

**Date:** [Insert Date]

**To:** [Insert Name of Senior Management/Capital Planning Committee]

**From:** [Insert Name/Head of Internal Audit]

**Subject:** Internal Audit Validation: Comprehensive Capital Analysis and Review (CCAR) Process

## **1. Executive Summary**

Internal Audit has completed its independent validation of the [Insert Year] Comprehensive Capital Analysis and Review (CCAR) process. The objective of this review was to assess the adequacy of the design and operating effectiveness of the capital planning framework, ensuring compliance with regulatory expectations and internal policies.

## **2. Scope of Work**

The validation covered the following key areas of the CCAR cycle:

- Governance and Oversight: Assessment of Board and Senior Management involvement.
- Risk Identification and Scenario Design: Review of the process for identifying material risks and developing stress scenarios.
- Model Theory and Implementation: Validation of forecasting models and overlays.
- Data Integrity: Review of data lineage, aggregation, and reporting accuracy.
- Capital Adequacy Assessment: Verification of capital ratio calculations and distribution plans.

## **3. Validation Conclusion**

Based on the procedures performed, Internal Audit has concluded that the CCAR process is [Effective / Effective with Minor Exceptions / Ineffective]. The framework provides reasonable assurance that the institution maintains sufficient capital to continue operations under stressful conditions.

## **4. Summary of Findings**

[Insert brief description of any material weaknesses or significant deficiencies identified during the audit, or state "No material findings were identified during this cycle".]

## **5. Management Action Plans**

Management has acknowledged the findings and has provided remediation plans with a target completion date of [Insert Date]. Internal Audit will monitor the implementation of these actions.

## **6. Regulatory Compliance Statement**

This validation was conducted in accordance with Federal Reserve SR Letter 15-18 (or applicable regulatory guidance) and Internal Audit's independent standards.

Sincerely,

[Signature]

[Name of Audit Lead]

[Title]

[Internal Audit Department]