Compliance Review Manual

12 C.F.R. Part 370
Recordkeeping for Timely Deposit Insurance Determination

March 2019
Version 1.0

CONTENTS

I. GUIDELINES

Rationale for Compliance Review

The purpose of 12 C.F.R. part 370 (Part 370) is to ensure that deposit insurance can be accurately calculated to facilitate the timely payment of insured funds to depositors in the event a covered institution, a bank with two million or more deposit accounts, fails. Part 370 provides that the FDIC will conduct tests of covered institutions' compliance to ensure the deposit records needed to complete an insurance determination are complete and that a covered institution's information technology (IT) systems are accurately calculating deposit insurance coverage by ownership right and capacity (ORC). Compliance reviews also play a key role in identification of deposit-taking trends and emerging risks to the Deposit Insurance Fund.

Outputs of the compliance testing program will provide the FDIC with knowledge of the covered institution's resolution readiness, an outline of issues that need to be addressed, if applicable, and a framework to manage the claims determination process.

The concepts and guidelines discussed below are designed as a reference tool for the FDIC compliance review staff to use when conducting Part 370 reviews. They are not intended to replace sound judgment and discretion on the part of reviewing staff. The material is designed to promote uniformity and consistency in the Part 370 compliance review process.

Authority to Conduct Testing

Section 10(b) of the Federal Deposit Insurance Act provides authority for the FDIC to conduct a thorough examination of an insured depository institution's affairs.

Section 10 of Part 370 provides that the FDIC will conduct periodic tests of a covered institution's compliance and the covered institution shall provide the appropriate assistance to the FDIC.

Roles and Responsibilities

Because of the various supervisory roles between the primary federal regulator and the FDIC, the large bank resolution specialist-in-charge (RSC) will be the primary contact to coordinate all activities related to Part 370 compliance reviews with the bank personnel and the FDIC case managers for examination and resolution. The RSC will ensure that communication and level of review is appropriately documented and addressed. The assistant director for compliance may rotate the RSCs periodically to promote objectivity and learning among the resolution specialists. The assistant director for compliance will ensure reviews are timely and fairly administered for all covered institutions.

Compliance Testing Frequency

Section 370.10(b)(1) of Part 370 states that testing will be conducted no more frequently than a three-year cycle after the initial compliance test, "unless there is a material change to the covered institution's IT systems, deposit-taking operations, or financial condition." Initial compliance testing will begin no sooner than the last day of the first calendar quarter following a covered institution's compliance date as defined in Part 370.

Coordinating On-Site Testing Schedules

The RSC should make every effort to coordinate on-site testing schedules with case manager representatives from FDIC Division of Risk Management Supervision (RMS) and the primary federal regulator as appropriate. Testing priority should be based on the risk, size, and complexity of the institution. Criteria used may include regulatory ratings, level and trend of deposit account balances and customers, material changes to deposit operations, and the geographic distribution of banking services. Scheduling should be flexible to allow altering of schedules with minimal notice to stakeholders.

Scoping the Compliance Review

Thorough planning is critical to the efficient completion of an on-site test. Effective planning helps support risk-scoping decisions in terms of work performed and areas to receive special attention. It can also help determine staffing needs in regard to the number and expertise of personnel required. Finally, it can enhance review efficiencies and reduce disruptions at covered institutions. A draft scoping memorandum should be approved by the assistant director for compliance before beginning the on-site test.

Information Request Letters
The RSC should prepare information request letters to covered institutions in advance of on-site meetings. Special care should be given to tailor information request letters to the unique risk profile and business model of the covered institution.

Sources of Information
Large bank resolution specialists should consider the following sources of information to identify potential risks for scoping the on-site test. Coordination with the RMS case manager should always occur, and is especially important for the covered institutions in a troubled condition.
- Deposit Account Summary Report (§370.10(a)(2))
- Compliance Certification (§370.10(a)(1))
- Relief requests (§370.8)
- Alternative Recordkeeping Entity Report (IT Functional Guide v2.1, section 2.3.6.2)
- Consolidated Report of Condition and Income
    - Number of deposit accounts
    - Estimated uninsured

- RMS internal reports and ratings
  - Safety and soundness reports of examination
  - IT reports of examination
  - Projected upgrades and downgrades
- Quarterly Banking Profile

Communication with Management
Ongoing communication between RSCs and covered institutions management is a critical element of effective resolution readiness. Open communication will ensure requests are met and disruptions to the covered institution's daily activities are minimized.

The RSC should communicate with covered institution management in advance of the on-site test. The discussion should focus on topics that assist the RSC in scoping the test, identifying information needs, gathering documents, and planning the logistics such as, points of contact, and work space. Additional discussion topics should include planned changes or new developments related to deposit products, IT deposit systems, or deposit recordkeeping. This meeting will also provide an opportunity to solicit management's perspective on complicated ORCs, pending files, relief requests, internal testing and any issues with implementation of Part 370.

On-Site Test

First Day
Generally, the RSC and the review team should meet with covered institution senior management and staff. The first day activities include introductions, review of the output files, additional information requests, discussion of other general test requirements, and discussion of the covered institution's progress on prior compliance recommendations.

Testing and Data Verification
The focus of the on-site test will be determined through the scoping activities from the preliminary off-site meetings. Once the FDIC team is on-site, the RSC and the bank staff will discuss the necessary documents, time frames, and resources needed to conduct the tests that are outlined in section II, Compliance Documentation Modules, of this manual. Testing may include an in-depth review of certain deposit accounts in the output files and deposit account records, as well as corresponding controls, IT system functionality, and data flow. Results will be documented in the compliance workpapers to substantiate any findings.   Management should participate in the discussions and the initial review of findings, as appropriate, considering the size and severity of the findings.

Material Preliminary Findings
All major compliance findings identified should be discussed with the covered institution's senior management as soon as practical during an on-site test. Normally, the RSC should notify the covered institution's management of major findings and possible recommendations before the exit meeting. Covered institution management should have the opportunity to provide additional information or clarification for consideration before the conclusion of the on-site test.

Report of Compliance

The FDIC will provide the covered institution management a report of compliance (ROC) every review cycle. The ROC conveys the covered institution's overall compliance and summarizes compliance activities and findings during the compliance review. The ROC will

- contain conclusions on the accuracy of the deposit insurance calculations and supporting records;
- discuss deficient practices and controls;
- detail corrective actions to which the covered institution management has committed; and
- estimate the time to complete an insurance determination at failure.

Management Meeting

The RSC is expected to communicate with covered institution management regularly during the on-site test to inform management of progress and findings. Further, at the end of the test period and prior to departing the test site, the RSC should request an exit meeting. During this meeting the RSC should discuss any significant compliance issues identified as a result of the testing. If the covered institution is in a troubled condition, the FDIC's expectations should be clearly communicated to the covered institution's management.

Disclosing Reports of Compliance

The ROC is confidential and is the property of the FDIC. FDIC regulations do not prohibit covered institution employees or covered institution agents from reviewing the report if it is necessary for purposes of their employment. ROCs may be shared with the covered institution's chartering authority.

Compliance Workpapers

The RSC should document findings through a combination of summaries, source documents, report comments, and other workpapers that clearly describe the management practices, covered institution controls, and review conclusions of the deposit-taking operations, deposit IT systems, and related records. Compliance test documentation should describe the decisions and supporting logic within a given area. Documentation should provide written support for testing and verification procedures performed, conclusions reached, and support the assertions of fact or opinion in the narrative comments in the report. The level of documentation should be commensurate with the identified risks and issues.   These workpapers, therefore, should describe at a minimum:

- documentation referenced;
- procedures used;
- analyses conducted to support conclusions; and
- any material discussions with management.

Although documentation may be maintained in various ways, large bank resolution specialists must securely retain appropriate records of all major review conclusions, recommendations, and assertions detailed in the report of compliance.

Safeguarding Compliance Information

Compliance documents may contain non-public customer information as defined in section 501(b) of the Gramm-Leach-Bliley Act. Therefore, large bank resolution specialists must carefully safeguard information and follow established procedures for accessing, transporting, storing, and disposing of electronic and paper information as required by the FDIC internal policy.

Large bank resolution specialists must protect FDIC property and data and respond quickly to any security breech. Large bank resolution specialists should:
- protect computer equipment and data in transit;
- track data in transit; and
- secure unattended equipment and data.

Large bank resolution specialists must report unauthorized access to data and equipment in a timely basis by notifying the FDIC help desk within one hour of discovery, their supervisor as soon as possible, and the local police in instances where theft of equipment is involved.

Compliance Documentation Modules

The Compliance Documentation Modules (CD Modules), further described in section II, are tools that guide the resolution specialist in assessing compliance. The resolution specialist will determine whether the covered institution's IT system can accurately calculate deposit insurance coverage in a timely manner and whether the covered institution has complied with both general recordkeeping and alternative recordkeeping requirements as set forth in Part 370.

The CD Modules will also enable risk-scoping of the review and allocation of appropriate resources. During the scoping exercise, the RSC will consider prior reviews, prior discussions or decisions related to relief requests, and other factors necessary to assess the resolution readiness related to the deposit insurance calculation. The use of the CD Modules should be tailored to the characteristics of each bank based on its size, complexity, and risk profile.

These reviews are intended to assess the adequacy of the covered institution's deposit systems and processes used to comply with Part 370 and serve as a means to communicate the institution's level of compliance and challenges that the FDIC may face when conducting an insurance determination at failure.

II. COMPLIANCE DOCUMENTATION MODULES (CD Modules)
CORE ANALYSIS

The large bank resolution specialists should use judgment in the level of documentation needed in the following template to support the core analysis. The level of documentation should be commensurate with the risks facing the covered institution. Documentation may vary over time depending on the changes in the covered institution's recordkeeping, controls, IT systems, or actions taken to remedy prior findings.

Certain ownership rights and capacities may not be applicable for all covered institutions. The references, procedures, and activities contained herein are not intended to be all inclusive. This document is intended to assist the RSC determine the compliance scope, allocate staff resources, and prepare relevant letters and memoranda prior to, during, and after a Part 370 compliance review.

The core analysis will be conducted in two phases – the off-site review of processes and controls, and the on-site test and data verification of the calculations from the output files and supporting records. FDIC staff anticipates that the bulk of the review will be done off-site with minimal presence on the covered institution's premises.

Covered Institution Name:

Compliance Review Start Date:

Scoping the Compliance Review
The procedures below will require an initial discussion with covered institution management and staff at least three months in advance of the on-site test. Ongoing discussions will assist with scoping the on-site test and, after receipt of the information, to clarify understanding of the information received.

1. **Points of Contact**
• Identify the covered institution points of contact for the compliance review and each IT system that maintains deposit data to include trust, loan servicing, credit card, and general ledger accounts.
Comments:

2. Reconciliation

Describe the controls the covered institution uses to ensure that all deposit accounts are included in the aggregation and calculation processing.

- Are deposit totals reported in the Call Report, Annual Certification and Deposit Insurance Coverage Summary Report (annual summary report), output files, general ledger, and trial balance consistent?
- Deposit liabilities can be created through transactions in the normal course of business, although not established through a traditional deposit agreement with the beneficial owners. Identify the ancillary systems and general ledger accounts for products that are typically not part of the core deposit systems to include foreign exchange operations, health savings plans, employee benefit plans, credit card systems, or loan systems that could create deposit liabilities.
- Describe the controls in place to ensure reconciliations are accurate and complete.

Comments:

3. Restricting Access

Include graphics, flowcharts or diagrams provided by the covered institution used to support the narratives.

- Describe the process for restricting access to deposit accounts, including any ancillary deposit systems, where official items or other deposit liabilities, such as brokered deposits, may be located. Provide an overview of the process, systems, data flows, and any manual interventions required to restrict access.
- How long does the covered institution estimate it will take to restrict access to all deposit accounts?
- Does the covered institution have a process or procedure that establishes the order, priority, or sequence for restricting access to certain account types?
- Describe the process for restricting access to general ledger accounts.
- Document how wires will be restricted and monitored?
- Once access is enabled, how quickly can the systems return to the normal processing of transactions?
- Does the covered institution have a report that identifies all outstanding deposit holds both FDIC and internal holds?
- After insurance determinations are completed, what is the process for completing final debits of uninsured funds? What is the estimated time frame?

Comments:

4. Output Files and Iterative Release of Insured Funds

- How much time is needed to generate the output files?
- Is the process initiated automatically or manually?
- Are output files generated simultaneously? If not, is there a pre-determined sequence?
- Describe any potential impediments to releasing an initial insured amount within 24 hours of failure.
- Describe the IT system's projected and maximum throughput capabilities for processing during the initial 24-hour period.
- Document the process for releasing funds iteratively as additional depositor data are received.
- Document the process to approve release of funds.
- What controls are in place to accurately debit the uninsured funds?
- What reports will be available to monitor progress?
- What is the process and time needed to produce a subsequent set of output files?

Comments:

5. End-of-Day Processing

- Describe the procedures for end-of-day processing to include time frames, product types, sweeps, and official items.
- Describe the process for applying accrued interest.
- Describe the procedures for complying with 12 U.S.C. §360.8, Method for Determining Deposit and Other Liability Account Balances at a Failed Insured Depository Institution.

Comments:

6. Aggregate and Calculate Deposit Insurance

- How are the ORCs determined and verified?
- Describe the covered institution's process for aggregating and calculating deposit insurance based on the ownership right and capacity (ORC).
- Identify key covered institution staff responsible for the Part 370 calculation process if different than stated points of contact.
- Describe the covered institution's controls to ensure aggregation is accurate.
- Which linking field is used to aggregate deposit account records?
- If a government ID is unavailable, describe how accounts are aggregated by ORC to the depositor.
- Describe the tests performed to confirm that *all* deposit accounts were accurately aggregated and calculated by ORC.
- Describe the process to make corrections.

Comments:

7. Pending File

- Describe controls for assigning accounts to the Pending File.
- Briefly describe the policies and procedures for assigning accounts to the Pending File and determining the pending codes.
- Describe the process for reducing the number of accounts, if appropriate, in the Pending File.
- Is there a material variance in the number of accounts reported in the past two annual summary reports? If so, explain.
- Has the covered institution requested relief for accounts placed in the Pending File that are not considered to be alternative recordkeeping? If so, has the request been granted or pending? Describe any remediation plans, if applicable.

Comments:

8. Alternative Recordkeeping Accounts

- Describe the covered institution's secure platform that will be used to receive the standard data files and validate the senders' identity.
- What is the process for receiving alternative recordkeeping entity documentation? Describe in terms of time stamping, queuing (first-in, first-out), time to process, and exceptions handling.
- Describe the covered institution's testing procedures to receive, aggregate by ORC, and calculate insurance coverage. How was the data verified?
- Is the Fiduciary Report complete with information including the point of contact, phone number, address, and email?
- Describe the process for identifying the account holders for inclusion in the Fiduciary Report.
- Describe the process to notify the fiduciaries including brokers and other alternative recordkeeping entities in the event of failure?
- What communication has the covered institution had with its alternative recordkeeping entities, i.e., brokers, agents, trustees, or other fiduciaries, regarding the 24-hour data file submission requirement for accounts with transactional features?
- List any alternative recordkeeping accounts with transactional features whereby the alternative recordkeeping entity cannot provide its file within 24 hours from failure?
- List relief granted for alternative recordkeeping accounts.
- Describe accounts that have standard contractual language.
- Describe disclosures sent to the owner of the funds.
- Describe the throughput capabilities for processing alternative recordkeeping files. Estimate the time needed to process all alternative recordkeeping files.

Comments:

9. Management Oversight

- How does the covered institution govern compliance with Part 370?
- Is the appropriate executive signing the certification?
- If the covered institution has a time-limited exception or a plan to remedy certain issues, how is progress monitored?

Comments:

On-site Test

Data Verification

10. Output Files

The output files will be reviewed only on-site given the confidential nature of the data.

- Describe the method and the number of records reviewed by the large bank resolution specialist. Describe how records were accessed from the output files. For example, were queries conducted through the covered institution's equipment, through a partial file transfer to an FDIC laptop on-site, or through other means?
- Verify that the actual time required to produce the output files is reasonable in relation to the estimated time frame provided by the covered institution during pre-scoping.
  - o Are the output files and data fields complete and accurate? Do the files include the required fields for an insurance determination? If not, which fields are missing? How many records are incomplete? How will the missing information be resolved?
  - o Review the Customer Files, Account Files and Pending Files, as necessary, to verify that the CS Unique ID is the same across all files.
  - o Verify and document the accuracy of ORCs assigned to the accounts.
  - o Verify the accuracy of the deposit insurance calculation.

Comments:

11. Pending File

- What percentage of total accounts is in the Pending File?
- What account types are in the Pending File?
  - o Is there documentation to verify the appropriateness of the pending code used?
  - o Is there sufficient supporting documentation to accurately calculate deposit insurance coverage?
  - o What percentage of pending accounts are alternative recordkeeping entities?
  - o For covered institution-maintained accounts, determine why accounts are in the Pending File.

- Which brokers have the most accounts in the Pending File?
- How many accounts are in the Pending File?
- Verify any relief granted for certain accounts.

Comments:

12. Alternative Recordkeeping Entities

- Has the covered institution developed and tested a mock-up file? If so, describe the data used and the results of the test. Although the FDIC staff will develop a mock-up file for testing while on-site, any tests the covered institutions conducts will be helpful in the assessment of its overall capabilities.
- Does the fiduciary report accurately reflect all pass-through accounts?
- How will the alternative recordkeeping entities be notified to provide the fiduciary deposit data?
    - o Verify that the Customer File includes the contact name, telephone number, address, and email.
- Describe the covered institution's procedures to detect, track, and resolve files that were rejected as defective or incomplete.
- Have all alternative recordkeeping accounts with transactional features sub-accounts been identified?

Comments:

13. Outstanding Official Items (OOI)

- Describe the covered institution's procedures for maintaining records for OOIs.
- Verify that the reconciliations are current? How often does reconcilement occur?
- Verify that the electronic records include payee or remitter name, date, amount, account number, and address.
- Estimate the time required to gather and format information and process in the IT system.
- Estimate the average number of items outstanding on a daily, weekly, or monthly basis.
- How are the ORCs assigned?
- If the covered institution is unable to assign an ORC, is this accurately reflected in the Pending File?
    - o Are there interest checks in the Pending File that should be aggregated with other accounts of the depositor by ORC?
- Do third parties process official items for the covered institution? If so, describe.
- Describe the process for obtaining missing information.

Comments:

14. Debt Flag for Offsets

- Document the controls for setting the debt flag.
- Document any debt flags set for obligations that are not tied to a loan.
- Document how many debt holders also have deposit accounts. What's the average debt and deposit account balance?
- Do the loan systems capture the owners' information to check mutuality for potential offsets?
- If the field contains null values, describe the process and time frame for obtaining the information at failure.

Comments:

Ownership Right and Capacity

15. Single (SGL)

Deposit accounts that do not meet the criteria for other ORCs will revert to the SGL ORC.

Verify and document account titling. An owner doing business as (DBA) should be designated as SGL.
- Verify whether accounts are titled in the name of an individual, a decedent or estate or a fiduciary acting on behalf of a single named person, *e.g.,* guardianship or uniform gift to minor accounts (UGMA).
- Verify the ORC assignment for health savings accounts. If beneficiaries are designated, then the ORC is REV; otherwise, the ORC is SGL.
- Verify and document whether the Account File reflects all accounts of the deposit account owner.
- Note whether the signature card or deposit account agreement confirm that titling of the account is the same as in the IT system.
- Note whether the Account Participant File shows that there are additional accounts tied to the SGL deposit accounts, such as an official custodian for government accounts, beneficiary, bond holder, mortgagor, or employee benefit plan participant? If so, ORC is not SGL.
- Are the owner accounts aggregated and the insurance calculations accurately shown in the output file? Note discrepancies.

Comments:

16. Joint (JNT)

- Document the process used to determine whether all accounts are qualified joint accounts.
  - o Does the signature card show that there are two or more owners on the account?
  - o Are the account owners "natural persons"?
  - o Are there equal withdrawal rights?

- o   What is the control procedure for documenting the death of an account owner?
- Describe the remediation plan for missing signature cards.
- How many joint accounts with missing signature cards are below the standard maximum deposit insurance amount (SMDIA)?
- Verify that accounts in the Pending File are noted as JNT with an RAC pending code.
- Are the owners' accounts aggregated and the insurance calculations accurately shown in the relevant output file? Note discrepancies.

Comments**:**

17. Business (BUS)

- Verify and document whether the BUS designation is accurate based on the account titling. Accounts titled in the name of a corporation, partnership, or unincorporated association is included under this designation.
- Are there sole proprietorship accounts categorized as BUS? If so, those accounts should be designated as SGL.
- Are the accounts aggregated and insurance calculations accurately shown in the output file? Note discrepancies.

Comments:

18. Revocable Trust (REV)

- Verify and document whether account titles contain phrases such as ITF, ATF, POD, Totten trust, revocable trust, family trust, or living trust.
- For informal trusts, do the deposit records reflect the same beneficiaries in the Account Participant File?
- For formal trusts, do the trust agreements reflect the same beneficiaries in the Account Participant File?
  - o   If the covered institution does not maintain the trust agreement, is the account properly recorded in the Pending File?
- Verify whether the beneficiaries meet the qualifying requirements.
  - o   Natural person, non-profit (Internal Revenue Service designation), or charitable organization (IRS designation)
  - o   Has the owner designated himself/herself as the beneficiary? This is not allowable.
- Have unique identifiers been assigned to the grantor and beneficiaries?
- Have the beneficiaries been correctly recorded in the Account Participant File and align with the grantors and account numbers?
- Does the grantor have other accounts at the covered institution? If so, check the ORC assignments, aggregation, and calculation.
- If the beneficiary information is not included in the covered institution's records, estimate the time to complete the deposit insurance determination.
- How many accounts are maintained under the alternative recordkeeping provision?
- What controls are in place to reassign an account from a revocable trust to an

irrevocable trust upon the grantor's death?
- Verify and document whether the calculations are accurate for
  - Life estate beneficiaries
  - Equal or unequal allocated interests
  - More than five beneficiaries and more than $1,250,000
  - Treatment of health savings accounts
- Are the owner accounts and beneficiary relationships aggregated and deposit insurance calculations accurately shown in the Output File? Note discrepancies.

Comments:

19. Irrevocable Trust (IRR)

- What are the controls to establish that the title of the trust document confirms the designation as an IRR?
- What process or control has the covered institution implemented to verify that an irrevocable trust agreement is valid under state law?
- Does the grantor have a retained interest?
  - If so, that amount should be designated as SGL.
- Are the interests of the beneficiaries contingent or non-discernable? Verify and document the following:
  - To the extent the interests of the beneficiaries are contingent, those interests are added together and insured for up to the SMDIA, regardless of the number of beneficiaries
  - To the extent the interests of the beneficiaries are non-contingent, each beneficiary's interest is insured up to the SMDIA.
  - If the funds in a single irrevocable trust account represent both contingent and non-contingent interests, the FDIC would separate the two types of funds before applying the above rules.
  - If the interest of the beneficiary or beneficiaries is non-discernable for a valid irrevocable trust under state law, the trust account would be insured up to the SMDIA.
- Have unique identifiers been assigned to the grantor and beneficiaries?
- Have the beneficiaries been correctly recorded in the Account Participant File and align with the grantors and account numbers?
- Does the grantor have other accounts at the covered institution? If so, review the ORC assignments, aggregation, and calculation.
- How many accounts are alternative recordkeeping?
- Note any Coverdell Education Savings Accounts.
- Verify that the calculations are accurate for
  - Life estate beneficiaries
  - Equal or unequal allocated interests
- Are the owners' accounts aggregated and the insurance calculations accurately shown in the output file? Note discrepancies.

Comments:

20. Certain Retirement Accounts (CRA)

- Verify and document whether the accounts are accurately categorized as CRA.
  - The account titling should indicate any of the following:
    - Traditional IRAs
    - Roth IRAs
    - Simplified Employee Pension IRAs
    - Savings Incentive Match Plans for Employees ("SIMPLE") IRAs
- Verify and document whether the account meets the requirements of Section 457 deferred compensation plans, such as eligible deferred compensation plans provided by state and local governments, *regardless of whether they are self-directed*, include the following:
    - Self-directed 401(k) plans
    - Self-directed SIMPLE IRAs held in the form of 401(k) plans
    - Self-directed defined contribution money purchase plans
    - Self-directed defined contribution profit-sharing plans
    - Self-directed Keogh plans (or H.R. 10 plans) designed for self-employed individuals
- Are the owners' accounts aggregated and the insurance calculations accurately shown in the output file? Note discrepancies.

Comments:

21. Employee Benefit Plan Accounts (EBP)

- Verify and document that the account titling specifies a defined benefit plans, employee welfare plans, welfare benefit plans, defined contribution plans, and Keogh plans.
- Verify and document whether the covered institution maintains the information necessary to calculate the deposit insurance coverage.
  - Is the beneficial owner information properly recorded in the Account Participant File tied to the appropriate account?
  - Has the insurance coverage been accurately calculated?
- If beneficial owner information is not maintained by the covered institution, is the account properly recorded in the Pending File?
- Verify and document whether the account titling indicates a 403(b) plan, *e.g.*, annuity contracts for some public school employees, tax-exempt organizations, and ministers; defined benefit plans; or defined contribution plans, such as 401(k) plans.
- Are the beneficial owners' accounts aggregated and the insurance calculations accurately shown in the output file? Note discrepancies.

Comments:

22. Annuity Contract (ANC)

- Verify and document whether the account is titled in the name of an insurance company for the benefit of an individual annuitant.
- Verify whether the covered institution's deposit records contain a copy of the annuity contract or other supporting documentation evidencing the account is for the sole purpose of funding life insurance or annuity contract. If so, review to confirm ownership.
- Are the owners' accounts aggregated and the insurance calculations accurately shown in the output file? Note discrepancies.

Comments:

23. Government (GOV1, GOV2, GOV3)

- Verify and document whether the accounts are correctly identified as GOV 1, GOV 2, or GOV 3.
- Does the government entity reside in the same state in which the covered institution has deposit-taking locations?
- Do the covered institution's deposit records contain information necessary to identify the official custodians for all government accounts?
- Is the deposit insurance coverage accurately calculated for the government accounts that have more than one official custodian? Also, is the insurance calculation accurate if there are different government entities with the same official custodian?
- Verify and document collateral provided to cover amounts in excess of the SMDIA.
- Are the owners' accounts aggregated and the insurance calculations accurately shown in the output file? Note discrepancies.

Comments:

24. Public Bond Accounts (PBA)

- Document the controls used to ensure the data from the public indenture agreements and necessary deposit records are accurately reflected in the output files.
- Verify and document that the deposit account records evidence the account is a bond redemption account.
- Determine whether the bondholders' interest has been ascertained to calculate deposit insurance coverage.
- Are the bondholders' interest in the accounts aggregated and the insurance calculations accurately shown in the output file? Note discrepancies.

Comments:

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25. Mortgage Servicing Accounts for Principal and Interest Payments (MSA)

- What are the controls for distinguishing between principal and interest, and taxes and insurance?
- Are the taxes and insurance in a fiduciary account with pass-through coverage?
- Are the accounts identified as alternative recordkeeping accounts?
- Are the mortgagors' escrowed taxes and insurance payments identified with the appropriate ORC, aggregated and the insurance calculations accurately shown in the output file? Note discrepancies.

Comments:

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26. Depository Institution as Trustee of an Irrevocable Trust (DIT)

- Verify and document whether the account records indicate that the funds are held by the trustee pursuant to a fiduciary relationship.
- Is the account supported by an irrevocable trust established pursuant state statute and trust agreement with an IDI as trustee?
- Does the documentation support the interests of the owners or beneficiaries as reflected in the output files?
- Are the beneficiaries aggregated by accounts established under the same trust agreement and the insurance calculations accurately shown in the output file? Note discrepancies.

Comments:

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27. Custodian Accounts for Native Americans (BIA)

- Document any BIA accounts.
- Do the account records indicate that the funds are held by the disbursing agent in an agency capacity? If so, is the interest of each Native American ascertainable through the account records?
- Are the accounts aggregated and the insurance calculations accurately shown in the output file? Note discrepancies.

Comments:

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28. Department of Energy Accounts (DOE)

- Document any DOE accounts.
- Do the account records indicate that the funds are held by the depositor in a custodial or special capacity pursuant to the Bank Deposit Financial Assistance Program of the Department of Energy?
- Are the accounts aggregated and the insurance calculations accurately shown in the output file? Note discrepancies.

Comments: