

## Examination Procedures

### Initial Procedures

The initial procedures are designed to acquaint examiners with the individual operations and processes of the institution under examination. These initial steps focus on an institution's systems, controls, policies, and procedures, including audits and previous examination findings.

The applicability of the various sections of the FCRA and implementing regulations depend on an institution's unique operations. The functional examination requirements for these responsibilities are presented typically in Modules 1 through 6 of these procedures. (Module 6 will be included in a subsequent amendment to these procedures.)

The FCRA contains many different requirements that a financial institution must follow, even if it is not a consumer reporting agency. Subsequent to the passage of the FACT Act, some of the individual compliance responsibilities are set forth directly in the statute, while others are within joint, inter-agency regulations, while still others are set forth in regulations set by some of the regulatory agencies. The modules present examination responsibilities by subject matter, versus strict regulatory or statutory construction.

Initially, examiners should:

1. Through discussions with management and review of available information, determine whether the institution's internal controls are adequate to ensure compliance in the area under review. Consider the following:
  - a. Organization charts
  - b. Process flowcharts
  - c. Policies and procedures
  - d. Loan documentation
  - e. Checklists
  - f. Computer program documentation (for example, records illustrating the fields and types of data reported to consumer reporting agencies; automated records tracking customer opt outs for FCRA affiliate information sharing; etc.)
2. Review any compliance audit material including work papers and reports to determine whether:
  - a. The scope of the audit addresses all provisions as applicable;
  - b. Corrective actions were taken to follow-up on previously identified deficiencies;
  - c. The testing includes samples covering all product types and decision centers;
  - d. The work performed is accurate;
  - e. Significant deficiencies and their causes are included in reports to management and/or to the board of directors; and
  - f. The frequency of review is appropriate.
3. Review the financial institution's training materials to determine whether:
  - a. Appropriate training is provided to individuals responsible for FCRA compliance and operational procedures; and
  - b. The training is comprehensive and covers the various aspects of the FCRA that apply to the individual financial institution's operations.
4. Through discussions with management, determine which portions of the six examination modules will apply.
5. Complete appropriate examination modules, document and form conclusions regarding the quality of the financial institution's compliance management systems and compliance with the FCRA.