

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 79-100

June 5, 1979

**CHANGE IN POLICY FOR DISTRIBUTION OF
DATA PROCESSING CENTER EXAMINATION REPORTS**

**TO STATE MEMBER BANKS IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:**

In June 1978, the Board of Directors of the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, the Federal Reserve Board, and the Comptroller of the Currency jointly adopted the Interagency EDP Examination, Scheduling and Report Distribution Policy Statement. The Policy Statement established procedures for joint or rotated examinations of data centers, which provide services to more than one class of financial institutions. It also provided for distribution of examination report comments to all serviced institutions.

The joint or rotated examination procedure is functioning well; however, the dissemination of report comments has generated a considerable amount of unnecessary paperwork for the participating agencies. In an attempt to lessen the quantity of paperwork, the agencies have agreed to amend the mandatory distribution requirement to serviced banks in favor of distribution only when the conditions noted at a servicer could adversely or materially affect the serviced institutions.

Enclosed is the amended version of Section III - Report Distribution Policies and Procedures, of the Interagency Policy Statement. This is the only section affected by the amendment. If your bank is serviced by an organization other than a financial institution, please provide your servicer with a copy of this letter and the enclosed amended version of Section III of the Policy Statement.

Sincerely yours,

Robert H. Boykin

First Vice President

Enclosure

III. Report Distribution Policies and Procedures

- A. Distribution of report comments to all insured serviced institutions will be made only when the conditions noted at a servicer could adversely or materially affect the serviced institutions. The regional/district office of the examining agency (in the case of joint examinations, the authoring agency) has sole responsibility for notifying the management of the data center of its intent to distribute report comments. Such notification will only be provided in the cover letter transmitting the completed report to the data center.
- B. The examining agency (in the case of joint examinations, the authoring agency) will furnish all other affected agencies (at the regional or district level) a copy of the completed report, a complete list of serviced institutions, and an outline of any request for corrective action. If the receiving agency feels additional follow-up is warranted, it will immediately request the initiating agency to do so.
- C. When it is determined that report distribution is required, each affected agency will be responsible for reproducing and distributing the report comments to its serviced institutions. A transmittal letter will be used to advise each recipient that the comments are for their internal use only, are not to be construed to satisfy audit requirements, and remain the confidential property of the sending agency. A written receipt will be obtained from each recipient.

These procedures do not affect existing distribution agreements with State agencies. However, no State agency shall distribute report comments to any serviced institution without the expressed consent of the examining agency conducting the examination. The agency conducting the examination will be the only one permitted to provide nonparticipating State authorities copies of the report. In the case of joint examinations, participation by State agencies and report distribution to those State agencies will be decided on an individual basis (at the district or regional level) by the participating Federal agencies.

- D. Regardless of the distributing agency, whenever report comments are to be distributed to serviced institutions they will be limited to the examiner's conclusions, recommendations, and comments. Matters of a proprietary or competitive nature relating to the servicer will be excluded from report comments prepared for distribution to serviced institutions, but will be contained in the report provided to the servicer and other Federal agencies. Requests for additional information will be considered on an individual basis. Each agency with serviced institutions will have access to examiner work papers in addition to the complete report (including confidential sections).

E. In cases where the servicer does not respond to corrective action requests, it may be necessary to report the status of uncorrected deficiencies to the serviced institutions. However, the regulatory agencies of all serviced institutions must first agree on the need for such distribution.