

FARM CREDIT  
ADMINISTRATION  
OFFICE OF  
INSPECTOR GENERAL

SURVEY REPORT

Survey of  
Farm Credit System  
Institutions Regarding the  
Agency's Examination Function

Third and Fourth Quarters  
Fiscal Year 2019  
April 1, 2019 - September 30, 2019  
and Summary Report FY 2019

Issued March 31, 2020



Farm Credit Administration  
Office of Inspector General

# Executive Summary

## Survey of Farm Credit System Institutions Regarding the Agency's Examination Function Fiscal Year 2019 Third-Fourth Quarters Report (April 1, 2019 – September 30, 2019)

The FCS institutions asked to respond to the survey are those institutions that:

1. Received a Report of Examination during the FY quarters; or
2. Had significant examination activity and interface with OE during the same period.

The survey asks respondents to rate eight survey statements as:

- |                            |   |
|----------------------------|---|
| Completely Agree           | 1 |
| Agree                      | 2 |
| Neither Agree nor Disagree | 3 |
| Disagree                   | 4 |
| Completely Disagree        | 5 |
| Does Not Apply             | 6 |

Each fiscal year (FY) quarter, the Farm Credit Administration (FCA) Office of Examination (OE) identifies several Farm Credit System (FCS) institutions that can provide meaningful survey responses for that period. The Office of Inspector General (OIG) provides a survey report semiannually with two quarters of survey responses.

The OE identified 24 FCS institutions to survey for the third and fourth quarters of FY 2019 (April 1, 2019 – September 30, 2019). The OIG sent surveys to those institutions and 19 institutions completed the survey (a 79% response rate).

Average numerical ratings and total average numerical ratings for survey statements 1 through 8 are shown in the table below. A "1" reflects a positive rating and a "5" reflects a negative rating. We provide data from the prior two quarters for comparison.

**Average Numerical Ratings**

| Quarter              | Average Numerical Rating Range | Total Average Numerical Rating |
|----------------------|--------------------------------|--------------------------------|
| 4 <sup>th</sup> FY19 | 1.8 – 2.4                      | 2.1                            |
| 3 <sup>rd</sup> FY19 | 1.3 – 2.0                      | 1.8                            |
| 2 <sup>nd</sup> FY19 | 1.5 – 2.4                      | 2.1                            |
| 1 <sup>st</sup> FY19 | 1.5 – 2.0                      | 1.7                            |

Consistent with prior survey responses, we received more positive than negative comments about the examiners and the examination process. Comments with any perceived negative feedback are listed separately for survey statements 1-8.

## TABLE OF CONTENTS

|  |           |
|--|-----------|
| <b>ACRONYMS</b>                        | <b>1</b>  |
| <b>BACKGROUND AND METHODOLOGY</b>      | <b>1</b>  |
| <b>SURVEY RESULTS</b>                  | <b>2</b>  |
| EXAMINATION PROCESS                    | 2         |
| Statement #1                           | 2         |
| Statement #2                           | 3         |
| Statement #3                           | 4         |
| Statement #4                           | 5         |
| COMMUNICATIONS                         | 6         |
| Statement #5                           | 6         |
| Statement #6                           | 7         |
| Statement #7                           | 8         |
| Statement #8                           | 9         |
| GENERAL QUESTIONS                      | 10        |
| Statement #9                           | 10        |
| Statement #10                          | 11        |
| Statement #11                          | 11        |
| Request for OIG Contact                | 12        |
| <b>FISCAL YEAR 2019 SUMMARY REPORT</b> | <b>12</b> |

## ACRONYMS

|     |                             |
|-----|-----------------------------|
| EIC | Examiner in Charge          |
| FCA | Farm Credit Administration  |
| FCS | Farm Credit System          |
| FY  | Fiscal Year                 |
| MRA | Matters Requiring Attention |
| OE  | Office of Examination       |
| OIG | Office of Inspector General |
| ROE | Report of Examination       |

## BACKGROUND AND METHODOLOGY

Each fiscal year (FY) quarter, the Office of Examination (OE) identifies several Farm Credit System (FCS) institutions that can provide meaningful survey responses for that period. The criteria for including an FCS institution in the survey are:

1. The institution received a Report of Examination during the FY quarter; or
2. There was significant examination activity and interface with an institution during the same period.

The Office of Inspector General (OIG) will provide a survey report semiannually for two quarters of survey responses for the periods October 1 through March 31, and April 1 through September 30.

When outstanding responses from prior quarters are received, they are included in the next quarterly report. There are no responses from prior quarters included in this report.

The survey asks respondents to rate eight survey statements from "1" (Completely Agree) to "5" (Completely Disagree), or "6" if the statement does not apply. The rating choices are:

|                            |   |
|----------------------------|---|
| Completely Agree           | 1 |
| Agree                      | 2 |
| Neither Agree nor Disagree | 3 |
| Disagree                   | 4 |
| Completely Disagree        | 5 |
| Does Not Apply*            | 6 |

\*We do not include ratings of "6" in rating averages because a "6" will skew the numerical average negatively even though the statement is not applicable to the institution.

We provide the current FY quarter's average numerical rating for survey statements 1-8 and, for comparison, the prior two FYs' data.

Survey statements 1-4 pertain to the examination process and statements 5-8 pertain specifically to communications during the examination. Statements 9-11 are general questions about the overall process. Respondents may submit comments for each of the 11 survey statements. We provide comments verbatim from institutions and only correct spelling errors.

Narrative responses are provided verbatim, except any information identifying the institution or examiners has been removed and obvious spelling errors are corrected. Any bracketed text is for the purpose of removing information that identifies an institution or an examiner or providing clarification to a response. Comments with perceived negative feedback are listed separately for survey statements 1-8.

At the end of the survey we ask whether the respondent would like the OIG to contact the institution confidentially to discuss the submitted responses.

## SURVEY RESULTS

### EXAMINATION PROCESS

#### Statement #1

**The scope of examination activities was focused on areas of risk to the institution and appropriate for the size, complexity, and risk profile of the institution.**

**Average Numerical Ratings by FY Quarter**

| FY   | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | FY Average |
|------|---------------|----------------|---------------|----------------|------------|
| 2019 | 1.7           | 2.3            | 2.0           | 1.8            | 2.0        |
| 2018 | 1.8           | 1.9            | 1.7           | 1.7            | 1.8        |
| 2017 | 1.8           | 1.6            | 1.8           | 2.1            | 1.8        |

#### Comments:

- The scope of examination activities at the institution appeared to be comprehensive and appropriately considered the risks within and facing the organization. The institution has made a considerable investment to develop and maintain a strong control environment which was appropriately considered by the FCA as part of their examination activities. Additionally, the examiners appeared to increase their leverage of the work performed by the institution's 2<sup>nd</sup> and 3<sup>rd</sup> lines of defense to better understand risks within the organization and the underlying control environments prior to developing their review

plans and during their onsite review activities resulting in effective and efficient examination activities.

- We have a good working relationship with the exam team. Communication was good throughout the exam allowing us to provide the information that was requested on a timely basis.
- Overall seems appropriate. Very deep in some areas.
- Examiners took into consideration our size and some what limitations.

**Comments perceived with negative feedback:**

- The examination was a risk-focused exam activity; appropriate areas of risk were reviewed; however, some field examiners may have looked deeper into areas that didn't apply directly to institutions of our size & risk profile.
- We agree with this, with the only comment being that at times, primarily with the newer examiners, too much time was spent on technical wording issues when contrasted with the amount of time spent on areas of more material risk.
- After satisfactory ratings in previous exams the scope seemed to double given the days on site and requests afterwards. For the size and complexity of the institution deeper dives in many areas were taken. There were instances where areas reviewed by one examiner was revisited by a second person pushing for a deeper dive.
- Would have liked to have seen some recognition that concerns around Audit and SOC are more systemic and a System FCA focus rather than appearing to be solely a miss on the institution's part.
- The examination activities tend to be appropriate for institutions of a larger size than ours and do not necessarily measure the efficacy of the board and management in administering an institution of our size.

**Statement #2**

**Examiners appropriately applied laws, regulations, and other regulatory criteria to examination findings and conclusions.**

**Average Numerical Ratings by FY Quarter**

| <b>FY</b>   | <b>First Quarter</b> | <b>Second Quarter</b> | <b>Third Quarter</b> | <b>Fourth Quarter</b> | <b>FY Average</b> |
|-------------|----------------------|-----------------------|----------------------|-----------------------|-------------------|
| <b>2019</b> | 1.8                  | 2.1                   | 2.1                  | 1.6                   | 1.9               |
| <b>2018</b> | 1.8                  | 2.0                   | 1.9                  | 1.5                   | 1.8               |
| <b>2017</b> | 1.8                  | 1.7                   | 1.8                  | 2.1                   | 1.9               |

**Comments:**

- Examiners actually helped correct some errors in interpretations.
- Completely agree.
- The examiners did a very good job of correlating findings and conclusions with laws, regulations and regulatory criteria.

- Knowledgeable and well-trained examiners.
- The regulators fully applied regulatory findings to their concerns shared with Management and Board.

**Comments perceived with negative feedback:**

- The examiners appropriately applied laws, regulations and other regulatory criteria, however, inconsistencies between various examination teams have been noted.
- Some examiners used opinions rather than laws/regulations.
- Most areas were free of violations of law, rule or regulations; however, examiners imposed their interpretation of a best practice as a matter requiring attention.
- There are always elements of the exam that are more technical. Most findings are appropriate and continue to refine our processes and risk identification. There are always some that either are subject to interpretation or where the "suggested" change provides little or no practical value.
- The examiners supported a few conclusions by referencing external guidance to support their conclusions which the institution was not previously made aware of.
- We felt that several of the MRAs were not based on specific laws or regulations but were based around personal preferences, practices observed in other institutions, or simply matters of opinion.

**Statement #3**

**The matters requiring attention and any supervisory agreement with FCA assisted the board and management in addressing the risks of the institution.**

**Average Numerical Ratings by FY Quarter**

| <b>FY</b>   | <b>First Quarter</b> | <b>Second Quarter</b> | <b>Third Quarter</b> | <b>Fourth Quarter</b> | <b>FY Average</b> |
|-------------|----------------------|-----------------------|----------------------|-----------------------|-------------------|
| <b>2019</b> | 2.0                  | 2.4                   | 2.4                  | 1.9                   | 2.2               |
| <b>2018</b> | 2.6                  | 2.1                   | 1.9                  | 1.6                   | 2.1               |
| <b>2017</b> | 1.8                  | 1.8                   | 2.2                  | 2.4                   | 2.1               |

**Comments:**

- The MRA items identified in the exam report were beneficial to the institution in evaluating its overall risk and looking at future audit scopes and identifying areas of concern that could need attention.
- The FCA appropriately interacted with various board members throughout the course of the examination cycle as they deemed necessary to support the individual reviews and presented their results in the [date removed] Board Meeting. We viewed the institution examination results as very favorable and felt that the related discussions were valuable in the development of our understanding of the related risks. We continue to see increased collaboration between the institution and the FCA regarding the management of difficulties in the areas of internal control across the System and view this as a very effective

and efficient process to address the related risks and in the development of remediation plans and actions.

- Yes, reasonable and helpful. Also, helpful discussion about audit function and other areas.
- Agree, we did feel we were doing business continuity testing and training but realize this was not adequately documented. Examiners provided some guidance in working on new procedures addressed in the MRAs.

**Comments perceived with negative feedback:**

- Two MRAs do not accomplish anything to promote safety and soundness in our institution.
- These were helpful, although at times they involved technical wording issues with limited practical benefit.
- A substantial portion of the matters requiring attention were not regulation based. In the past the noted items would not have risen to the level of matters requiring attention leaving the examination with a negative tone. Not all matters requiring attention assist the board and management in identifying risks that they are not already aware of.
- While we agree with many of the MRAs, there are others that are largely technical in nature that do not impact the level of risk in the institution.
- Strangely worded question. Unsure how to respond. Suggestions were more best practice type offerings, not necessarily game changers from an "addressing risks" perspective.
- A few of the MRAs seemed to be low on the materiality side, but all-in-all Board and Management grew from the experience.
- There were a number of MRAs which lacked materiality. Historically FCA exams separated areas that required actions vs. areas of recommendation.

**Statement #4**

**The examiners were professional and efficiently conducted examination activities.**

**Average Numerical Ratings by FY Quarter**

| <b>FY</b>   | <b>First Quarter</b> | <b>Second Quarter</b> | <b>Third Quarter</b> | <b>Fourth Quarter</b> | <b>FY Average</b> |
|-------------|----------------------|-----------------------|----------------------|-----------------------|-------------------|
| <b>2019</b> | 1.6                  | 1.5                   | 1.8                  | 1.3                   | 1.6               |
| <b>2018</b> | 1.5                  | 2.1                   | 1.3                  | 1.4                   | 1.6               |
| <b>2017</b> | 1.8                  | 1.5                   | 1.4                  | 1.6                   | 1.6               |

**Comments:**

- FCA staff were very professional and productive. Additionally, the FCA deployed skilled resources with a breadth of backgrounds (credit, technology, operations risk, assurance, management, etc.) that were able to effectively and efficiently evaluate the risks within the organization.



- All members of the examination team were professional, courteous and focused on performing their work in a thorough and responsible manner. We commend the agency on the quality and training of your staff.
- All communications and interactions were professional. The exam team provided ample opportunity to respond to findings and clarify information that was provided.
- The examiners were very professional and conducted their work in an efficient manner.
- The examiners were professional in their interactions with the Board and management.
- Examiners were very professional and worked very positive with staff and board.

**Comments perceived with negative feedback:**

- There were redundancies in information gathering. Information requested and submitted in advance of the onsite activity was requested again by the onsite team.
- The onsite examiners were very professional. The duplicate work on several items did not contribute to their efficiency and did contribute to frustration on both sides.
- The examiners were professional; however, we felt the exam could be handled in a more timely and efficient manner. The exam took over six weeks and at times unorganized. Multiple examiners specializing in specific areas became involved at sporadic times causing management to constantly shift their schedules over a four-month period to try and accommodate the examiners schedules. Documents that had been previously uploaded to the portal were not accessed or utilized by examiners but instead management was asked to provide again.

**COMMUNICATIONS**

**Statement #5**

**Communications between the Office of Examination staff and the institution were clear, accurate, and timely.**

**Average Numerical Ratings by FY Quarter**

| <b>FY</b>   | <b>First Quarter</b> | <b>Second Quarter</b> | <b>Third Quarter</b> | <b>Fourth Quarter</b> | <b>FY Average</b> |
|-------------|----------------------|-----------------------|----------------------|-----------------------|-------------------|
| <b>2019</b> | 1.6                  | 2.3                   | 1.9                  | 2.0                   | 2.0               |
| <b>2018</b> | 1.8                  | 2.1                   | 1.5                  | 1.6                   | 1.8               |
| <b>2017</b> | 1.6                  | 1.5                   | 1.7                  | 2.0                   | 1.7               |

**Comments:**

- In general, communications were clear, accurate and timely.
- Multiple members of the institution's leadership team have scheduled recurring update calls with the FCA examiners to ensure the flow of information is clear, accurate and timely. These timely communications have proved to be very effective. The quarterly meetings with the Management Executive Committee allow the institution to provide timely updates to the FCA regarding organization matters and for the FCA to provide the

leadership updates on ongoing examination activities and other agency topics noteworthy of discussion.

- The examination staff did an excellent job of maintaining open, ongoing and thorough communications.
- Communications between examiners and institution staff were consistently well done and effective.
- Communications were adequate.
- I spoke often with [name removed] during the process and felt I was kept up to date during the entire process.

**Comments perceived with negative feedback:**

- Those that worked directly with the institution were polite, good to work with and communicated with the institution staff in an appropriate manner. Timeliness was poor (5 months to complete the process) resulting in a significant amount of stress and diversion from serving the stockholders. Initial time line expectations set were not kept due to what appeared to be lack of acceptance of initial findings.
- Some of FCA’s concerns or findings didn’t come out until at the Exit.
- Received multiple sporadic communications from multiple examiners over a 4 month period. Would like to see a more organized schedule for efficiency and security purposes at the beginning of the exam period with times and names of those that will be involved.

**Statement #6**

**Examination communications included the appropriate amount and type of information to help the board and audit committee fulfill their oversight responsibilities.**

**Average Numerical Ratings by FY Quarter**

| <b>FY</b>   | <b>First Quarter</b> | <b>Second Quarter</b> | <b>Third Quarter</b> | <b>Fourth Quarter</b> | <b>FY Average</b> |
|-------------|----------------------|-----------------------|----------------------|-----------------------|-------------------|
| <b>2019</b> | 1.8                  | 2.0                   | 1.9                  | 2.0                   | 1.9               |
| <b>2018</b> | 1.8                  | 1.9                   | 1.7                  | 1.9                   | 1.8               |
| <b>2017</b> | 1.8                  | 1.6                   | 1.7                  | 2.1                   | 1.8               |

**Comments:**

- The board of directors expressed appreciation for the format of the presentation of the report of examination given at the board meeting.
- The exam team did an excellent job in their exit conference.
- Communications with the exam team, particularly the exit conference and onsite exam presentation with the Board were beneficial in providing the Board and Management a clear understanding of FCA's expectations regarding the exam findings.
- The FCA provided complete and detailed communications in the form of ongoing verbal updates, close-out meeting with the various management teams, a formal readout of

institution results with the Executive team, presentation of Examination results in the May 2019 Board Meeting, and through the written final Report of Examination.

- We believe the information provided will be helpful to the Board and Audit Committee in fulfilling their responsibilities.
- The communications to the Board, both verbally and the written closeout and final exam report were clear and concise.
- Overall well done and effective.
- There was some misunderstanding on Management’s part on how the exam was provided to the board. This was not FCA's issue but rather Management did not realize a hard copy was not being provided to the board.

**Comments perceived with negative feedback:**

- Generally agree. Some communications were not necessary. The report outlining a number of matters requiring attention in areas besides credit set a negative tone while many verbal discussions throughout the exam were positive about the institutions credit and practices.
- All relevant information was communicated to the Board and Audit Committee. The Audit Committee at times struggled to fully understand some of the issues discussed and would have benefitted having someone from management present during communications.
- The Board was given very little time to review FCA's final report prior to the Exit.
- The number and materiality of the MRAs seemed to go beyond what was necessary.

**Statement #7**

**Examiners fairly considered the views and responses of the board and management in formulating conclusions and matters requiring attention.**

**Average Numerical Ratings by FY Quarter**

| <b>FY</b>   | <b>First Quarter</b> | <b>Second Quarter</b> | <b>Third Quarter</b> | <b>Fourth Quarter</b> | <b>FY Average</b> |
|-------------|----------------------|-----------------------|----------------------|-----------------------|-------------------|
| <b>2019</b> | 1.5                  | 1.9                   | 2.3                  | 1.7                   | 1.9               |
| <b>2018</b> | 1.9                  | 2.2                   | 1.7                  | 1.6                   | 1.9               |
| <b>2017</b> | 1.6                  | 1.8                   | 2.1                  | 2.1                   | 1.9               |

**Comments:**

- The Board of Directors had minimal views or responses for the examiners to consider in formulating their conclusions and recommendations. However, conversations held between Examiners and certain board members throughout the Examination were effective. The Exam team and Examiner in Charge (EIC) had significant discussions with management as appropriate before finalizing recommendations.
- The examiners provided us with ample opportunity for discussion and exchange. They were very fair in considering our views and responses.

- Most of the interaction was with management. Our team appreciated the level of interaction and communication and the ability to clarify information we provided and respond to questions from the exam team.
- Examiners consistently asked and appeared to fully consider the views of management and the Board.
- Examiners reasonably considered the Board and management responses prior to issuing their report.

**Comments perceived with negative feedback:**

- In one instance, members of the exam team openly disagreed about a specific finding and conveyed during the initial exit interview that this would not be identified as an MRA item, however it was reflected in the MRA in the final report.
- In some areas the views of the Board and management were considered, however, some of the interpretations by examiners did not align with the intent and institution's interpretations.
- Managers were unfairly singled out as being "pushy" toward clarifying FCA on a couple FCA MRAs, however several Directors were present during the event and felt otherwise.
- For the first time in over 30 years we received over 25 MRAs and a FIRS rating 2 with no solid basis for the rating. All institution Benchmark ratings were 1. The number and materiality of the MRAs seemed to go beyond what was necessary.

**Statement #8**

**FCS-wide guidance from the Office of Examination was proactive and helpful.**

**Average Numerical Ratings by FY Quarter**

| <b>FY</b>   | <b>First Quarter</b> | <b>Second Quarter</b> | <b>Third Quarter</b> | <b>Fourth Quarter</b> | <b>FY Average</b> |
|-------------|----------------------|-----------------------|----------------------|-----------------------|-------------------|
| <b>2019</b> | 1.9                  | 2.4                   | 2.1                  | 2.0                   | 2.1               |
| <b>2018</b> | 1.9                  | 2.0                   | 2.0                  | 1.7                   | 1.9               |
| <b>2017</b> | 2.0                  | 2.0                   | 1.9                  | 2.3                   | 2.1               |

**Comments:**

- The guidance was helpful to know the exam focus in advance of the exam activity.
- FCS-wide guidance from the Office of Examination in the form of the annual National Oversight Plan, various information memorandums, and other non-formal communication are all very helpful in the understanding of direction and requirements.
- The system-wide guidance has been appropriate and helpful.
- Helpful overall but broad based communication is often general in nature.
- Appropriate and helpful.

### **Comments perceived with negative feedback:**

- Publications were helpful for the institution to understand the hot topics. Examiners use of and interpretation of the Exam Guidance may at times not be backed up by regulation or published guidance.
- Our examination results were impacted by recent heightened areas of focus for the Office of Examination. The new expectations for these areas were not communicated to the institution in advance. One examiner commented that their conclusions were not surprising as a result.

## **GENERAL QUESTIONS**

### **Statement #9**

#### **What aspect of the examination process did you find most beneficial?**

- Communication between examiners and staff; flexibility in meeting with staff.
- Correcting a calculation error in the TILA/RESPA Integrated Disclosure Rule.
- Having the exam team onsite to answer questions and discuss best practices, their interpretation of the regulations, and what they are seeing at other institution's and how we can incorporate that into our practices.
- EIC and Supervisory Examiner were proactive with their communications, and this helped the exam go smoothly.
- Onsite examination where we can interact with the examiners.
- Opportunities to collaborate on the various risks facing the organization and the Farm Credit System as a whole. Greater integration in the handling of certain District and System matters.
- Most helpful was the ongoing interaction with the examiners as we discussed the issues raised and potential options for dealing with the issues. That provided us with some good food for thought and consideration. We appreciate the opportunity to interact in that way.
- Some examiners were helpful in their communications of best practices.
- Affirmation of risk identification and the interaction with the exam team.
- Provided helpful clarification and perspective regarding internal audit related reporting.
- Summary report to the entire board.
- We appreciate receiving the official report in person and the opportunity to meet with the examiners face-to-face.
- The opportunity the Board and Management had with examiners to discuss best practices and what they see elsewhere.
- The presentation to entire board and opportunity to interact with senior level staff. They indicated one of there biggest concerns was succession planning.
- Enhancement of policies, procedures, and internal controls.

## Statement #10

### What aspect of the examination process did you find least beneficial?

- Had some trouble with FCA staff's access to institution systems needed for examination.
- In certain areas, the scope of the examination is not relative to the size and risk-bearing capacity of the institution.
- The exam did seem to take longer than usual.
- None to speak of.
- As mentioned before, probably the least beneficial was the focus at times on technical wording in various policies and procedures that were of limited practical benefit.
- Strong opinions and assumptions caused the agency inefficiencies with the examination and morale issues with the institution.
- Exam areas that are focused System wide often come with predetermined outcomes that are generally applied rather than being institution specific.
- No notable problems.
- None.
- Subjectivity in MRAs, length of review period, and unorganized.

## Statement #11

### Please provide any comments from the Board as a whole regarding the examination process not provided in the preceding responses.

- The time and level of detail the exam team spent during the exit conference was helpful to the Board.
- The Board appreciates FCA's efforts and believes an appropriate amount of time was spent communicating the exam results to the Board and Management. Questions and concerns were fully addressed.
- Use less trainees to improve the speed of the review. One MRA was a simple oversight by institution management but the agency expects the institution to spend money on another audit to review the oversight each year. Management is entitled to a mistake every now and then and the issue was not about safety/soundness of the institution.
- The Chairman of the institution's Board of Directors agreed to allow the Audit Committee Chairman to review and discuss this survey with Management prior to its submission. Based on the timing of the survey release and the requested due date, a discussion on the responses amongst the full Board was not possible. However, the survey will be appropriately discussed as part of the December 2019 Board Meetings, specifically with the Audit Committee and a report to the Board as a whole. The Audit Committee Chairman noted appreciation of FCA's timely and effective communication throughout the examination process.
- As a board we agree with the above comments. We have some concerns with how the exam was conducted.

- Face to face interaction is valuable and appreciated. It is also noted that four personnel traveling out for a fairly routine meeting with the Board has some cost implications. Just a matter of balancing various considerations. The desire of interaction is appreciated.
- We appreciate that our EIC and Senior Portfolio Manager were professional and willing to listen to the Board and management. Given the amount of money the institution pays to FCA every year, enhanced communication regarding expectations and more advance collaboration with the institution would be appropriate at times. The institution is willing to comply with regulatory expectations if they are known and clearly communicated.
- No comments.
- There seem to be a sharp tone at the exit that hadn't been experienced prior with FCA.
- Our expectation is that this survey is confidential and will not allow any form of retaliation.

### Request for OIG Contact

### Would you like the Office of Inspector General to contact you confidentially to discuss your survey responses and/or the examination?

Two institutions surveyed for this report indicated that they would like a call from the OIG.

## FISCAL YEAR 2019 SUMMARY REPORT

The table below provides cumulative data for the FY 2019 ratings for survey statements 1-8. During FY 2019, the OIG sent surveys to 51 FCS institutions and received 42 responses. This is an 82% response rate, down 4% from FY 2018's response rate of 86%. The overall average rating for survey statements 1-8 was 2.0 for FY 2019, compared to 1.8 for FY 2018. For FY 2019, 84.0% of the ratings were either "completely agree" (1), or "agree" (2), compared to 87.2% for the total of those two rating categories in FY 2018.

**Number and Percentage per Rating Category**

| Statement              | Completely Agree (1) |       | Agree (2) |       | Neither Agree nor Disagree (3) |       | Disagree (4) |      | Completely Disagree (5) |    | Does Not Apply* (6) |     | Average Numerical Rating |
|------------------------|----------------------|-------|-----------|-------|--------------------------------|-------|--------------|------|-------------------------|----|---------------------|-----|--------------------------|
| 1                      | 11                   | 26%   | 27        | 64%   | 2                              | 5%    | 2            | 5%   | 0                       | 0% | 0                   | 0%  | 2.0                      |
| 2                      | 12                   | 29%   | 24        | 57%   | 5                              | 12%   | 1            | 2%   | 0                       | 0% | 0                   | 0%  | 1.9                      |
| 3                      | 4                    | 10%   | 28        | 67%   | 6                              | 14%   | 2            | 5%   | 0                       | 0% | 2                   | 5%  | 2.2                      |
| 4                      | 23                   | 55%   | 14        | 33%   | 5                              | 12%   | 0            | 0%   | 0                       | 0% | 0                   | 0%  | 1.6                      |
| 5                      | 16                   | 38%   | 17        | 40%   | 5                              | 12%   | 3            | 7%   | 0                       | 0% | 1                   | 2%  | 2.0                      |
| 6                      | 11                   | 26%   | 27        | 64%   | 1                              | 2%    | 3            | 7%   | 0                       | 0% | 0                   | 0%  | 1.9                      |
| 7                      | 18                   | 43%   | 16        | 38%   | 6                              | 14%   | 2            | 5%   | 0                       | 0% | 0                   | 0%  | 1.9                      |
| 8                      | 7                    | 17%   | 27        | 64%   | 7                              | 17%   | 1            | 2%   | 0                       | 0% | 0                   | 0%  | 2.1                      |
| <b>Total Responses</b> | 102                  | 30.4% | 180       | 53.6% | 37                             | 11.0% | 14           | 4.2% | 0                       | 0% | 3                   | .9% | 2.0                      |

\*Ratings of "6" (Does Not Apply) are not included in average numerical ratings.

**FARM CREDIT ADMINISTRATION  
OFFICE OF INSPECTOR GENERAL**



Farm Credit Administration  
Office of Inspector General

**Report Fraud, Waste, Abuse, and Mismanagement**

**Phone** Toll Free (800) 437-7322; (703) 883-4316

**Fax** (703) 883-4059

**Email** [fca-ig-hotline@rcn.com](mailto:fca-ig-hotline@rcn.com)

**Mail** Farm Credit Administration  
Office of Inspector General  
1501 Farm Credit Drive  
McLean, VA 22102