



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Financial Institution Letter
FIL-96-2007
November 2, 2007

ANNUAL AUDIT AND REPORTING REQUIREMENTS

Proposed Amendments to Part 363

Summary: The FDIC is requesting comments on the attached proposed amendments to Part 363 of its regulations, which sets forth annual independent audit and reporting requirements for insured institutions with \$500 million or more in total assets. The FDIC is proposing to amend Part 363 in light of changes in the industry; certain sound audit, reporting, and audit committee practices incorporated in the Sarbanes-Oxley Act of 2002; and the FDIC's experience in administering Part 363. The amendments are also intended to provide clearer and more complete guidance for compliance. Comments are due by January 31, 2008.

Distribution:

Selected FDIC-insured institutions

Suggested Routing:

Chief Executive Officer
Chief Financial Officer
Board of Directors
Audit Committee

Related Topics:

Federal Deposit Insurance Act Section 36
Part 363 of the FDIC's Regulations

Attachment:

Proposed Amendments to Part 363

Contact:

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Note:

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Highlights:

- **Annual Reporting Requirements** – The proposal would require disclosure of the internal control framework and identified material weaknesses, provide relief from reporting for certain merged institutions, provide relief from reporting on internal control for acquired businesses, require management's assessment of compliance with laws and regulations to disclose any noncompliance, and provide illustrative management reports.
- **Independent Public Accountants** – The proposal would clarify the independence standards applicable to accountants, require certain communications to audit committees, and establish retention requirements for audit working papers.
- **Filing and Notice Requirements** – The proposal would extend the annual report filing deadline for non-public institutions and include a late filing notification requirement.
- **Audit Committees** – The proposal would specify the audit committee's duties regarding the independent public accountant, require audit committees to ensure that audit engagement letters do not contain unsafe and unsound limitation of liability provisions, and require boards of directors to apply written criteria for evaluating audit committee members' independence.
- **Scope** – The proposal would revise the criteria for institutions to comply with Part 363 at a holding company level.