

MEMORANDUM

To: Subscribers to *Depository Operations Internal Control and Audit Manual*

From: Sheshunoff Information Services

Subject: Highlights

Enclosed is the most recent update for your subscription. This update includes materials to help your bank address various aspects of corporate governance, specifically implementing and monitoring 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 bank. Internal controls should provide reasonable assurance that assets are safeguarded, information is timely and reliable, and that errors and irregularities are discovered and promptly corrected.

Controls Review. A new Controls Review Internal Control Checklist has been added to 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.

Automated Clearing House. New audit program procedures and supporting audit policy checklists are focused on a topic that has been the subjects of recent regulatory concerns. Regulators are requesting more insights on how financial institutions are managing ACH activities and particularly screening for electronic fraud. Furthermore, through ACH transactions, financial transactions are forwarded/received from around the world in a matter of minutes. Therefore, it is incumbent upon the financial services industry to focus on appropriate procedures and controls to address this evolving financial transfer system.