

DEPARTMENT OF THE TREASURY**Office of the Comptroller of the Currency****12 CFR Part 19**

[Docket No. 02–15]

RIN 1557–AB43

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM**12 CFR Part 263**

[Docket No. R–1139]

FEDERAL DEPOSIT INSURANCE CORPORATION**12 CFR Part 308**

RIN 3064–AC57

DEPARTMENT OF THE TREASURY**Office of Thrift Supervision****12 CFR Part 513**

[No. 2002–58]

RIN 1550–AB53

Removal, Suspension, and Debarment of Accountants From Performing Audit Services

AGENCIES: Office of the Comptroller of the Currency (OCC), Treasury; Board of Governors of the Federal Reserve System (Board); Federal Deposit Insurance Corporation (FDIC); and Office of Thrift Supervision (OTS), Treasury.

ACTION: Joint notice of proposed rulemaking.

SUMMARY: The OCC, Board, FDIC, and OTS (each an Agency, and collectively, the Agencies) propose to revise their respective rules of practice pursuant to section 36 of the Federal Deposit Insurance Act (FDIA) (12 U.S.C. 1831m). Section 36, as implemented by 12 CFR part 363, requires that each insured depository institution with total assets of \$500 million or more produce an annual report containing the institution's financial statements and certain management assessments. The depository institution must provide the report to the FDIC, the appropriate Federal banking agency, and any appropriate state bank supervisor. Section 36 also requires that the depository institution obtain an audit of its financial statements and an attestation on management's assertions concerning internal controls over financial reporting by an independent

public accountant (accountant) and include the accountant's audit and attestation reports in its annual report.

Congress gave the Agencies authority to remove, suspend, or debar accountants from performing the audit services required by section 36 if there is good cause to do so. This proposal would amend the Agencies' rules to establish rules of practice and procedure for the removal, suspension, and debarment of accountants and their firms from performing section 36 audit services for insured depository institutions. The proposal reflects the Agencies' increasing concern with the quality of audits and internal controls for financial reporting at insured depository institutions. Although there have been few bank and thrift failures in recent years, the circumstances of the failures that have occurred illustrate the importance of maintaining high quality in the audits of the financial position and attestations of management assessments of insured depository institutions. The proposed regulations enhance the Agencies' ability to address misconduct by accountants who perform annual audit and attestation services.

DATES: Comments must be received by March 10, 2003.

ADDRESSES:

OCC: Please direct comments to: Public Information Room, Office of the Comptroller of the Currency, 250 E Street, SW, Mailstop 1–5, Washington, DC 20219, Attention Docket No. 02–15. Comments are available for inspection and photocopying at that address. You can make an appointment to inspect the comments by calling (202) 874–5043. In addition, comments may be sent by facsimile transmission to (202) 874–4448, or by electronic mail to regs.comments@occ.treas.gov. Due to delays in paper mail delivery in the Washington area, commenters are encouraged to use fax or e-mail delivery, if possible.

Board: Comments should refer to Docket No. R–1139 and may be mailed to Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW., Washington, DC 20551; sent by FAX to (202) 452–3819 or (202) 452–3102; or sent by e-mail to regs.comments@federalreserve.gov. Members of the public may inspect comments in Room MP–500 between 9 a.m. and 5 p.m. on weekdays pursuant to section 261.12 (except as provided in section 261.14) of the Board's Rules Regarding Availability of Information, 12 CFR 261.12 and 261.14.

FDIC: Written comments should be addressed to Robert E. Feldman, Executive Secretary, Attention: Comments, Federal Deposit Insurance Corporation, 550 17th Street, NW, Washington, DC 20429. Commenters are encouraged to submit comments by facsimile transmission to FAX number (202) 898–3838 or by electronic mail to Comments@FDIC.gov. Comments also may be hand delivered to the guard station at the rear of the 550 17th Street Building (located on F Street), on business days between 8:30 a.m. and 5 p.m. Comments may be inspected and photocopied in the FDIC Public Information Center, Room 100, 801 17th Street, NW, Washington, DC, between 9 a.m. and 4:30 p.m. on business days.

OTS: *Mail:* Send comments to Regulation Comments, Chief Counsel's Office, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552, Attention No. 2002–58.

Delivery: Hand deliver comments to the Guard's Desk, East Lobby Entrance, 1700 G Street, N.W. from 9 a.m. to 4 p.m. on business days, Attention: Regulation Comments, Chief Counsel's Office, Attention No. 2002–58.

Facsimiles: Send facsimile transmissions to FAX Number (202) 906–6518, Attention Docket No. 2002–58.

E-mail: Send e-mails to regs.comments@ots.treas.gov, Attention Docket No. 2002–58 and include your name and telephone number. Due to temporary disruptions in mail service in the Washington, D.C. area, commenters are encouraged to send comments by fax or e-mail if possible.

Public Inspection: Interested persons may inspect comments at the Public Reading Room, 1700 G St. NW., from 10 a.m. until 4 p.m. on business days by appointment or obtain comments and/or an index of comments by facsimile by telephoning the Public Reading Room at (202) 906–5922 from 9 a.m. until 5 p.m. on business days. Comments and the related index will also be posted on the OTS Internet site at <http://www.ots.treas.gov>.

FOR FURTHER INFORMATION CONTACT:

OCC: Mitchell Plave, Counsel, Legislative and Regulatory Activities Division, (202) 874–5090; Richard Shack, Senior Accountant, Office of the Chief Accountant, (202) 874–4911; and Karen Besser, National Bank Examiner, Special Supervision/Fraud, (202) 874–4464.

Board: Richard Ashton, Associate General Counsel, (202) 452–3750; Nina Nichols, Counsel, (202) 452–2961; Arthur Lindo, Project Manager, (202)