

From: [Matt Johnson](#)
To: [Comments](#)
Subject: [EXTERNAL MESSAGE] RIN 3064-ZA27
Date: Monday, August 23, 2021 8:46:16 AM

Dear Madam/Sir,

Based on the request for comments via the Federal Register Vol. 86, No. 153 on 12 August 2021 regarding [RIN3064-ZA27](#), please see the comments below.

Regards,
Matt Johnson

On-Site and Off-Site Activities

1. In your experience, what FDIC examination activities have been best adapted to completion on an off-site basis? Please explain, including why these activities are performed best or are most effective using an off-site approach.

Gathering initial documentation requests off-site are the best adapted for completion on an off-site basis. An off-site approach is most effective since the FDIC examiners can spend time analyzing documentation, conducting preliminary procedures, and establishing a baseline to make efficient use of institution's resources. For example, institution's resources are better used by the FDIC accumulating and organizing questions after the examiners have a wholistic view of the information provided by the institution (e.g. many questions are able to be answered by documentation from other examination areas). Many institutions records are electronically stored or generated and institutions still relying on paper records will be incentivized to digitize.

2. In your experience, what FDIC examination activities have not been as well suited to completion on an off-site basis? Please explain, including why these activities are best suited for completion on or are most effective using an on-site approach.

Examination activities associated with physical controls (e.g. locked shred bins, clean desk policy, cash counts, access control to IT equipment, etc.) are not well suited for an off-site basis. These examination activities are best done on-site to evaluate the complete environment and for examiners to ask follow-up questions as they are experiencing the physical environment. While technology has enhanced the ability for non in person collaboration, building relationships is most effective using an on-site approach.

3. What criteria are useful in determining FDIC examination activities best suited for completion on either an off-site or on-site basis? Please explain.

Risk Level – Evaluating the level of risk posed to the institution's safety and soundness and consideration of controls to mitigate risks. For example, if an institution has a large amount of cash on hand and can evidence strong separation of duties, controls, etc.; the residual risk could determine off-site examination of cash on hand is appropriate.

Reliance – Evaluating if examiners can rely upon work of internal auditors, similar to external

auditors' reliance on the internal audit function. Examiner's increased levels of reliance on appropriate areas could reduce the need to invest resources for an on-site examination.

Business Processes – Assessing the complexity and manual vs. automated controls in business processes could indicate examination activities needed to be conducted on-site or off-site. For example, highly automated processes governed by technological controls would be less likely to require an on-site examination.

Use of Technology

4. In your experience, what FDIC technologies used in conjunction with off-site examination activities have worked well? Please explain.

Video conferencing technologies has worked well to connect examiners with institutions. In lieu of being on-site, this helps develop relationships. The FDIC also has a decent secure email system for institutions who do not have secure email capabilities.

5. In your experience, what FDIC technologies used in conjunction with off-site examination activities could be improved? Please explain.

File Sharing – An easy-to-use file sharing system similar to OneDrive or SharePoint would enhance the collaborative experience between the examiners and institutions. This would reduce reliance on secure email solutions and enable the examination team to have a full view of what the institution has provided versus items stuck in email. The file sharing approach would need governance and guidance to ensure effective governance and organization.

Follow-Up Log – Instead of sending questions via email, it would be great if examiners had an on-line collaborative log to post questions or requests for information. Such a log could automatically send approved institution contacts a daily digest of questions or requests.

Remote Agents – Many organization's VPN solutions do not allow for non-employees to have remote access. It would be helpful if the FDIC had agents institutions could install on designated computers or virtual machines to provide the FDIC with access to the institution's digital record repositories. The FDIC does not currently provide a good solution to access supervised institution's records; while adhering to the principle of least privilege (e.g. only accessing information for examination purposes).

6. What new or emerging technologies would support additional off-site examination activities? Please explain, including any potential impediments to adoption or deployment.

Robotic Process Automation – Examiners' and supervised institutions' use of bots to automate manual tasks could be enhanced (e.g. Blue Prism). Cost and level of effort to deploy the technology could be an impediment to adoption.

Virtualization – Examiners and supervised institutions could benefit from enhanced use of virtual computing environment to facilitate the examination process while maintaining proper controls over information. The level of effort to architect a standard and secure virtual computing environment could be an impediment to adoption.

Communication Methods

7. What communication methods used during FDIC off-site examinations worked well? Please

explain.

Microsoft Teams meetings went very well since it provided video, audio, and chat functionalities. Examiners providing supervised institutions with agendas prior to meeting helped to make efficient use of everyone's time during meetings.

8. What communication methods used during FDIC off-site examinations could be improved? Please explain.

Enhancements could be made to the formal kick-off, status update, and closing meetings. When examiners are off-site, enhancing expectations, communication protocols, and coordination efforts helps the examination process. The use of secure email or email in general to pose questions or request information from supervised institutions could be improved by leveraging an on-line, collaborative list with dashboarding and daily digest communication features.

9. Should the FDIC continue to use secure email as an alternative to hardcopy mail, including when providing outgoing supervisory correspondence? Please explain.

Hardcopy mail should be eliminated from the FDIC's processes since most organizations maintain their records digitally. The FDIC could expand the use of FDIC Connect to coordinating correspondence and file sharing with supervised institutions.

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