

CA RISK- FOCUSED EXAMINATION TECHNIQUES (CARET)

Type of Participant Targeted

The Consumer Affairs Risk-focused Examination Techniques (CARET) course targets consumer compliance examiners who are assuming Examiner-in-charge (EIC) duties. *All assistant examiners involved in the consumer affairs specialty since January 1, 2003 must complete this course before being commissioned.*

Prerequisites

Participants should have completed the following programs and schools:

- System Examiner Orientation Program
- Banking and Supervision Elements (BaSE)
- Introduction to Consumer Compliance Examinations (CA I)
- Real Estate Lending Examination Techniques (RELET)
- CRA Examination Techniques (CRA)
- Fair Lending Examination Techniques (FLET), and

- Completed a **written precourse assignment** that takes *approximately 8 hours*.

Course Overview

CARET is designed to enhance a participant's analytical, decision making and leadership skills by working in exam teams and as an EIC. The course will provide training on all major aspects of a risk-focused supervision, including scoping and risk assessment, report writing, ratings, supervisory enforcement actions, and the Board's referral processes. It also incorporates a comprehensive case study to reinforce aspects of a risk-focused examination, including certain fair lending and CRA issues.

The exam teams are responsible for synthesizing the work completed during a Lending & Operations exam and a Fair Lending Review. Participants are required to recognize key consumer risks that affect the overall risk profile of the organization.

This highly interactive simulates the risk-focused approach to supervision. Participants are asked to prepare scope and planning documents; interact with exam team members to verify information; and present key exam issues and critical findings in written format and in meetings with Reserve Bank management.

There will be no formal, paper-based testing during the course. In place of the traditional testing, participants will be evaluated through pre-course assignments, class participation, case study activities, and in-class exercises.

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Course Objectives

After completing this 4 1/2-day course, the participant, at a minimum, will be able to complete the following objectives.

- Lead and conduct risk-focused consumer compliance examinations in accordance with Board policy.
- Apply risk-focused supervision techniques to the examination process.
- Identify and apply integrated risk-focused supervision concepts.
- Identify and differentiate between critical and non-critical supervisory issues.

Post-Course Intervention

After completing CARET, the participant should be given on-the-job assignments that will increase the retention of the knowledge and skills presented during the course. Such on-the-job assignments may include the following:

- Serving as an EIC.
- Fostering information sharing among disciplines and business lines.
- Evaluating consumer compliance risk and apply appropriate supervisory strategies.

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Overview of CARET Curriculum

Subject	Approximate Class Hours	Homework Hours
Introduction	.50	*
Compliance Risk Management	1.00	--
Monitoring	1.25	--
Compliance Scope Briefing	.75	--
Fair Lending Scope Briefing	1.00	--
Scoping – Case Study	5.25	--
Lending & Operations Briefing	.75	--
Lending & Operations – Case Study	4.00	--
Fair Lending Briefing	.75	--
Fair Lending – Case Study	3.50	--
CRA Briefing	.75	--
Executive Summary, Exam Ratings, and Enforcement Actions Briefing	.75	--
Executive Summary - Case Study	3.00	--
Overall Enterprise-wide Risk Profile Briefing	2.00	--
Enterprise-wide Risk Profile – Case Study	3.25	--
Outreach	.50	--
Course Summary & Debriefing	.75	--
EIC Tools and Techniques	<u>.50</u>	--
Total	30.25	--

*Homework for this course consists of daily unfinished in-class exercises and case study work.

Class Size

The optimal class size for CARET is 16 participants. To provide sufficient variety of interaction among class participants, the minimum class size is ten participants. Because CARET incorporates many in-class exercises, a case study, and some topics require specialized subject matter expertise to present instructional material, sufficient instructors are available to assist individuals and small groups. Accordingly, to ensure a manageable instructor workload and maintain a reasonable participant-to-instructor ratio, a maximum class size is 20 participants.

Instructors

CARET includes one lead instructor and four additional instructors with consumer compliance examination experience. Other instructors include Board staff and other System examiners who have expertise in specific topics.