



How Banks Can Stay Ahead with FDICIA Compliance

A FDICIA Readiness Timeline



FDICIA Readiness

If your bank finds itself approaching or on the threshold of \$1 billion in assets, now is the time to plan your approach for Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) compliance. Planning early helps ensure a smooth process and allows adequate time for implementation and testing of internal controls over financial reporting (ICFR). Waiting too long to prepare can put your institution at risk.

CBIZ Risk & Advisory Services understands this process can be complex and overwhelming, especially if this is a new situation for your institution. Our step-by-step checklist and timeline provides the framework you need to effectively plan and successfully implement your FDICIA compliance within a 7 to 10 month time frame.



What to Expect

Generally, the time stamp for evaluating assets is January 1 for calendar year reporting or the first day of the fiscal year; if a bank reaches the \$1 billion threshold on January 1, 2026, it must demonstrate it has FDICIA-caliber ICFR for all of 2026. This means the bank must be FDICIA-ready before December 31, 2025.

The initial FDICIA compliance engagement is a process that will involve multiple internal departments. Compliance windows are short, so it's critical that your organization understands what is coming so you can keep the project moving forward before your filing deadline.

FDICIA Timeline

PHASE 1: Find a Qualified Provider (1-2 Months)

Begin RFP process

Select provider and sign statement of work

PHASE 2: Scope & Identify Controls (4-5 Months)

Confirm significant accounts and disclosures to develop FDICIA Risk Assessment and project scope

Review existing control environment, document and rationalize controls

Identify missing controls and consider potential for automation

Compile and document existing control design and control owners

Create test plans and risk and control matrices (RCM)

PHASE 3: Tests of Design & Operating Effectiveness (2-3 Months)

Test all key control activities

Evaluate and report on identified deficiencies

Perform remediation testing, as necessary

1.

PHASE 1: Find a Qualified Provider

Objectives:

Begin RFP process

Select provider and sign statement of work

Duration: 1-2 Months

Given the short time frame and necessary expertise, many banks choose to use a third-party provider to assist with FDICIA implementation.

Picking a Qualified Provider

If you need to bring in an external provider, it's important to keep in mind the following qualifications when selecting the right firm to walk you through the FDICIA process:

- **FDICIA expertise:** Choose a provider who has a breadth of experience working with similar institutions overseeing their FDICIA compliance from start to finish. You need to be confident the provider you select can effectively take charge of the process for you. Your provider should also understand exactly what to expect with FDICIA and quickly address issues or anomalies as they arise without causing disruption to your normal operations.
- **Service approach:** Becoming FDICIA compliant is a process that demands open communication and interdepartmental collaboration and works directly with your external financial statement auditor. Be sure the provider you select provides you with a methodical, proactive, and communicative service approach.

Concluding Thoughts:

In the early stages of the process, you will want to vet qualified providers. When evaluating potential external providers, it's important to select a provider that understands bank financial reporting and has the FDICIA expertise to successfully guide your institution through the process. In addition, be sure the selected provider has your best interests in mind—communicating openly and honestly with your internal departments and existing auditor throughout the process, thereby ensuring you're never in the dark as you work towards FDICIA compliance.

2.

PHASE 2: Scope & Identify Controls

Objectives:

Confirm significant accounts and disclosures to develop FDICIA Risk Assessment and project scope

Review existing control environment, document and rationalize controls

Identify missing controls and consider potential for automation

Compile and document existing control design and control owners

Create test plans and risk and control matrices (RCM)

Duration: 4-5 Months

To get started, your FDICIA provider will need to review your bank's most recent detailed general ledger and audited financial statements to confirm significant accounts and disclosures with management. Doing so allows the provider to develop a FDICIA Risk Assessment and the project scope. Secondly, your provider will need to obtain any existing internal control documentation around the bank's financial reporting activities. Reviewing these documents provides the team with a greater understanding of your existing control environment to help document and rationalize controls to those which are most important.

Following the documents review, your team and FDICIA provider will identify and document existing control owners and perform detailed process walkthroughs with the control owners, as well as identify control activities that should be in place for an effective financial reporting control environment. The FDICIA provider should also consider opportunities for automation in your bank's controls.

Rounding out phase 2, your provider will create a detailed overview of the risk and control matrices (RCM) along with corresponding test plans.

Concluding Thoughts:

Identification of the RCM and other internal controls is a crucial step in your FDICIA compliance. Codifying these controls and identifying the owners and activities will set you up to effectively navigate to Phase 3 and push on to the final step—the Management Plan.

3.

PHASE 3: Tests of Design & Operating Effectiveness

Objectives:

Test all key control activities

Evaluate and report on identified deficiencies

Perform remediation testing, as necessary

Duration: 2-3 Months

Your FDICIA engagement team will begin to test the upgraded and rationalized RCMs for an abbreviated period during the implementation year. As an example, if ABC Bank has a reporting period of 1/1 to 12/31, testing would likely cover the newly identified FDICIA controls from 7/1 through 10/31. During subsequent years, within an actual FDICIA year of compliance, testing would occur during two periods, interim and rollforward testing.

Interim testing would typically cover the period from 1/1 through 5/31. Rollforward is the testing that takes place later in the year, typically from the interim date through the end of the period (12/31 in our ABC Bank example). Exact timing should be agreed upon with the bank's external financial statement auditor well in advance. The team would also test the upgraded and rationalized IT General Controls once during the rollforward period. If deficiencies are identified during testing, recommendations for remediation will be provided followed by independent remediation testing to ensure the controls are operating as intended. Lastly, your provider's final report should detail all controls, procedures, results of testing, and management responses to unresolved deficiencies.

Concluding Thoughts:

Your results report will inform the next phase in the process—the Management Plan. Your bank's Management Plan serves as the roadmap for addressing any compliance issues noted by your FDICIA engagement team.

Conclusion

Bank management will work through the control remediations and other recommendations to create a Management Plan for FDICIA compliance. Moving forward, the maintenance of the FDICIA controls involves year-to-year testing of the FDICIA controls, adding new controls as processes change, removing controls as processes change or are eliminated, and in general making sure the bank will satisfy FDICIA requirements and have a successful financial statement audit each and every year. Initial compliance with FDICIA can seem like an overwhelming task, but with the right provider following a systematic, step-by-step approach and a clear timeline like the one we have outlined, your institution will meet your requirements on time and on budget.



CBIZ Financial Institutions Group

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Learn more on how CBIZ Risk & Advisory Services can help with your FDICIA needs: [CBIZ.COM/RAS](https://www.cbiz.com/ras)