

## FINANCIAL INSTITUTION SERVICES

### Troubled Asset Relief Program (TARP)



## RISK ADVISORY

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These are tough economic times, especially for organizations in the financial services industry.

Recent market events have rocked financial centers worldwide and the responses of the U.S. government and regulators have been swift and unprecedented: the Treasury's implementation of the Troubled Asset Relief Program (TARP) and acquisition of preferred shares in troubled financial institutions (convertible to common stock), and continually changing regulatory and public expectations to name just a few.

### THE LANDSCAPE HAS CHANGED

The Federal Reserve's recent stress tests of the 19 largest U.S. financial institutions are viewed by many as harbingers of things to come for institutions of all sizes. Regulators may use the same stress test methodologies in their examinations of smaller institutions, meaning smaller institutions may have to deal with the regulatory consequences of these more stringent safety and soundness reviews. In addition, smaller institutions that rely on larger banks for support services will have to consider the risks of those associations.

### STAY AHEAD OF THE REGULATORY CURVE

Now is the time for financial institutions of all sizes to re-evaluate their internal controls and processes. Large institutions that participate in TARP should ensure they comply with all of its contract provisions, while smaller financials would be wise to review their capital adequacy and other regulatory requirements. Reviews should encompass loan and credit quality assessments, interest rate risk evaluations, under-writing process validation and file reviews, regulatory compliance evaluations, enterprise risk assessments and financial process improvement initiatives.

### SERVICES FOR TODAY'S FINANCIAL INSTITUTIONS

A sampling of "in-demand" services that Jefferson Wells delivers to financial institutions worldwide, includes:

- Internal audit co-sourcing and outsourcing
- Loan reviews
- Enterprise risk assessments and internal control optimization, leveraging the COSO guidance to meet SOX and FDICIA requirements
- Information technology security reviews and risk assessments, including attack and penetration studies, SAS 70 reviews and Payment Card Industry and Identity Theft Red Flags Rules compliance
- Reconciliation support for transaction systems
- Pre-examination preparation for readiness assessments, including regulatory compliance

Jefferson Wells delivers professional services in the areas of risk advisory, tax, and finance and accounting. We serve clients, including Fortune 500 and Global 1000 companies, through highly experienced professionals working from offices worldwide.

To learn more about our firm and our professional services, contact your local Business Development Manager or visit our Web site at [www.jeffersonwells.com](http://www.jeffersonwells.com).

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## EXPERIENCE IS KEY

External scrutiny is rising. Jefferson Wells can help ensure you're prepared.

Founded as an alternative to public accounting firms for internal audit and controls and other non-attest services, our experienced financial professionals can provide you with insight into regulators' expectations, help you optimize process efficiency and lead or assist with regulatory compliance, risk mitigation or capital assessment initiatives.

You can count on us for assistance whether you need additional professional resources to work with your internal team, complete project solutions or thought leadership on a variety of complex issues.

We work with financial institutions worldwide to help them meet the challenges of our rapidly changing financial and regulatory environment. We're ready to help you.

## CHANGES EMANATING FROM TARP AND TODAY'S INCREASED REGULATORY SCRUTINY

TARP and other regulations have increased scrutiny on banks and related financial services organizations in a myriad of ways. Just a few are:

- Monitoring and reporting requirements on the use of TARP funds to increase lending
- Monitoring and reporting the quality of assets to banking supervisors
- Enhancing financial and economic models in preparation for "stress tests" by regulators
- Improving internal controls to strengthen regulatory compliance
- Implementing rapidly changing accounting standards
- Performing due diligence on potential acquisitions