal auditor use an adequate method to determine the extent of confirmation? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Do the internal auditor's work papers show the number and percent (both by number and dollar amount) of loans and deposit accounts confirmed? | <input type="checkbox"/> | <input type="checkbox"/> |
| • What basis does the internal auditor use to select accounts to confirm? _____ | | |
| • Is it appropriate? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. If the internal auditor uses statistical sampling, do the work papers disclose: | | |
| • The method used? | <input type="checkbox"/> | <input type="checkbox"/> |
| • A selection system with a random start? | <input type="checkbox"/> | <input type="checkbox"/> |
| • The confidence level achieved? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Does the internal auditor report all material exceptions? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Does the internal auditor review overdraft accounts and determine collection potential? | <input type="checkbox"/> | <input type="checkbox"/> |

OFFICIAL CHECKS

| | | |
|---|--------------------------|--------------------------|
| 1. Does the internal auditor reconcile account balances? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the internal auditor determine the validity and completeness of outstanding checks? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Does the internal auditor examine documentation supporting paid checks? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Does the internal auditor test certified checks to customers' collected funds balances? | <input type="checkbox"/> | <input type="checkbox"/> |

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Other

1. Does the internal auditor test borrowings for approval and regulatory compliance?
- How often? _____
 - Does the internal auditor confirm borrowed funds?
 - Does the internal auditor examine supporting legal documents, disclosures, and collateral custody agreements, and determine compliance with applicable laws and regulations?
 - Does the internal auditor review the minutes of the stockholders' and board of directors' meetings for approval of all borrowing requiring such approval?
 - Does the internal auditor verify changes in capital notes outstanding?
 - Does the internal auditor review the accrued interest accounts and test computation of interest expense?
2. Does the internal auditor review the adequacy of the scope of auditing procedures for Other Liabilities and Deferred Credits?
- Does the internal auditor confirm balances of "other liability" accounts (including tests for unrecorded liabilities as of a given date)?
 - Does the internal auditor review the operation and use of any "inter-office" account?
 - Does the internal auditor review suspense accounts to determine that appropriate staff clears all items on a timely basis?
3. Does the internal auditor review whether the scope for auditing real estate owned (REO) accounts is adequate?
- Does the internal auditor review procedures to ensure that the institution purchases appropriate hazard insurance?
 - Does the internal auditor review current appraisal procedures, market values, and sales prices?
 - Does the internal auditor review foreclosure procedures including whether the institution has proper title?

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| • Does the internal auditor verify expenses to maintain properties, and confirm rental income? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Does the internal auditor review monthly reconciliations of the properties to the general ledger? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Does the internal auditor review REO reports to the board of directors? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Does the internal auditor's scope for auditing fixed assets include the following procedures: | | |
| • Examining support for additions, sales, and disposals? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Reviewing property transactions with "bank-affiliated personnel?" | <input type="checkbox"/> | <input type="checkbox"/> |
| • Verifying property balances? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Testing computation of depreciation expense? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Testing computation of gain or loss on property sales and disposals and tracing sales proceeds to cash receipts records? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Determining that any deferred tax liability or asset, evolving from the use of different depreciation methods for book and tax purposes is properly reflected on the bank's books? | <input type="checkbox"/> | <input type="checkbox"/> |

Accounts Receivable

| | | |
|--|--------------------------|--------------------------|
| 1. Does the internal auditor perform any of the following procedures: | | |
| • Confirm loan balances? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Review, or confirm with outside custodian, notes and other legal documentation including collateral? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Review the accrued interest accounts and check computation of interest income? | <input type="checkbox"/> | <input type="checkbox"/> |

Other Assets

| | | |
|---|--------------------------|--------------------------|
| 1. Does the internal auditor perform any of the following procedures: | | |
| • Confirm balances and examine support for additions and disposals? | <input type="checkbox"/> | <input type="checkbox"/> |

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Income and Expense

1. Does the internal auditor's scope adequately address all significant income and expense accounts? Yes No
- Does the internal auditor test income and expenses by examining supporting documentation for authenticity and proper approval? Yes No
 - Does the internal auditor test accruals by either recomputing amounts or examining documents supporting such accruals? Yes No
 - Test computations for gains and losses on disposals, and for amortizations? Yes No
 - Review inter-office transactions and suspense accounts to determine whether all items included were temporary? Yes No

Capital Stock

1. If an institution acts as its own transfer agent and/or registrar, does the internal auditor account for all stock certificates (issued and unissued) and reconcile par value of outstanding shares to appropriate general ledger control accounts? Yes No
2. If an institution has an outside transfer agent and/or registrar, did the internal auditor confirm activity and verify that shares were issued since the previous audit? Yes No
3. Does the internal auditor review capital changes? Yes No

Dividends

1. Does the internal auditor verify computation of dividends paid and/or accrued on stock? Yes No
2. Does the internal auditor review the minutes of the board of directors' meetings to verify the propriety and accrual of the dividend payment? Yes No

Information System Services

1. Does the internal auditor perform periodic audit procedures for significant automated applications to determine that workflow is processed accurately and is in conformity with operating manuals? Yes No
2. Does the internal auditor control or periodically review dormant accounts? Yes No
3. Does the internal auditor review unposted items? Yes No

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Payment System Risk

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|---|--------------------------|--------------------------|
| 1. Does the internal auditor test the bank's self-assessment? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the internal auditor review the reasonableness of any de minimis cap? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Does the internal auditor ascertain compliance with established bank policy? | <input type="checkbox"/> | <input type="checkbox"/> |

Asset Management

- | | | |
|---|--------------------------|--------------------------|
| 1. Does the internal auditor test fee income and client reimbursement? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the internal auditor examine asset management client contracts? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Does the internal auditor check for compliance with applicable laws, regulations, and rulings? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Does the internal auditor ascertain adherence with established bank policies and procedures? | <input type="checkbox"/> | <input type="checkbox"/> |

Branches

- | | | |
|--|--------------------------|--------------------------|
| 1. Has the internal auditor performed appropriate audit procedures in the branches during a reasonable audit cycle that are at least as comprehensive as those listed in the applicable areas above? | <input type="checkbox"/> | <input type="checkbox"/> |
|--|--------------------------|--------------------------|

COMMENTS

| | |
|---------------------|--|
| Exam Date: | |
| Prepared By: | |
| Reviewed By: | |
| Docket #: | |