

# Reserve Requirements (Regulation D) Program

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## EXAMINATION OBJECTIVES

To determine that the savings association has procedures in place to comply with Regulation D.

To determine that the savings association complies with the reporting and reserve balance requirements of the regulation.

## EXAMINATION PROCEDURES

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### LEVEL I

1. Identify whether the savings association prepares a report of deposits and submits it to the Federal Reserve Bank in its district.  

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2. Determine whether the association has operating procedures in existence and a system of internal controls to ensure compliance with the reporting requirements.  

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3. Obtain the association's records detailing charges assessed by its Federal Reserve Bank. Also, review forms returned by the Federal Reserve Bank due to improper preparation and failure to comply with Regulation D. Determine whether the association makes corrections upon identification of problem areas.  

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4. Review the Matters Requiring Board Attention and Corrective Actions from the three or four previous ROEs to ensure that the board and management have taken appropriate corrective action where necessary and persistent problems have not recurred.  

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5. Determine whether the association's internal audit program provides adequate coverage to assure monitoring on a regular basis of the Regulation D reporting requirements. If the association does not have an internal audit function, a program of management reviews or self audits should include the reporting requirements.

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6. Identify whether the association has procedures in place to identify and monitor the monthly transaction limitations on the following accounts to ensure that they do not exceed regulatory limits:

- Regular passbook accounts.
  - Statement savings accounts.
  - Money market accounts.
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7. Review Level II procedures and perform those necessary to test, support, and present conclusions derived from performance of Level I procedures.

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## LEVEL II

8. Review the two most recent reports of deposits to determine whether the items listed are accurate and properly classified.

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9. Perform a limited review of all line items on the report of deposits.

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10. Perform a review and evaluation of the savings association's internal controls for Regulation D reporting compliance. Typical internal controls include independent review and verification of forms for accuracy before submission and the maintenance of proper supporting documentation.

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11. Ensure that your review meets the Objectives of this Handbook Section. State your findings and conclusions, and appropriate recommendations for any necessary corrective measures, on the appropriate work papers and report pages.

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## LEVEL III

12. If you note substantive exceptions in Level I examination procedures 1-6, perform a detailed review of all line items on the report of deposits. Reconcile the form line items with the general ledger accounts for the specific period under review.

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## EXAMINER'S SUMMARY, RECOMMENDATIONS, AND COMMENTS

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