



EXAMINING ISSUANCE

Comptroller of the Currency
Administrator of National Banks

Type: Examining Circular

Subject: SMS Documentation Policy

TO: Department and Division Heads and All Examining and Legal Personnel

PURPOSE

This issuance establishes content, format and update requirements for documenting supervisory information in the Supervisory Monitoring System (SMS). It also explains how the supervisory cycle is documented in SMS.

REFERENCES

This issuance replaces SMS guidance contained in EB 87-1 (REV), which is hereby rescinded. This issuance should be read in conjunction with EC 258, OCC Supervision Policy.

BACKGROUND

SMS is an automated system OCC personnel use to record and communicate narrative and statistical information on institutions of supervisory interest to the OCC. It is the OCC's primary source of information about the supervisory strategy, current condition and compliance performance of each bank. OCC personnel document the scope, findings and conclusions of supervisory activities; commitments made by the institution; progress in implementing corrective actions; and OCC follow-up and monitoring of an institution in SMS.

All levels of OCC personnel and other federal bank regulators use SMS to review the condition of individual institutions or groups of institutions. The system documents the supervisory cycle (see EC 258) with concise summaries of an institution's supervisory profile and activities. SMS is not an electronic version of the working papers. Detailed supporting documentation should be maintained in working papers at appropriate duty locations.



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STANDARDS FOR INFORMATION ENTRY IN SMS

This issuance details the information to be entered in SMS concerning institutions of supervisory interest to the OCC, including banks, holding companies, federal branches/agencies of foreign banks and independent data processing servicers. That information can relate to examination activities, legal questions, accounting opinions, corporate applications and enforcement actions.

All OCC personnel, including examiners, attorneys, accountants, and corporate analysts, must record **findings and conclusions** in SMS (or other systems accessible through SMS) when they are relevant to the supervision of an institution. Information must be complete, accurate and timely since it is used by all OCC personnel and other regulatory agencies. The attachment to this issuance details documentation requirements for SMS.

All OCC personnel must record **narrative information** in SMS to summarize findings and conclusions concerning institutions of supervisory interest to the OCC. Narratives should be concise and summary in nature. It is important to record all required information, but it is also important not to obscure that information with excessive detail. The risk posed by the institution generally dictates the volume of information that should be entered in SMS.

All OCC personnel must review and update **statistical information** in SMS while recording findings and conclusions material to the supervision of any institution of supervisory interest to the OCC. Portfolio managers are responsible for ensuring that statistical information in SMS on their assigned institutions is complete, accurate and timely.

No OCC office may require additional documentation in SMS that is inconsistent with this issuance or that applies to all banks supervised by that office. However, OCC offices may establish operating procedures regarding entry of information into SMS and may require additional pertinent information to be entered in SMS for individual banks, on an exception basis. Any such requirements established by OCC offices must not reduce users' ability to quickly find pertinent information.



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DOCUMENTING THE SUPERVISORY CYCLE IN SMS

The supervisory cycle begins with an assessment of risk areas in an institution. The portfolio manager then reviews and updates the institution's supervisory profile in the Overall Summary Comments (OSC) application of SMS. Throughout the supervisory cycle, the portfolio manager reviews and updates the Background, Condition and Strategy comments.

As an approved supervisory strategy is carried out, examiners open analyses to document the scope, findings, conclusions and follow-up of examinations. Analyses are opened for every examination, including periodic financial and other offsite reviews, performed during the institution's supervisory cycle. Ratings, loan classifications and violations of law are recorded in the Supervisory Data application. Whenever a Report of Examination is issued, it must be documented in the Tracking application.

All other supervisory activities are summarized in the Other Significant Events (OSE) application. Examples of activities recorded in OSE include board meetings, discussions with and examinations by other regulators, media coverage, chain bank reviews, Supervisory Review Committee decisions, operating plan exceptions, legal and accounting opinions, early warning reviews and correspondence from the institution, such as OREO, dividend and fixed asset requests. Any special supervision activities also are recorded in the Enforcement Actions application.

The supervisory cycle ends with the completion of all the activities necessary for a full scope, onsite examination as set out in the supervisory strategy (see EC 258). The portfolio manager concludes the supervisory cycle of an institution by recording a full scope, onsite examination type analysis in SMS. The portfolio manager also verifies that all required ratings, asset statistics and violations of law, where applicable, have been updated in the Supervisory Data record. When required by EC 258, the reviewing official verifies that a report of examination has been sent to the institution and a board meeting has been held before finalizing the analysis record.



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RESPONSIBLE OFFICE

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Related Links

- [SMS Documentation Requirements](#)