



October 12, 2016

Mr. R. Kinney Williams
President
Yennik, Inc.
4409 101st Street
Lubbock, Texas 79424

Subject: Audit Firm Rotation

Dear Mr. Williams:

I am responding to your letter dated September 16, 2016, addressed to Comptroller of the Currency Thomas J. Curry. Your letter stated that several of your clients have informed you that OCC examiners are directing banks to change penetration testing vendors if a bank has been doing business with a particular firm for a period of time.

The OCC provides guidance in areas that would be applicable to services rendered by third-party audit firms. Such guidance is publicly available and includes

- OCC Bulletin 2013-29, "Third-Party Relationships: Risk Management Guidance"
- OCC Bulletin 2003-12, "Interagency Policy Statement on Internal Audit and Internal Audit Outsourcing: Revised Guidance"
- "Internal and External Audits" booklet of the *Comptroller's Handbook*
- "Information Security" booklet of the *Federal Financial Institutions Examination Council Information Technology Examination Handbook*

The bank may engage a third party for penetration testing as part of its information security program, internal audit program, Sarbanes-Oxley 404 testing, Directors Examination, or other board or management request. An OCC supervised bank determines its own policies and programs for internal audit and third-party risk management. There is no OCC guidance or directive to examiners that would require or promote the termination of a third-party relationship due to the length of the relationship. OCC guidance promotes sound third-party risk management

practices that includes having a termination or exit strategy for critical vendors. Banks make their own determinations of critical activities and may consider control testing activities (such as penetration testing or internal audit) to be a critical activity.

Sincerely,

A handwritten signature in cursive script that reads "Grace E. Dailey".

Grace E. Dailey
Senior Deputy Comptroller for Bank Supervision Policy
and Chief National Bank Examiner