

MANAGEMENT RESPONSES TO RECOMMENDATIONS

The Inspector General Act of 1978, as amended, requires the OIG to report the status of management decisions on its recommendations in its semiannual reports to the Congress. To consider FDIC's responses as management decisions in accordance with the act and related guidance, several conditions are necessary. First, the response must describe for each recommendation

- the specific corrective actions already taken, if applicable;
- corrective actions to be taken together with the expected completion dates for their implementation; and
- documentation that will confirm completion of corrective actions.

If any recommendation identifies specific monetary benefits, FDIC management must state the amount agreed or disagreed with and the reasons for any disagreement. In the case of questioned costs, the amount FDIC plans to disallow must be included in management's response.

If management does not agree that a recommendation should be implemented, it must describe why the recommendation is not considered valid.

Second, the OIG must determine that management's descriptions of (1) the course of action already taken or proposed and (2) the documentation confirming completion of corrective actions are responsive to its recommendations.

This table presents the management responses that have been made on recommendations in our report and the status of management decisions. The information for management decisions is based on management's written response to our report.

Rec. Number	Corrective Action: Taken or Planned/Status	Expected Completion Date	Documentation That Will Confirm Final Action	Monetary Benefits	Management Decision: Yes or No
1	Response does not indicate agreement or disagreement with the recommendation. The response does not mention corrective action, completion date, or documentation verifying the action was taken.			NA	No
2	Response indicates that DOS will work with the Legal Division; however, the response does not contain a completion date or documentation verifying the action was taken.			NA	No
3	DOS will develop examination guidance and update the DOS Manual of Examination Policies and the Report of Examination Instructions to reflect these changes.	Third quarter 1999	Copy of the examination guidance and copy of revised DOS Manual of Examination Policies and the Report of Examination Instructions	NA	Yes
4	Response indicates agreement with the recommendation. However, the response does not mention corrective action, completion date, or documentation verifying the action was taken.			NA	No
5	Response does not indicate agreement or disagreement with the recommendation. The response does not mention corrective action, completion date, or documentation verifying the action was taken.			NA	No
6	Written guidance will be issued addressing how examiners should handle restricted access and scope limitations during an examination. The DOS Manual of Examination Policies and the Report of Examination Instructions will be revised to reflect these changes.	Third quarter 1999	Copy of the examination guidance and copy of revised DOS Manual of Examination Policies and the Report of Examination Instructions	NA	Yes
7	Response does not indicate agreement or disagreement with the recommendation. DOS responded that a written reminder to examiners would be issued through a "Regional Director Notice" by the second quarter of 1999. The recommendation seeks the development of a policy whereby procedures will be implemented to investigate allegations of potential wrongdoing rather than relying on "DOS practices." The response does not address corrective action, completion date, and documentation supporting the action to be taken.			NA	No
8	The DOS Director disagreed with the recommendation. He responded that "DCA already has a mechanism in place to forward consumer complaints to DOS." As detailed in the	NA	NA	NA	Yes

Rec. Number	Corrective Action: Taken or Planned/Status	Expected Completion Date	Documentation That Will Confirm Final Action	Monetary Benefits	Management Decision: Yes or No
	<p>Material Loss Review, this "mechanism" is not formalized and apparently falls short of providing adequate notification to DOS. The recommendation proposed in the Material Loss Review requires the development and implementation of policies whereby DOS examiners review DCA and State complaint files as a part of the pre-examination and the quarterly off-site review processes for institutions identified as a supervisory concern. This would reduce the reliance on DCA personnel to determine if consumer complaints identify a safety and soundness issue.</p>				
9	<p>Response does not indicate agreement or disagreement with the recommendation. The response does not mention corrective action, completion date, or documentation verifying the action was taken.</p>			NA	No
10	<p>DOS is currently working with other Federal regulators to issue a revised Financial Institution Letter (FIL) to incorporate new issues pertaining to subprime lending. Once the revised interagency FIL is issued, DOS will supplement the Credit Card Specialty Bank Examination Guidelines accordingly.</p>	Third quarter 1999	Copy of the FIL and copy of revised Credit Card Specialty Bank Examination Guidelines	NA	Yes
11	<p>Response does not indicate agreement or disagreement with the recommendation. The response does not mention corrective action, completion date, or documentation verifying the action was taken.</p>			NA	No