

A large, bold, red 'RESCINDED' stamp is superimposed over the top of the page. The stamp is partially overlapping a blue circular logo on the left and some faint text from the original document header. The text behind the stamp includes 'Department of the Office of the Comptroller of the Currency' and 'Department of'.

RESCINDED

OCC 1994-42

Subject: Change in SMS Documentation Policy
Date: June 27, 1994

To: Department and Division Heads, and all
Examining Personnel

Description: Policy Changes

Any attachments to this document are rescinded only as they relate to national banks and federal savings associations.

Monitoring System (SMS). This supplement sets forth several enhancements to EC-263 designed to streamline and better organize SMS comments. SMS areas affected are: the Condition section of the Overall Summary Comment (OSC); the examination Analysis comment; and the examination follow-up Analysis comment. These changes are effective immediately.

Background

Changes are being made to: 1) reduce the burden on examiners by eliminating duplicate preparation of information for the report of examination (ROE) and SMS; 2) make SMS information screens more uniform and consistent; and 3) reduce overall examination/report preparation time. These enhancements are part of ongoing efforts to improve OCC management information systems. They are made possible by the implementation of a uniform interagency ROE and use of available software for uploading and downloading data from one application to another. EC-263 will continue to be the primary guidance for SMS documentation requirements.

Implementing the changes described in this bulletin will have a significant impact on OCC efficiency. A large number of examinations will be affected, especially those where a bank's condition is substantially determined by a single, full-scope, onsite examination during a supervisory cycle. There are about 2,600 community banks with total assets of less than \$1 billion that are not part of a larger multinational or regional company that fall into this segment. These banks represent 81 percent of the total number of national banks in the U.S.

Policy Changes

- 1) Examiners are no longer required to update OSC Condition comments for all banks. The vast majority of banks will not have an OSC Condition comment because the most recent full-scope, onsite examination analysis serves as a summary of the condition of the bank. However, there may be situations where an OSC Condition comment is beneficial. These situations are expected to be limited to multinational, regional, or problem community banks where an OSC Condition comment may be used to summarize multiple analyses conducted throughout the supervisory cycle.
- 2) Examiners are to upload ROE Examination Conclusions comments directly to the SMS Examination Analysis. The Examination Analysis comment may be supplemented, where deemed appropriate, to fulfill EC-263 minimum information requirements.
- 3) If there is a Matters Requiring Board Attention comment in the ROE, examiners will upload that comment directly to the SMS Examination Follow-up Analysis. The Examination Follow-up Analysis comment will then be supplemented by adding a lead-in paragraph addressing management's ability to resolve noted problems/issues and manage the current level of risk, including the likely effects of inaction.

Questions or comments regarding the above can be directed to Robin S. Stefan or Bill Morris in the Chief National Bank Examiner's Office, Examination Process, at 202/874-5190.

Susan F. Krangle
Senior Deputy Comptroller
Bank Supervision Policy

Stephen R. Steinbrink
Senior Deputy Comptroller
Bank Supervision Operations

RESCINDED