

INTRODUCTION

EDS refers to the Examination Data System (EDS) which captures basic data from an institution's examination and maintains it on a central data base in Washington. The ROE or Report of Examination system stores the ROE as a text file in the EDS data base.

Information from both EDS/ROE can be easily accessed in the Thrift Information Management (TIM) system. TIM allows ready access to standard reports for individual institutions or groups of institutions grouped by docket file, specific caseload, state, subregion, region, or all regions.

The Examination Data System

The EDS is composed of four parts (I, II, III, and IV) which are accessed throughout the examination process.

EDS Part I: Examination Commencement Data

The official examination start date is recorded in EDS I anytime from when an examination is scheduled until the day the on-site examination work begins. For on-site examinations, the start date is always the day that examiners begin on-site work. On-site work includes examination procedures performed by examiners while on the subject institution's premises, courthouse, building site, real estate office, or other location outside of an OTS office.

For off-site examinations, the start date is always the day that examiners begin off-site work. Off-site work includes examination procedures performed by examiners while in an OTS office. For off-site examinations, EDS Part I is entered the day office work begins. The system allows future dates to be entered as examinations are scheduled and planned. Upon data entry, EDS I is transmitted to Washington and the data is available in TIM reports. EDS I also records the examination type.

Types of Examinations

Following is a list of the nine types of thrift safety and soundness examinations:

Code	Type
10	Federal Regular
11	State
20	On-site Supplemental
21	Off-site Supplemental*
22	Off-site Monitoring
23	Year 2000 (Y2K)
30	Eligibility
40	Special Limited
50	Field Visit
*	Off-site and supplemental Y2K beginning 1997

All examination types, except state examinations, may be joint examinations with other regulators. Special limited examinations include all Capital, Assets, Management, Earnings, Liquidity, and Sensitivity to Market Risk (CAMELS) pages, but may have "no comment, not examined" entered instead of a comment. There are various ROE packages for the various examination types.

Types of Examination Packages

The ROE document is created from a personal computer (PC) client-server application designed specifically for the examination process. The examiners identify the pages pertinent to the examination and the application assembles the latest version of the ROE documents, populates the financial data, and downloads the assembled document to the examiner's PC. The ROE document can be uploaded with additional pages throughout the examination process. Two types of safety and soundness ROE shells are available. They are the full ROE and the memo-style ROE. There is also a year 2000 ROE.

Full ROE

The full ROE is required for all thrift regular, eligibility, and special limited examinations. The ROE consists of mandatory and optional supplementary pages. The mandatory pages are generally based on the October 1, 1993 Common Core report of examination adopted by the four federal financial institution regulatory agencies.

The CAMELS pages contain analysis and comments. The optional pages contain various schedules, financial data, and statistical data used to support the analysis. The type and scope of an examination dictates which optional supplementary pages are required. Examiners are encouraged to use only ROE pages that are useful in presenting examination findings.

Memo-Style ROE

The memo-style ROE is just that, a memorandum, and is used for field visits, supplemental, and monitoring examinations. Any of the ROE pages can be attached to the memo-style report if needed. The memo-style ROE is commonly used for completing brief examination reports and for requesting replacement ROE core financial pages and ROE interest rate risk pages whenever a new Thrift Financial Report (TFR) cycle becomes available during the course of an examination.

Year 2000 ROE

The Year 2000 (Y2K) ROE is a special purpose report used only for the Year 2000 examinations.

EDS Part II: Examination Completion Data

EDS Part II records the official completion date of the on-site examination work. Examiners enter data elements into the system on the final day of the on-site examination. For off-site examinations, examiners enter the data on the day office work ends. Upon data entry, EDS II is transmitted to Washington and the data is available in TIM reports.

EDS Part III: Supplemental Data

EDS Part III records examination findings as data that can be retrieved and analyzed. This data is entered into EDS Part III during or soon after an examination is completed. EDS Part III is designed to supplement the ROE. At the completion of the examination, EDS PART III is forwarded along with the ROE to the regional office for review and concurrence. Once in final form, EDS Part III is transferred to the OTS Washington data base with the report of examination. It is used by the OTS as a data source for analysis and planning and for inclusion in the next ROE.

EDS Part III is completed during the course of the examination and consists of two sections labeled on the data input screen as "R Exam Ratings" and "A Asset Quality and NPV Exposure Limits."

Examination Ratings

The Examination Rating Section records the CAMELS composite and component ratings for the examination. All ratings must be entered as N, 1, 2, 3, 4, or 5 to be accepted by the system. Entry of an "N" (the default rating for the system) indicates that no rating was assigned.

At the conclusion of the examination, it is the responsibility of the examiner in charge (EIC) to assign ratings. If the scope for a particular examination is not sufficient to assign a rating to each individual component, the EIC should only assign a rating to those components that were reviewed and assign an "N" to those components that were not reviewed. Federal regular and eligibility examinations report all ratings, while other examination types provide ratings only if any are appropriate for the individual examination. Regional Directors have the authority to accept a State examination as a substitute for an OTS examination on an alternating basis. State examinations are recorded in EDS as type 11 state interim examinations.

Refer to the Thrift Activities Regulatory Handbook Section 071, CAMELS Ratings, for a description of the criteria regarding the CAMELS composite and component ratings. Additional guidance to assist regulatory staff in assigning rat-

ings is provided in the "Safety and Soundness Report of Examination Instructions" manual.

Asset Quality

The asset classifications in EDS may be compared with the asset classifications reported in the TFR as of the same date. (Beginning in June 1996, the asset classifications in EDS and the TFR use the same accounting standards. Prior to this date, EDS classifications were net of specific valuation allowances (SVA) while the TFR reported classifications gross of SVA. The current standard is to report both net of SVA.)

Examination Date

The date of the quarterly TFR information used in an examination is stored in the field identified on the input screen as: TFR financial data as of date. This date allows future comparisons between the thrift's current financial condition as reported in the TFR and the thrift's financial condition as of this examination. The date must be entered in the TFR date format. The date should not be more than 180 days prior to the start date of the examination and no later than the completion date of the examination.

NPV Exposure Limits

The interest rate risk net portfolio value exposure limits set by the thrift are stored here. This record allows a comparison of the limits with actual performance as reported in the Consolidated Maturity and Rate report (CMR).

EDS Part IV: Report of Examination and Close Date

EDS Part IV is more commonly called the Report of Examination (ROE) and is the document used to report examination findings. During the course of the examination, the examination team completes a draft version of the ROE on a personal computer using the Microsoft WORD ROE shell that is pre-formatted and downloaded from Washington before each examination.

EDS Part IV also includes the date the examination is closed and the report is mailed to the insti-

tution and transmitted to Washington. This date is referred to as the close, transmittal, or mail date and is not to be confused with the completion (of on-site work) date in EDS II.

At the completion of the on-site work, the ROE (along with EDS Part III) is forwarded to the regional office for review and concurrence. Events that occur subsequent to examination completion, but before the examination is closed, such as the institution's agreeing to corrective action, should be incorporated into the ROE.

The EDS Parts III and IV data are not transferred immediately to Washington by the examination team. Instead, they are transferred by direction of supervisory staff at the regional offices after they have reviewed the information. The review of EDS Parts III and IV can occur at the examination site (field review), the regional office (either after or during the examination), or both, depending on the examination type, examination scope, available personnel, and other criteria.

Once the report is in final form, a copy is sent to the institution and the ROE is transmitted to Washington EDS, thus closing the examination. (A copy of the final ROE is sent to the thrift, except field visit ROEs with no rating; these ROEs may be sent to the thrift at the region's discretion.) Additional copies may be sent to other agencies, such as the FDIC or the state regulator. A transmittal letter that merely acts as a cover memo accompanying the ROE is discouraged. EDS does not accommodate transmittal letters.

Entry into EDS of the date the ROE was transmitted to the institution indicates final acceptance by the regional office, after which the ROE document cannot be altered. The EDS data correction facility (DCF) may be used to correct errors. The paper copy of the ROE stored by the region is the official document of record.

At the time of transmittal, the examination must be current, based on all available information. A ROE with an outdated rating should never be sent to an institution. Any significant events occurring after the examination is closed should be addressed in a subsequent supplemental examination and in the Regulatory Plan.

A state ROE written in a format other than WORD may be converted to WORD or the text may be copied into a WORD document to be uploaded into EDS.

If a state ROE cannot be uploaded into EDS (e.g., the ROE is a WordPerfect document) a message such as the following should be entered into a memo-style ROE and uploaded into EDS:

"This is an intervening state examination in accordance with provisions set forth in the Federal Deposit Insurance Corporation Improvement Act of 1991. The official hard copy Report of Examination (ROE) is retained with the examination workpapers. These files are stored at the OTS Regional Office. To obtain a copy of this ROE, contact the Regional Office."

A similar message may be used for IS/EDP ROEs written in WordPerfect if they cannot be either converted to WORD or copied into a WORD document.

REFERENCES

Office of Thrift Supervision

Thrift Safety and Soundness Report of Examination Instructions

Examination Data System, EDS User Guide