



NEWS RELEASE

Comptroller of the Currency
Administrator of National Banks

NR 2000-55

FOR IMMEDIATE RELEASE
Date: July 21, 2000

Contact: Robert M. Garsson
(202) 874-5770

OCC Issues Internal Control and Audit Reminder to Banks

WASHINGTON -- The Office of the Comptroller of the Currency today reminded banks of the importance of audit and internal control systems and said deficiencies at some institutions have led to operating losses and fraud investigations.

“The OCC is making effective internal controls in banks one of its top priorities in 2000,” Comptroller of the Currency John D. Hawke, Jr. said. “National banks are in excellent condition today, but we are concerned that continued pressure to maximize earnings can lead to a relaxation of internal control systems. Ineffective internal controls can lead to serious problems in banks.”

The OCC will be reemphasizing bank internal controls and audit programs during future bank examinations, the agency said in an advisory letter issued today. “With new products, services, delivery channels, and other rapid changes taking place in the banking environment, it is increasingly important that bank managers and directors heighten their oversight of audit and control systems to assure that they are effective,” the OCC said.

Effective internal control and audit programs are essential in safeguarding assets, assisting in the timely detection of control errors, and producing accurate bank records and financial reports.

The OCC will soon issue an updated section of the Comptroller’s Handbook addressing internal and external audits.

“There have been a number of examples of banks with weak controls that have affected operational performance and, in some cases, have led to significant operational losses,” said Mark O’Dell, OCC deputy comptroller for core policy. “It is crucial for banks to maintain an effective internal control culture so that long-term strength and stability are not sacrificed for short-term profits.”

###

The OCC charters, regulates and examines approximately 2,400 national banks and 58 federal branches of foreign banks in the U.S., accounting for more than 57 percent of the nation’s banking assets. Its mission is to ensure a safe and sound and competitive national banking system that supports the citizens, communities and economy of the United States.

