
Liquidity and Cash Flow Management Program

Limited Examination Procedures for Trust-Only Institutions

Examination Objectives

To determine if the association's established policies, procedures, and strategic plans regarding cash flow and liquidity management adequately address safety and soundness, profitability, and compliance with laws and regulations.

To determine if the association has established liquidity and funds management policies in accordance with Thrift Bulletin 77.

To determine if the association's officers and employees are operating in compliance with established guidelines.

To determine if financial records and management reports provide accurate and necessary information to assist management and the directors in fulfilling their cash flow and liquidity management responsibilities.

Examination Procedures

Wkp. Ref.

The following examination procedures are provided as a guide for examiner review of this area. In some cases, it may not be necessary to complete all components of the following procedures. You should conduct examination procedures sufficient to: (1) address the concerns in the scope and any other problems found during the examination, (2) assess the safety and soundness of the institution, and (3) update and support the CAMELS composite and component ratings.

1. Review scoping materials applicable to this program.

2. Obtain and review the adequacy of written policies, procedures, and strategic plans governing cash flow and liquidity management. These guidelines should adequately address safety and soundness (including internal controls), profitability, and compliance with laws and regulations. Review business plans, pro forma financial statements, investment policies, review asset management and funding needs for liquidity and cash management implications.

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3. Determine whether liquidity is adequate and if management actively monitors liquidity levels to ensure sufficient liquidity in relation to the association's activities.

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4. Assess the adequacy of the association's immediate-, near-, and intermediate-term access to cash. What contingency plans are available to raise cash?
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Examiner's Summary, Recommendations, and Comments

Exam Date: _____

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