

**Risk Profile Matrix and Summary**

Institution Name City, State	CMS Elements		
	Oversight	Program	Audit
Operational Areas:			
Lending			
Deposits			
Insurance Sales			
Investment Sales (Other)			
Other Issues:			
( )			
( )			

(L) = Low Risk; (M) = Moderate Risk; (H) = High Risk

**Developing a Scope Memorandum**

The EIC should prepare a Scope Memorandum using the information reflected in the preliminary Risk Profile. The Scope Memorandum must be in writing and should address the following:

- Scope of the examination;
- Issues to be investigated or areas to be targeted, and reasons why; and
- Areas not included in the examination scope, and reasons why.

The severity of CMS weakness and operational risk will dictate the intensity of transaction testing. However, if no transaction testing in a particular regulatory area was done in the previous examination, then at least a spot-check should be done during the current examination, even if there are no risk indicators.

In the final Risk Profile and Scope Memorandum, the narrative in the Scope Memorandum describing changes should be in a different typeface for ease of reference. Do not delete the initial narrative. If a spot-check of a particular regulation revealed no problems, that should be noted in the Scope Memorandum chart; no Examiner Summary is required. If an Examiner Summary was prepared, it should be referenced in the Scope Memorandum chart.

The Scope Memorandum provides all members of the examination team with a central point of reference throughout the examination. A sample Risk Profile and Scope Memorandum can be found in Section III. Note that the format of the memorandum may be tailored to individual circumstances if appropriate.

**On-Site Review and Analysis**

Throughout the on-site review and analysis phase of the examination, the examiner should have discussions with senior management, the compliance officer, Directors, and other

personnel to develop an understanding of how management approaches its compliance responsibilities. These discussions will enable the examiner to determine whether and to what extent the financial institution has a compliance management system that is integrated into its daily operations.

**Entrance Meeting With Senior Management**

During the pre-examination planning stage, the EIC should schedule a meeting with senior management (e.g., the president, chief executive officer, compliance officer, and if they wish, members of the Board of Directors). This meeting should take place as soon as possible after entering the financial institution to conduct the on-site portion of the examination and should facilitate the discussion of various administrative items and the scope of the examination. Matters to be discussed during the entrance meeting include:

- An overview of the examination process.
- The names of FDIC examiners involved.
- Anticipated length of the examination.
- The EIC’s accessibility throughout the on-site examination to discuss any issues relating to the examination or FDIC policy and practices.
- The identity of the individual(s) who is/are the primary contact person(s) for examination related issues.
- Any issues identified during off-site review and analysis, particularly areas of significant risk that will be receiving close attention.
- The materials requested during PEP that were not provided by the financial institution prior to the on-site date.
- An explanation of the closing management meeting procedures.
- The date of the next Board of Directors/trustees meeting. (Management should be advised that depending upon the examination findings, the FDIC may need to attend the regularly scheduled meeting or call for a special Board meeting.)
- Any issues related to the CRA evaluation and fair lending review.

Examiners should use a written agenda to document the issues covered at the entrance meeting, and file a copy in the examination workpapers.

**Ongoing Communication**

Communication between financial institution management, Boards of Directors, bank staff, and FDIC examination staff is a major component of an effective examination or visitation. Open communication should be maintained with management during the course of the examination. To the extent possible, all issues of concern should be discussed with management as they arise. This allows management time to provide additional