

**Farm Credit Administration  
Office of Inspector General**

## **Survey Report**

### **Survey of Farm Credit System Institutions Regarding the Farm Credit Administration Examination Function**

Third and Fourth Quarters  
Fiscal Year 2024  
(April 1, 2024 – September 30, 2024)

**Issued March 31, 2025**

**FCAOIG**

Farm Credit Administration  
Office of Inspector General

# EXECUTIVE SUMMARY

## SURVEY OF FARM CREDIT SYSTEM INSTITUTIONS REGARDING THE FARM CREDIT ADMINISTRATION EXAMINATION FUNCTION

THIRD AND FOURTH QUARTERS, FISCAL YEAR 2024

(APRIL 1, 2024 – SEPTEMBER 30, 2024)

The System institutions OIG asked to respond to the survey are those institutions that:

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

The survey contains 11 statements and asks respondents to rate eight of those 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 Office of Examination (OE) identifies Farm Credit System (System) 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. This report includes the response data for the third and fourth quarters of FY 2024, as well as some historical data for comparison. This report also includes a summary of FY 2024 numeric ratings.

OE identified a total of 22 System institutions to survey for the third and fourth quarters of FY 2024 (April 1, 2024 – September 30, 2024). OIG surveyed those institutions and 19 institutions completed the survey (an 86% response rate). For the third quarter, OIG sent the survey to the institutions on August 19, 2024, and received responses through October 8, 2024. For the fourth quarter, OIG surveyed the institutions on November 7, 2024, and received responses through December 24, 2024.

The table below shows quarterly average numerical rating ranges and total average numerical ratings for survey statements 1-8 for the third and fourth quarters of FY 2024, as well as the previous two quarters for comparison. A "1" reflects a positive rating and a "5" reflects a negative rating.

**Average Numerical Ratings**

Fiscal Year/Quarter	Average Numerical Rating Range	Total Average Numerical Rating
FY23/Q4	1.4 – 1.9	1.6
FY23/Q3	1.4 – 2.2	1.8
FY24/Q2	1.5 – 2.1	1.8
FY24/Q1	1.6 – 2.1	1.8

OIG lists comments with any perceived negative feedback separately for survey statements 1-8 and 11 in this report. OIG includes statistical information about the negative comments in a separate report section.

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## ACRONYMS AND ABBREVIATIONS

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

## BACKGROUND AND METHODOLOGY

Each fiscal year (FY) quarter, the Farm Credit Administration (FCA) Office of Examination (OE) identifies Farm Credit System (FCS or System) institutions that can provide meaningful survey responses for that period. The criteria for including a System 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) provides a survey report semiannually for two quarters of survey responses for the periods extending from October 1 through March 31 and April 1 through September 30. This report includes the response data for the third and fourth quarters of FY 2024 and summary data for FY 2024. For the third quarter, OIG sent the survey to the institutions on August 19, 2024, and received responses through October 8, 2024. For the fourth quarter, OIG surveyed the institutions on November 7, 2024, and received responses through December 24, 2024.

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

\*OIG does 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.

For survey statements 1-8, OIG provides the average numerical ratings for each quarter and all responses received for the FY. For comparison, OIG provides the two most recent FYs for which

survey data was collected. Statements 9-11 are not numerically rated because they solicit narrative responses.

Survey statements 1-4 pertain to the examination process generally and statements 5-8 pertain specifically to communications during the examination. Statements 9-11 solicit narrative feedback on the examination process. Respondents may submit comments for each of the 11 survey statements.

The report includes narrative responses verbatim with the following exceptions: certain information identifying institutions or examiners has been removed (e.g., institution and examiner names and dates were removed; and "association," "ACA," and "bank" were replaced with "institution" when referring to a specific institution); spelling and punctuation errors were corrected; and acronyms and abbreviations were spelled out where first used in the report. OIG includes bracketed text to show where OIG removed certain identifying information or to provide clarification to a response. OIG lists comments with any perceived negative feedback separately for survey statements 1-8 and 11, and includes statistical information about the perceived negative comments in a separate report section.

At the end of the survey, OIG asks whether the respondent would like the OIG to contact the institution confidentially to discuss the institution's 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
2024	1.8	1.8	1.8	1.6	1.8
2023	1.7	1.6	1.8	1.8	1.7
2022	1.9	2.2	2.3	2.2	2.1

#### Comments:

- The scope of examination activities appeared to be comprehensive and appropriately addressed the risks within and facing the organization. Our institution has made a considerable investment to develop and maintain a strong control environment, which was considered by the FCA as part of their examination activities. While the scope of recent examinations has been heavily weighted towards borrower eligibility and reputation risk associated with similar entity lending, we believe the additional effective controls we have employed at the direction of the agency should allow the examiners to lessen their focus on this area in future examinations. We trust that the FCA will find our approach to remaining open examination issues are not only reasonable, but prudent in continuing to achieve our institution's mission to serve agriculture and rural America.

- The focus areas [were] consistent with our risks.
- As a larger more complex institution post-merger, the scope of the examination was more rigorous. We do believe the scope was appropriately risk-based for the size and complexity of our [institution].
- The overall review scope based on our risk profile was appropriate for the [institution]; although, there were a few areas of focus that were not viewed as high risk.
- This examination maintained a heavily weighted focus on scope and eligibility loans (LIT, part-time ag, other financing needs, etc.); which is inconsistent with previous examinations which consisted of more comprehensive assessments of safety and soundness in relation to the loan portfolio.
- Our exam team is consistently professional, seeks to understand, and is reasonable in discussing various topics.
- No concerns about the scope of the exam and it was consistent with the national oversight areas of emphasis.
- The exam was generally appropriate to the scale and risk of the [institution]. Areas of emphasis included both major and minor risks.
- 2024 was a year of exams by the FCA. The [institution] began 2024 with a Capital Markets HEA followed by statutory Oversight and Examination activity exam, and wrapped up the third quarter 2024 with a Compliance HEA exit conference [date removed]. During the telephone entrance exam conference calls, the scopes of each exam were discussed with management and board/audit chairs. Focus areas were appropriate for the size, complexity, and risk profile of the [institution].
- Scope of examination activities were appropriate for [the institution's] size, complexity, and risk profile.

**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>2024</b>	1.7	1.8	2.2	1.6	1.8
<b>2023</b>	1.8	1.6	1.5	1.7	1.7
<b>2022</b>	2.2	1.9	2.0	1.8	2.0

**Comments:**<sup>1</sup>

- As we responded following the last examination, although regulations are written with good intentions, reasonable interpretations of regulations must be allowed for the System to continue to meet its mission in a constantly evolving marketplace. While FCA examiners are well-versed on the application of the regulations, they often seek counsel from FCA's legal division. Since the preceding examination, FCA's General Counsel has made a concerted effort to improve communications on important regulatory issues. Accordingly,

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<sup>1</sup> Two institutions provided identical responses to this statement. They are consolidated below.

we look forward to this improved direct communications with FCA's General Counsel going forward.

- We appreciated that management's feedback was considered in the final exam report and findings.
- The examiners provided the [institution] with references to the exam manual and guidelines to aid in explaining their findings.
- Examiners were detailed and professional in their application of laws, regs, and regulatory guidance as pertinent to areas of focus within the planned scopes of each exam.
- Examiners appropriately applied laws, regulations, and other criteria to noted findings and documented conclusions.
- The appropriate laws and regulations were discussed.

**Comments perceived with negative feedback:**

- In general, yes, but over the past few years, "best practices" have crept into the examination, which is hard to follow.
- Overall, we agree that the findings and conclusions were based on the application of laws, regulations and other regulatory criteria. However, the application of these laws, regulations and other regulatory criteria do not appear to be consistently interpreted nor applied across the entire System. Moreso, our primary concerns are the competitive disadvantages created by the inconsistent focus, interpretation, and application of these same laws and regulations across [institutions] specifically in over-charted territories like ours in the [location removed].
- Laws and regulations were applied appropriately; however, [institution] feels MRAs should not be issued based upon the interpretation of regulations. Specifically, new regulations, such as Standard of Conduct, where the interpretation of those regulations are still evolving. The [institution] cannot follow FCA's interpretation of certain regulations if the interpretations have not been communicated.
- Examiners (admittedly younger and inexperienced) read straight from the manual and spent a lot of time explaining every [minor] issue in depth [based] on how they read the manual. Not a complaint, but certainly time consuming.
- In some areas, the MRAs or related recommendations crossed into the area of management functions through highly prescriptive recommendations for remediation.

**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**

FY	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	FY Average
2024	2.1	2.1	1.9	1.5	1.9
2023	2.0	1.6	1.7	1.7	1.8
2022	2.1	2.3	2.4	2.3	2.2

**Comments:**<sup>2</sup>

- Examiners prudently determined whether issues were sufficiently addressed through an MRA or an observation. Further, they appropriately allowed management to address observations and take immediate corrective actions when appropriate. As a result, areas raised to the attention of the Board were consistent with board oversight responsibilities and commensurate with the risk presented.
- The matters requiring attention were thoroughly explained by the examination team, which helps the board and management team to meet the expectations of FCA.
- The MRAs were prescriptive to the risks identified and addressed at the appropriate level. Limited levels of risk were accounted for in the MRAs but did create awareness and resolution.
- We agree that MRAs have provided the board and management with the opportunities to strengthen and improve our [institution].
- The MRA was handled collaboratively and effectively with the joint efforts of management and the FCA. In particular, mutual agreement on timelines and due dates was very helpful.
- Examiners were thorough, detailed and professional in their closeout and presentation discussions with management and board regarding institution risk, including risk identification (credit and performance class, PD and LGD), and concentration risk.
- This Report of Examination did not identify any matters requiring attention. During this examination previously identified MRAs were able to be officially closed out. Addressing those prior MRAs did help our institution to mitigate some risks that our institution faces.
- Always appreciate the feedback and validation around the controls and safety/soundness evaluation of the [institution].

**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>2024</b>	1.7	1.5	1.4	1.4	1.5
<b>2023</b>	1.3	1.4	1.5	1.3	1.4
<b>2022</b>	1.8	1.5	1.9	1.5	1.6

**Comments:**<sup>3</sup>

- Overall, the examination was well done.
- The examiners acted with professionalism and were mindful on being as efficient as possible while completing their work. The duration and depth of the examination did require significant resources from the [institution]. As a recently merged institution this was something we expected. Now with a baseline of examination established post-merger,

<sup>2</sup> Two institutions provided identical responses to this statement. They are consolidated below.

<sup>3</sup> Two institutions provided identical responses to this statement. They are consolidated below.



we are optimistic the examination cycle can be more efficient for both parties going forward.

- The examiners were professional and communicated well with management. They were approachable and encouraged dialogue throughout the exam.
- The examiners were professional and courteous throughout the examination.
- Examiners were professional and efficiently conducted the examination. The examination was much more conducive in comparison to prior years. For the past several years, there were at least some questions that were not asked, that resulted in an MRA. Whereas if the examiner had simply done a walk-through of the process, MRAs would not have been issued. [The institution] would not be aware of the issues until the draft report was issued, at which point the examiners considered their work done, and would not entertain a conversation even though the finding was not valid. This year there were no instances in which this happened. There were a couple of these potential findings; however, the examiners were willing to discuss. The [institution's] Senior Portfolio Manager played a critical role in navigating these conversations and it completely changed the dynamic of the examination for the better.
- Yes. Very professional.
- The examiners were professional and efficient in their conduct with the [institution] board and staff. Staff members experienced open dialogue with examiners, with no repetition of discussion or information uploads.
- The examination team was professional in their communications with our [institution] personnel. Overall, the audit team conducted their activities in an appropriate amount of time.
- Our exam team is consistently professional, seeks to understand, and is reasonable in discussing various topics.

**Comments perceived with negative feedback:**

- The FCA examiners were very professional and productive. Additionally, the FCA continued to deploy skilled resources (credit, technology, operations risk, assurance, management, etc.) that were able to effectively and efficiently evaluate the risks within the organization. However, we continue to believe the FCA examiners' focus on borrower eligibility and reputation/political risk associated with similar entity lending detracts from more productive dialogue on innovation and ways to enhance our institution's ability to meet its mission in a safe and sound manner.
- The examination team included several new examiners in training. While we fully support the agency's efforts to grow the teams and build for succession, we found that the training decreased the efficiency of the examination activities and impacted the [institution] staff through multiple rounds of discussion on some topics.

## 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>2024</b>	1.6	1.6	1.8	1.5	1.6
<b>2023</b>	1.7	1.9	1.8	1.4	1.7
<b>2022</b>	1.8	1.7	2.1	1.6	1.8

**Comments:**<sup>4</sup>

- Multiple members of our leadership team have scheduled recurring monthly/quarterly update calls with the FCA examiners to ensure the flow of information is clear, accurate and timely. These formal communications have proved to be very effective. Additionally, quarterly update meetings with executive management allow for timely discussion of organization matters and for the FCA to provide management with updates on ongoing examination activities and other agency topics noteworthy of discussion.
- Of note, compared to the preceding examination, the process of raising issues to FCA's legal division was vastly improved, which allowed management to fully support their position through direct discussions with FCA's General Counsel. While differences in opinion regarding application of the regulations and the [Farm Credit] Act remain, management appreciated the opportunity to provide our institution's position on several regulatory issues important to achieving our mission to serve agriculture and rural America.
- The [Examiner-in-Charge] (EIC) did a good job of communication throughout the process.
- Examiner communication between the institution was clear, accurate and timely. Findings were explained and there were no surprises in the final report which is greatly appreciated.
- Communications were open and clear.
- Communication between the [institution's] staff and examiners was strong.
- [name removed] and his team were very professional and accommodating when organizing communication efforts with our staff, which resulted in very little interruption to our daily operations.
- The examination staff communicated appropriately with [institution] staff in clear, accurate, and timely manner. There was no repetition of discussions already or previously held with other examiner staff members. The examination staff was very thorough and efficient throughout the exams.
- The examination team provided clear communications to our [institution] via onsite discussions, emails, and calls.

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<sup>4</sup> Two institutions provided identical responses to this statement. They are consolidated below.

- Communication across all teams was timely and clear. However, we did note that the application and interpretation of regulatory expectations varied across teams dependent upon the team lead.
- Generally, I would say yes, however in this instance it was late into the exam process before we knew how the format and resources were going to be applied due to the Collaboration arrangement. Not necessarily a criticism, just an observation.

**Comments perceived with negative feedback:**

- The exam team did a great job communicating before, during, and after the exam. There was a late request from the exam team for [information] that appeared to have been overlooked. The multiple rounds of follow-up questions would have been more efficient if questions had been submitted together.

**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>2024</b>	1.6	1.7	1.8	1.5	1.7
<b>2023</b>	1.6	1.6	1.6	1.8	1.7
<b>2022</b>	1.6	1.9	1.8	1.9	1.8

**Comments:**<sup>5</sup>

- The examiners provided complete and detailed communications in the form of ongoing verbal updates, close-out meetings with the various management teams, a formal readout of results with executive management, a presentation of examination results to the Board, and the written final Report of Examination.
- Board leadership appreciated being invited by the Agency to participate in exit meetings, which covered the details of the preliminary examination findings. The Agency’s updated report format and delivery to the institution is much improved and more effective.
- The communication with the Board and Audit Committee was sufficient to carry out their duties.
- We agree that MRAs have provided the board and audit committee with the necessary information to strengthen and improve our [institution] and fulfill their respective oversight responsibilities.
- The examiners met with the [institution’s] Board at their June 2024 Board meeting to discuss the most recent exam and its findings.
- All communication with the Board and Audit Committee was very clear and concise.
- The Board and Audit Committee appreciate the level of detail in the written and presented results of the examinations. Formally written results assist the Audit Committee in determining risk assessment and audit plan scoping.

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<sup>5</sup> Two institutions provided identical responses to this statement. They are consolidated below.

- Communications via close-out call conversations, the examination report, and virtual discussions with the Audit Committee and Board were clear and contained information that will help the Board and Audit Committee fulfill their oversight responsibilities.
- The Audit Committee Chair appreciated the interaction as part of the exam.

**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>2024</b>	1.7	1.7	1.6	1.6	1.7
<b>2023</b>	2.0	1.6	2.0	1.6	1.8
<b>2022</b>	1.9	1.6	2.5	2.0	2.0

**Comments:**<sup>6</sup>

- Examiners fairly consider the Board's views and responses for the examiners to consider in formulating their conclusions and recommendations. Conversations held between examiners and certain board members throughout the Examination were effective. The Exam team and [EIC] had significant discussions with management and appropriately considered their views before finalizing recommendations during the statutory examination. Also, as addressed under Question #5, communication with FCA's legal division improved subsequent to the preceding examination, and we look forward to continued productive dialogue on significant regulatory issues.
- Examiners, board and management were able to have open and constructive dialogue.
- Possible MRAs were communicated timely and allowed adequate time for feedback. We felt our feedback was genuinely welcomed and fairly considered before a final decision was made. This was appreciated and facilitated a productive outcome.
- Overall, examiners appeared to consider the views and responses of management in their formulation of most conclusions and MRAs.
- Discussions were had with the examiners to discuss the MRA. Status update meetings are held with the FCA examiners and senior management quarterly.
- Good discussion and questions were always welcome.
- Some examiner observations noted during the exam were relayed to [institution] staff during the ongoing exam. Examiners considered the [institution] responses when developing the final written exam results. There were no MRAs from the oversight and examination final results. Observations throughout the report were/are considered as presented by Management, and appreciated by the Board and Management.
- Discussions occurred as questions arose throughout the exam that allowed both parties to understand each situation and agree upon the conclusions reached.
- We appreciated that the examiners clearly listened to and took note of actions that the [institution] had taken or was planning on taking before formulating final conclusions.

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<sup>6</sup> Two institutions provided identical responses to this statement. They are consolidated below.

Bringing a balance of items identified as observations rather than MRAs gave credit to the work that [institution] staff had already begun.

- As mentioned previously, the exam team consistently took the time to understand various perspectives and responded appropriately.

**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>2024</b>	2.0	1.9	2.0	1.9	2.0
<b>2023</b>	2.0	1.6	1.7	2.2	1.9
<b>2022</b>	2.0	2.2	2.3	1.8	2.1

**Comments:**<sup>7</sup>

- FCS-wide guidance from the Office of Examination in the form of the annual National Oversight Plan, various informational memorandums, and other formal and non-formal communication are all very helpful in the understanding of direction and requirements. We encourage the FCA to continue to apply a collaborative process in the development of regulatory guidance.
- The Office of Examination clearly communicates its areas of focus. [Institutions] receive regular guidance, which can be large amounts of information at times. A summary of significant changes would be helpful.
- Agree. As discussed above, the quarterly update meetings with senior management are very helpful.
- Information like the National Oversight Plan and informational memorandums are very effective in driving focus on the areas of heightened risk.
- FCS-wide guidance from the Office of Examination was proactive and helpful. A thorough discussion was held with Board and Management regarding the areas covered in the National Oversight Plans for 2024 and 2025. The Board feels it appropriate to hear the Examiner's view of upcoming focus areas.
- In general, FCA guidance is helpful in identifying recommended best practices. While it was not an issue in the most recent examination, in the past some examiners have at times treated guidance as mandatory, which should be avoided. In addition, when FCA revises guidance, such as Exam Manual sections, it would be helpful if FCA would provide a red-lined version showing the changes so institutions can more easily identify the changes made.
- It's always helpful to know the focus areas in advance to help guide efforts.

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<sup>7</sup> Two institutions provided identical responses to this statement. They are consolidated below.

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

- The communication with [the] Office of Examination is good. We have seen a lot of regulations and exam manual updates over the past few years, which makes it tough to keep up with the changes.
- More timely interpretations of new regulations would have been helpful. It seems unjust to receive an MRA if the [institution] is in compliance of the regulations, but not with FCA's changing interpretation of the regulations.
- In some instances, including the examination of Standards of Conduct activities, unpublished guidance which had been circulated internally at the FCA, but not provided to Farm Credit institutions, has been used as a basis for examination. Examiners provided verbal guidance, but the eventual provision of written guidance does not always align with the verbal guidance. The application of unpublished guidance in examinations has also produced inconsistent examination results among [institutions] on regulatory requirements. In the case of Standards of Conduct, the [institution's] efforts to incorporate evolving FCA guidance into the [institution] policies has been a challenge and may produce a complex policy which makes it difficult for employees and directors to understand their obligations under the regulation.

## **GENERAL QUESTIONS**

### **Statement #9: What aspect of the examination process did you find most beneficial?**

#### **Comments:**

- Opportunities to collaborate on the various risks facing the organization and the Farm Credit System as a whole is the most beneficial aspect of the examination process.
- Face to face interaction, on site examination activity.
- The closeout with the entire board and management team was beneficial.
- Open dialogue to discuss issues and understand the expectations of the Agency.
- The collaborative approach. The exam team did a great job breaking down the wall between auditee and auditor to create a collaborative environment that led to discussions beneficial for everyone.
- The EIC [name removed] and Assistant EIC [name removed] were effective in exercising the responsibilities within their purview. The Earnings & Capital [name removed] and IT [name removed] review sections both offered guidance/recommendations that were thoughtful and beneficial.
- It's always helpful to know the focus areas in advance to help guide efforts.
- The validation of several aspects of our control environment.
- The examination team's willingness to discuss findings with which the [institution] disagreed. This is a change from prior years.
- Ongoing communication with the examiners.
- Examiner communication was timely and specific.
- The clarity of the discussions held between our staff and the reviewers regarding any findings or best practice recommendations.

- The [institution] appreciated receiving the exam request lists timely, allowing for opportunities to engage conversation and clarification of topics requested. Open dialogue with examiners, and examiner consideration of additional comments/discussion were very beneficial throughout the exam processes. Examiners were reasonable with expectations of [institution] responses.
- The [EIC] was very helpful in providing explanations for the detail and complexity of the Exam as compared to previous years.
- Discussions that occurred throughout the exam allowed for continuous learning and understanding.
- Examiners are very responsive when questioned about regulatory interpretations.
- Clear communication about timeline and planning, which required good coordination from the examiner-in-charge, set a strong foundation for a collaborative examination cycle. Examiners spent time to understand the perspective of the [institution] before finalizing conclusions.
- The exam team recommended several best practices that we agreed with and implemented. It is nice to get different perspectives from the examiners. They get to see how [institutions] do things differently across the system and sharing that with us is a value add.

**Statement #10: What aspect of the examination process did you find least beneficial?**

**Comments:**<sup>8</sup>

- The continuing focus on borrower eligibility and reputation/political risk associated with similar entity lending is the least beneficial aspect of the examination process. Our organization's Board and management have established substantial control processes and taken proactive measures to manage reputation/political risk and fully support our eligibility determinations. Accordingly, we believe the reputation/political risk associated with these activities is well-managed by our institution.
- Nothing comes to mind.
- The burden and cost of regulatory compliance continues to increase year after year. We understand and support the important role of the Farm Credit Administration. Over time we believe that we need to work together to improve the efficiency and cost [versus] benefit of achieving proper safety and soundness oversight.
- The timing to initiate the exam entrance conference on [date removed] and request list due on [date removed] [a four-day window] created challenges while trying to collect and provide information when year-end financial statement activities are at their peak and staff availability is limited around the holidays. While this is likely unavoidable at times and not a material issue to us, it was the one thing we would consider least beneficial.
- FCA's interpretation of [Standards of Conduct] regulations changing just prior to our report issuance, which was communicated by examiners as an MRA. It is deflating to be

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<sup>8</sup> Two institutions provided identical responses to this statement. They are consolidated below.

held accountable for a changed interpretation that has not yet been communicated to the System.

- The documents requested for the initial exam are sometimes repetitive and leads to more time uploading the same documents for different requests.
- Heightened focus on areas unrelated to safety and soundness of the [institution].
- All seemed beneficial.
- Two HEA exams plus the statutory oversight exam in one year. However, all communications, expectations, and results were accomplished.
- The amount of time spent on [minor] details.
- Nothing specific to add here.

**Statement #11: Please provide any comments from the Board as a whole regarding the examination process not provided in the preceding responses.**

**Comments:**

- 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 2024 Board Meetings, specifically with the Audit Committee, and a report to the Board as a whole. The Audit Committee Chairman concurs with Management's comments.
- We were happy with the work that the team did and they kept us sufficiently informed of the work to be performed and the findings. We appreciate the work that they performed and the results of the audit.
- The board understands the role of the regulator and appreciates the feedback and insight that is provided.
- It is important that examiners are connected to the mission of the Farm Credit System. Over time the average examiner we work with seems to have less experience. (Our workforce is also getting younger and less experienced as well.) Also, with hybrid and remote working arrangements being commonplace in today's workforce, we believe that it is vital for all employers in the Farm Credit System, including the Farm Credit Administration to evolve and help ensure our employees are fully vested in fulfilling the important mission we serve and are properly equipped to help the Farm Credit System succeed.
- The board appreciated the opportunity to interact with the exam team during the in-person board session when examination results were discussed.
- The board appreciates the role of the examiners and understands that their goal is to protect and safeguard the overall System by evaluating and strengthening each [institution]. That goal aligns with our board's goals of fulfilling the farm credit mission through a safe and sound institution providing value to our shareholders. We need a level playing field in our over-charted district in order to remain competitive – therefore it is extremely important that the interpretation and application of the laws and regulations be



consistently communicated and enforced across our over-charted district to minimize competitive [and] marketplace advantages/disadvantages from occurring.

- The Board agreed the discussion with the examiners was productive regarding the Report of Examination.
- As Audit Committee Chair, I appreciate the ongoing systematic communication with the EIC throughout the exam. This provides us with information to investigate and correct any issues that arise. It also gives us an opportunity to provide additional information to the examiners to clarify any misunderstandings.
- The EIC reached out to the Board and Audit Chairs via email, to see if either had any other specific areas they would like the exam team to review. The board and audit chairs were appreciative of the opportunity to request an additional area to review. The results of the review were relayed to the Board during the in-person closeout presentation.
- Overall, the exam process was in line with expectations and appropriate conversations occurred between the exam team, staff, and the board.
- The board appreciates the thorough examination process, focused on the safety and soundness of the institution. The planning, execution, and communication was collaborative and balanced.
- The Board interaction was limited to the Board meeting and one call. Overall, they thought the exam went well, and they appreciated the professionalism of the exam team.

**Comments perceived with negative feedback:**

- Why was there such a big change in the detail to which the exam went into this time, as compared to last.
- While the number of audits and examination activities continues to increase, we recognize the importance of going through each one. But the costs of doing them is a growing challenge.

**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?**

None of the institutions surveyed for this report requested OIG contact them.

## STATISTICAL SUMMARY OF PERCEIVED NEGATIVE COMMENTS

OIG lists separately comments with any perceived negative feedback for survey statements 1-8 and 11 in this report. Below is statistical information on the perceived negative comments provided by the 19 institutions that responded to the survey for the third and fourth quarters of FY 2024. Ten institutions (53%) submitted no comments perceived as negative. Eight institutions (42%) submitted at least one negative comment in their narrative responses. One institution provided no comments.

### Number of Institutions Providing Perceived Negative Comments

Number of Negative Comments Provided	Number of Institutions	Percentage of Institutions
No comments provided	1	5%
0	10	53%
1-2	7	37%
3-4	1	5%

## STATISTICAL SUMMARY OF FISCAL YEAR NUMERICAL RATINGS

The table below provides FY 2024 cumulative data for the numerical ratings for survey statements 1-8. (Statements 9-11 are not numerically rated.) During FY 2024, OIG sent surveys to 45 System institutions and received 41 responses. This is a 91% response rate, up seven percentage points from the FY 2023 response rate of 84%. For FY 2024, the overall average rating for the survey statements was 1.7 and 93.5% of the ratings were either "completely agree" (1), or "agree" (2).

### 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
	Count	Percentage	Count	Percentage	Count	Percentage	Count	Percentage	Count	Percentage	Count	Percentage	
1	11	27%	28	68%	2	5%	0	0%	0	0%	0	0%	1.8
2	11	27%	27	66%	2	5%	1	2%	0	0%	0	0%	1.8
3	9	22%	22	54%	4	10%	1	2%	0	0%	5	12%	1.9
4	22	54%	18	44%	1	2%	0	0%	0	0%	0	0%	1.5
5	18	44%	20	49%	3	7%	0	0%	0	0%	0	0%	1.6
6	15	37%	25	61%	1	2%	0	0%	0	0%	0	0%	1.7
7	14	34%	27	66%	0	0%	0	0%	0	0%	0	0%	1.7
8	7	17%	28	68%	5	12%	1	2%	0	0%	0	0%	2.0
<b>Total Responses</b>	<b>107</b>	<b>32.6%</b>	<b>195</b>	<b>59.5%</b>	<b>18</b>	<b>5.5%</b>	<b>3</b>	<b>.9%</b>	<b>0</b>	<b>0.0%</b>	<b>5</b>	<b>1.5%</b>	<b>1.7</b>

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



Farm Credit Administration  
Office of Inspector General

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