

Examination Process

Foreword

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Introduction

The Office of the Comptroller of the Currency’s (OCC) *Comptroller’s Handbook* is a collection of booklets prepared for use by OCC examiners in their supervision of national banks, federal savings associations, and federal branches and agencies of foreign banking organizations (collectively, banks). This “Foreword” booklet describes the organization and format of new, updated, or fully revised *Comptroller’s Handbook* booklets published since the transfer of functions of the former Office of Thrift Supervision (OTS) to the OCC on July 21, 2011 (OTS transfer date). (Updated in version 2.2)

The *Comptroller’s Handbook* is designed to

- inform and educate examiners about the subject matter reviewed—including associated risks and appropriate risk management practices. (Updated in version 2.2)
- guide examiners in performing consistent, high-quality, professional bank supervision across the spectrum of OCC-supervised banks.
- provide examiners with the information necessary to plan and coordinate examinations, identify concerns, and conduct appropriate follow-up.

Booklet Terminology

The OCC publishes new booklets—and updates or fully revises existing booklets—as subject matter changes or when new bank products, services, or activities emerge. Before the OCC publishes new, updated, or fully revised booklets on occ.gov, new information may initially be publicly conveyed through other OCC communications, including bulletins, news releases, or educational programs.

New booklets and booklets fully revised after the OTS transfer date are assigned a version number starting at 1.0. The latest version is indicated on the booklet cover.

Updates

(Section updated in version 2.2)

Existing booklets may be updated with changes that are generally limited in scope. Updates are typically made for clarifications, corrections, or rescissions, or to reference new information in documents that were published after the booklets. Updates are summarized in a “Table of Updates Since Publication” at the back of each updated booklet. The OCC communicates material updates through OCC bulletins.¹

When an existing booklet is updated, the version number increases after the decimal by one (for example, 1.1, 1.2, and 1.3).

¹ Examples of updates that are not material include corrections for typographical errors and formatting changes. These changes are not typically communicated via OCC bulletin.

Paragraphs or sections with substantive changes are identified in a variety of ways, such as the following:

- (Updated in version X.X)
- (Section updated in version X.X)
- (Section added in version X.X)
- (Footnote updated in version X.X)
- (Footnote added in version X.X)
- (Procedures 1, 4, and 5 updated in version X.X)

Updated paragraphs or sections are identified in the most recently published version of the booklet. Versions published before May 16, 2019, use the month and year rather than the version number to mark updates.

Full Revision

Existing booklets are fully revised when they undergo comprehensive changes. Fully revised booklets do not include a “Table of Updates Since Publication.”

When a booklet is fully revised, the number before the decimal is increased by one (for example, 2.0, 3.0, and 4.0), and the number after the decimal resets to zero.

Comptroller's Handbook Organization

The *Comptroller's Handbook* is organized into five series. *Safety and Soundness* is the only series divided into categories. Each series and category includes one or more booklets. Table 1 shows the five series and the seven categories of the *Safety and Soundness* series.

Table 1: Comptroller's Handbook Series and Categories

Series	Categories
Examination Process	
Safety and Soundness	Capital Adequacy Asset Quality Management Earnings Liquidity Sensitivity to Market Risk Other Activities
Asset Management	
Consumer Compliance	
Securities Compliance	

Of particular importance are the booklets in the *Examination Process* series. Within this series, the “Bank Supervision Process” booklet is the central reference for bank supervision policy and describes the OCC’s supervisory philosophy and methods. Three other booklets in this series—“Community Bank Supervision,” “Large Bank Supervision,” and “Federal Branches and Agencies Supervision”—discuss the OCC’s approach to examinations and contain the minimum scope examination procedures or factors (known as the core assessment) for those types of banks.² Another booklet, “Sampling Methodologies,” describes judgmental (i.e., nonstatistical) and statistical sampling in the context of the OCC’s bank supervision. (Updated in version 2.2)

Booklets in other series of the *Comptroller's Handbook* contain detailed information and expanded procedures for examining specialty areas or specific products, services, or activities that warrant review beyond the core assessment. Examiners determine which expanded procedures to use, if any, during examination planning or after drawing preliminary conclusions during the core assessment. Examiners tailor supervisory activities to each bank while fulfilling OCC and statutory requirements. Refer to the “Bank Supervision Process” booklet of the *Comptroller's Handbook* for more information regarding the OCC’s supervisory processes and the types of supervisory activities. (Updated in version 2.2)

The OCC may adopt interagency examination procedures for consumer compliance topics rather than issuing separate *Comptroller's Handbook* booklets addressing those topics. When the OCC adopts interagency procedures in lieu of issuing a separate booklet, the OCC generally includes a

² The “Large Bank Supervision” booklet also applies to the OCC’s supervision of midsize banks. (Footnote added in version 2.2)

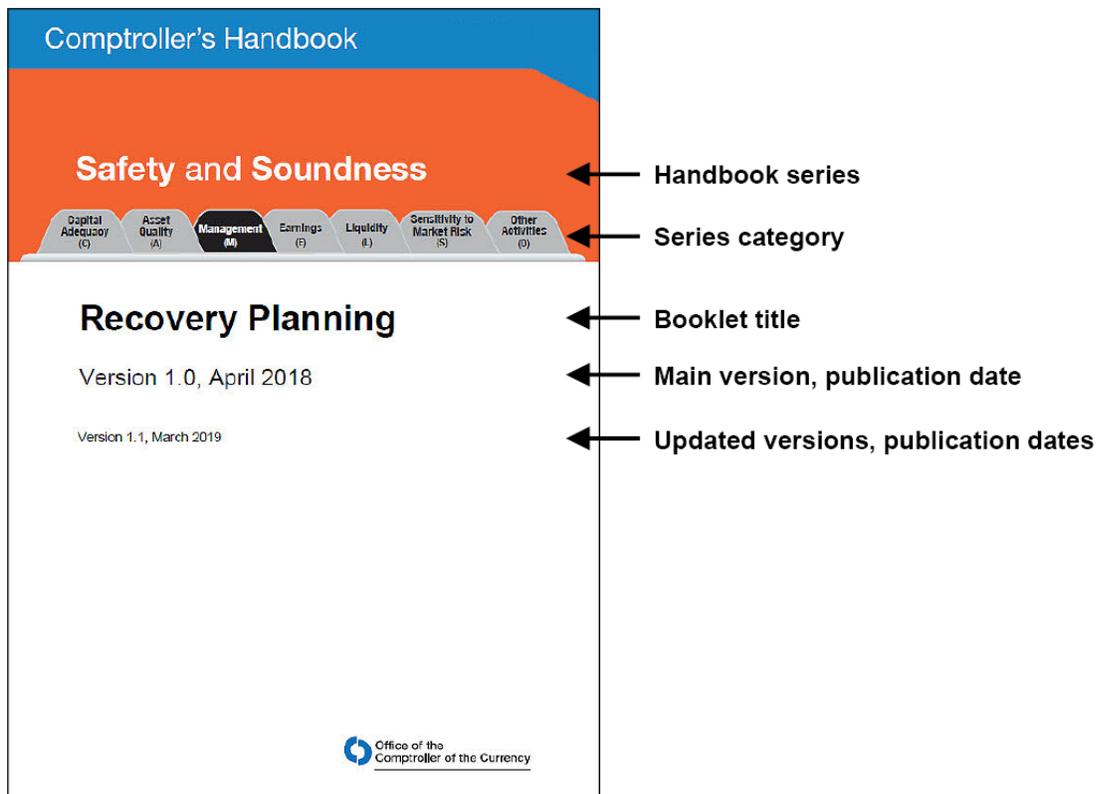
link to those procedures on the *Comptroller's Handbook* section of occ.gov for ease of reference. (Updated in version 2.2)

Bank Secrecy Act/anti-money laundering and information technology specialty areas are addressed on a limited basis in the *Comptroller's Handbook*. More detailed information regarding these topics is addressed by interagency guidance and examination procedures issued by the Federal Financial Institutions Examination Council (FFIEC). Refer to the *FFIEC Bank Secrecy Act/Anti-Money Laundering Examination Manual* and the *FFIEC Information Technology Examination Handbook*. (Updated in version 2.2)

Booklet covers identify the *Comptroller's Handbook* series, booklet title, version number, and publication date. Because the *Safety and Soundness* series is divided into seven categories, these booklet covers also feature a row of seven tabs, one for each category. The appropriate booklet category tab is highlighted on each *Safety and Soundness* cover.

Below the booklet title is the booklet version number followed by the publication date. If there are subsequent updates, those version numbers and publication dates appear below.

Figure 1: Components of a Booklet Cover



Booklet Organization

Most booklets are divided into the following sections:

- “Introduction”
- “Examination Procedures”
- “Appendixes”
- “References”
- “Table of Updates Since Publication” (updated booklets only)

Not every booklet includes each of these five sections. For example, examination procedures are not included in the “Bank Supervision Process” booklet. Booklets may also include additional sections. For example, some booklets include a “Risk Management” subsection of the “Introduction” section, whereas other booklets include “Risk Management” as a standalone section.

Introduction

This section provides comprehensive information on the subject area and explains how the activity, product, service, law, or regulation applies to a bank’s operations. OCC policies pertaining to the area, including the content of previously published OCC issuances, are discussed in this section. The “Introduction” also focuses on the associated risks and risk management practices that examiners should evaluate when examining the area. (Updated in version 2.2)

Examination Procedures

This section generally has four parts:

- **Scope:** guides examiners to plan and tailor the examination to each bank and its unique circumstances.
- **Quantity of Risk:** helps examiners reach conclusions on the level of each associated risk identified in the “Introduction” section of the subject booklet.
- **Quality of Risk Management:** helps examiners assess management’s ability to identify, measure, monitor, and control risks in the area under examination. The “Quality of Risk Management” has four components—“Policies,” “Processes,” “Personnel,” and “Control Systems.”
- **Conclusions:** helps examiners reach, document, and communicate overall conclusions for the area under examination (including on the aggregate level and direction of associated risks).

Each of these parts contains one or more objectives. The objectives state the primary goals for an examination of the area. Each objective includes procedures, which are the steps an examiner may follow to accomplish the objective. The objectives and procedures are not a checklist to be completed for every examination. Rather, they are a comprehensive collection of approaches

from which the examiner selects only those necessary to appropriately assess the area under examination.

The examination procedures in some booklets might not be divided into these four parts. This is because some booklets contain interagency examination procedures, or the examination procedures are arranged by the functional areas typical of the booklet's subject. Additionally, some booklets contain supplemental procedures when risks warrant or to examine specific products, services, or activities of the booklet's subject. (Updated in version 2.2)

Examination procedures in the *Safety and Soundness* and *Asset Management* series booklets may be supplemented by an internal control questionnaire (ICQ) or verification procedures. The ICQ helps an examiner assess a bank's internal controls for the area under examination. Verification procedures are used to verify the existence of assets and liabilities, or test the reliability of financial records. ICQs and verification procedures are included in the "Internal Control Questionnaire and Verification Procedures" booklet of the *Comptroller's Handbook*.

Appendixes

This section includes supplementary material, such as a glossary, abbreviations, worksheets, example request letter, sample forms, or accounting requirements.

References

This section lists laws, regulations, other *Comptroller's Handbook* booklets, OCC issuances, and other OCC and external sources of information that are referenced throughout the booklet.

Table of Updates Since Publication

This section is included in updated booklets. Fully revised booklets do not include the table of updates. This table lists the dates and version numbers corresponding to the updates, the affected pages, and descriptions of the updated content. Affected page numbers are listed only for the most recent version.

Table of Updates Since Publication

Version 2.0: Published September 7, 2017			
Version number	Date	Reason	Affected pages (listed for the most recent version only)
2.2	December 21, 2020	Updated for consistency with language used in typical <i>Comptroller's Handbook</i> booklets	1, 3, 5
		Revised method for marking updates in the body of booklets	1–2
		Updated for consistency with booklets in the <i>Examination Process</i> series of the <i>Comptroller's Handbook</i>	3
		Updated to reflect the OCC's approach to adopting interagency consumer compliance examination procedures instead of issuing separate <i>Comptroller's Handbook</i> booklets.	3–4
		Moved discussion of <i>FFIEC Bank Secrecy Act/Anti-Money Laundering Examination Manual</i> and <i>FFIEC Information Examination Handbook</i> to be near discussion of interagency consumer compliance exam procedures.	4
		Added information regarding the structure of some <i>Comptroller's Handbook</i> booklets	6
2.1	May 16, 2019	Consistency with "Bank Supervision Process" booklet of the <i>Comptroller's Handbook</i>	
		Edited or reorganized content for clarity	
		Revised method for marking updates in the body of booklets	
		Discontinued use of publication codes	
		Removed appendix A from the booklet	