



February 26, 2004

Mr. Stephen Smith
Inspector General
Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 22102

Dear Mr. Smith,

We have reviewed the system of quality controls for the audit function of the Farm Credit Administration for the year ended June 30, 2003. We conducted our review in conformity with standards and guidelines established by the President's Council on Integrity and Efficiency (PCIE). We tested compliance with the OIG's system of quality control to the extent we considered appropriate. These tests included a review of the audits identified in the enclosure.

In performing our review, we have given consideration to the policy statement on quality control and external reviews, dated February 2002 issued by the PCIE. That statement indicates that an OIG's quality control policies and procedures should be appropriately comprehensive and suitably designed to provide reasonable assurance that the objectives of quality controls will be met. It also recognizes that the nature, extent and formality of an OIG's system of quality control depends on various factors such as the size of the OIG, the location of its offices, the nature of the work and its organizational structure.

In our opinion, the system of quality control for the audit function of the Farm Credit Administration in the effect for the year ended June 30, 2003, has been designed in accordance with the quality standards established by the PCIE and was being compiled with for the year then ended to provide the OIG with reasonable assurance of material compliance with professional auditing standards in the conduct of its audits.

A handwritten signature in black ink, appearing to read "Paul Brachfeld".

Paul Brachfeld
Inspector General

Enclosure