

## MEMORANDUM

To: Subscribers to *Bank Internal Control Manual*

From: Sheshunoff Information Services

Subject: Highlights

---

Enclosed is the most recent update for your subscription. Internal controls should provide reasonable assurance that assets are safeguarded, information is timely and reliable, and errors and irregularities are discovered and promptly corrected. This update includes selected materials to assist your organization in addressing various aspects of corporate governance, specifically with respect to the implementation and monitoring of internal controls to address controls environment elements. Internal control checklists are excellent tools to utilize when performing internal monitoring or assessment of controls within your organization.

- *Corporate governance.* The How To Use This Manual section was updated to provide further insights on the management guidance published in the *Federal Register* relative to the Sarbanes-Oxley Act (SOX). While institutions that are publicly held and meet SOX requirement thresholds must comply with specific regulatory requirements, all financial institutions not covered by SOX have still been encouraged to consider SOX regarding sound internal controls.
- *Internal control monitoring.* New internal controls checklists have been added to Volume II in the following areas:
  - Executive: General Ledger and Accounting
  - Lending: Fair Lending
    - Problem Loans
    - Asset Securitization
  - Operations: Prepaid Cards
  - Data Processing: Controls Review

These new checklists reflect areas of increased focus in recent regulatory examinations. Through careful review of internal controls and related procedures, management can ensure proper monitoring and control of these topic areas.