



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

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To: Chief Executive Officers of National Banks, All Examining Personnel, and Comptroller's Handbook Subscribers

The enclosed booklet, "Internal Control," replaces a similarly titled booklet issued in August 1998. Bankers, examiners, and handbook subscribers should discard the 1998 booklet.

Revisions to the booklet include:

- Reorganization and restructure of the introductory narrative,
- Added discussion of the OCC's supervisory process for assessing internal control,
- Expansion and clarification of examination procedures, and
- Addition of a "CEO Questionnaire" to the appendix.

This revised booklet continues to emphasize the importance of properly designed and consistently enforced operational and financial internal controls in helping national banks safeguard their assets and resources, produce reliable records and financial reports, and comply with laws and regulations. With new products, services, delivery channels, and other rapid changes taking place in the banking environment, it is increasingly important that bank managers and directors heighten their oversight of control systems to ensure that they are effective. The OCC will continue to focus its supervisory efforts on assessing the quality of internal control as an essential component of a bank's effective risk management.