

FARM CREDIT
ADMINISTRATION
OFFICE OF
INSPECTOR GENERAL

SURVEY REPORT

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

First and Second Quarters
Fiscal Year 2019
October 1, 2018 - March 31, 2019

Issued June 28, 2019



Executive Summary

Survey of Farm Credit System Institutions Regarding the Agency's Examination Function Fiscal Year 2019 First-Second Quarters Report (October 1, 2018 – March 31, 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 are able to provide meaningful survey responses for that period. Beginning with this report, the Office of Inspector General (OIG) will provide a survey report for two quarters of survey responses.

The OE identified 27 FCS institutions to survey for the first two quarters of FY 2019 (October 1, 2018 – March 31, 2019). The OIG sent surveys to those institutions and 23 institutions completed the survey (an 85% 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.

| Quarter | Average Numerical Rating Range | Total Average Numerical Rating |
|----------------------|--------------------------------|--------------------------------|
| 2 nd FY19 | 1.5 – 2.4 | 2.1 |
| 1 st FY19 | 1.5 – 2.0 | 1.7 |
| 4 th FY18 | 1.4 – 1.9 | 1.6 |
| 3 rd FY18 | 1.3 – 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 perceived negative feedback are listed separately for survey statements 1-8.

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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 are able to 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.

Beginning with this report, the Office of Inspector General (OIG) will provide a survey report semiannually for two quarters 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.

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 |
| 2018 | 1.8 | 1.9 | 1.7 | 1.7 | 1.8 |
| 2017 | 1.8 | 1.6 | 1.8 | 2.1 | 1.8 |

Comments:

- Examination scope was appropriate and well planned.
- FCA staff does a great job of identifying and focusing on risk to the institution and System.
- Overall, this area was good.
- We agree with this statement.
- As an ongoing work in process, we are impressed that our FCA examinations have evolved to become more relevant.
- Credit risk will remain the primary risk area for the institution but we believe our audit planning and coordination with internal and external reviewers helps ensure our risk ratings and allowance are appropriate for the portfolio. The scope has historically been

and should continue to be focused on credit quality, governance and compliance. We believe the scope of the exam paralleled the risks within the institution.

- We generally expect the FCA National Oversight Plan will be a significant part of the FCA exam activities.
- The scope of the exam was risk-based and appropriate.

Comments perceived with negative feedback:

- The exam was very extensive and seemed to be more detailed in scope than in past exams.
- Areas of risk were appropriate. In some cases, scope exceeded regulatory compliance and safety/soundness.
- Examination was focused in compliance and internal controls areas. We feel there is more risk emerging in credit and financial performance with weak commodity prices.
- Much of the scope and exam activity focused on relatively minor regulatory rules and very little on safety and soundness. Most of the exam report narrative reflects this perceived bias.

Statement #2

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

Average Numerical Ratings by FY Quarter

| FY | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | FY Average |
|------|---------------|----------------|---------------|----------------|------------|
| 2019 | 1.8 | 2.1 | | | 2.0 |
| 2018 | 1.8 | 2.0 | 1.9 | 1.5 | 1.8 |
| 2017 | 1.8 | 1.7 | 1.8 | 2.1 | 1.9 |

Comments:

- Reasonable approach taken by the examination team with respect to application of regulations to specific instances.
- Findings were supported appropriately and overall conclusions were justified.
- We did not experience anything to the contrary.
- Examiners knew Regs and IM well.
- Very professional examination.
- The findings and conclusions were well thought out and communicated to the Board. It appeared that the conclusions were rational and in line with the guidance and regulations set forth by FCA.
- We are in agreement with this question. We also would appreciate more specifics in justifying some recommendations when "best practices" are used as the reasoning for recommendations.

Comments perceived with negative feedback:

- Application of laws and regulations was generally appropriate. Ill-defined "other regulatory criteria" opens the door for examiners to impose their judgement on the institution.
- "FAQs" published on FCA's website are not regulation or statute but in some cases, have been pointed to as having the same degree of enforceability. If a given regulation needs significant clarification, then the reg. making process - complete with public notice and comment periods - are the more appropriate venue. We already have book-letters and info. memorandums as vehicles for communication.
- While it's in the preamble, the concept of open spaces had not, in previous exams, been an issue. In this exam there were a few loans where loans were criticized as being violation of the spirit of open spaces as though it were law or a regulation. Beyond that, everything was fine.
- Many of the conclusions, observations, and MRAs were examiner opinion and bias not supported by law or regulation.
- In most exam areas this occurred. However, in the Borrower's Rights area of Least-Cost Analysis, we received feedback that reviewers were looking for numerical analysis for all DLRs. This feedback was inconsistent with prior exams where a simple narrative documentation of zero cost has been acceptable. There has been no change in the regulation. The onsite team agreed to take the information back and we received follow up correspondence after consult with the Senior Compliance Examiner acknowledging our position and indicating that our existing practice was acceptable for those cases.

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 |
|------|---------------|----------------|---------------|----------------|------------|
| 2019 | 2.0 | 2.4 | | | 2.2 |
| 2018 | 2.6 | 2.1 | 1.9 | 1.6 | 2.1 |
| 2017 | 1.8 | 1.8 | 2.2 | 2.4 | 2.1 |

Comments:

- Any matters needing discussion were appropriately discussed with the Board and Management.
- The examiners were professional and efficiently conducted examination activities.
- Only two matters requiring attention; the Board received these matters and promptly addressed them.
- The MRAs, etc. have assisted board and management in appropriately addressing the risks of our institution.

- The board appreciates communication from FCA staff and the opportunity to meet with them in executive sessions. Their insights are always appreciated.
- Our MRAs were limited and did not require the assistance of FCA to remediate.

Comments perceived with negative feedback:

- Generally true, but in some cases MRAs supplant board/management discretion rather than provide direction relative to regulatory compliance or safety and soundness.
- About half of the MRAs were immaterial or "technical" adjustments to policy/procedure. Hard to make a case those types of items help board and management in addressing the risks of the institution and could likely be handled outside of MRAs.
- None of the findings were useful to the Board or Management in their ongoing efforts to mitigate the institution's risk exposures.
- The institution did not receive any supervisory agreement language from FCA. Furthermore, the matters requiring attention were minimal and management has either addressed the items or working through those items.

Statement #4

The examiners were professional and efficiently conducted examination activities.

Average Numerical Ratings by FY Quarter

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

Comments:

- EIC was very good at communicating with the institution.
- Examiners were efficient and organized, minimizing the impact to business operations.
- Examiners were professional, courteous, and generally efficient.
- All conducted themselves in a professional manner.
- We were pleased with the examiners' professionalism.
- Impressed with current FCA personnel.
- This was the best examination team we have had in the past 10 years. They were extremely qualified, professional and communicated well with management and the board.
- The exam staff was very good at keeping us informed on issues and findings as they moved through their work.
- Our exam team was professional and interacted well with our staff. They were onsite for a reasonable time period to complete the exam.

Comments perceived with negative feedback:

- Professionalism was as expected however efficiency was not evident. Initial exam questions and request for documentation began in September during which time staff was onsite. Inquiries then went silent until the middle of November. The inquiries in November seemed rushed and items requested were expected immediately.
- In general, yes. Terms and words spoken during the exam closeout report regarding our Internal Audit function were inappropriate and offensive to members of the Board and Executive Team.
- The examiners continued the positive trend of efficiency and scheduling that [examiner name removed] and her team started. There is still a significant amount of time between the onsite audit conclusion and the presentation of the final report to the board. The amount of time is a demand and drain on our human capital resources.

COMMUNICATIONS**Statement #5**

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

Average Numerical Ratings by FY Quarter

| FY | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | FY Average |
|------|---------------|----------------|---------------|----------------|------------|
| 2019 | 1.6 | 2.3 | | | 2.0 |
| 2018 | 1.8 | 2.1 | 1.5 | 1.6 | 1.8 |
| 2017 | 1.6 | 1.5 | 1.7 | 2.0 | 1.7 |

Comments:

- Communications between teams were appropriate and timely.
- All communications were clear, accurate and timely.
- Reviewing the scope of the examination and discussing the specific topics to be covered was good information. It helped staff understand the needs of the examiners. The communications during the exam were beneficial as there were no surprises in the exit meeting.
- Excellent communication.

Comments perceived with negative feedback:

- Could have provided more timely notice of the dates of the examination to avoid key personnel being away from the office.
- Generally agree, but in some circumstances, expectations regarding responses to MRAs are somewhat vague, exposing the institution to subsequent criticism of responsiveness.
- Timeliness of the issuance of the report of examination in particular was lacking.

- While generally good, I think the institution and the FCA could have done a better job here.
- Except for when working with [examiner name removed] and the numerous phone calls and follow-ups with him, note - Sr. Examiner handled this situation promptly.
- The exam process was very protracted and not well organized. The exam lasted the better part (off and on) of 4 months.
- Yes, communications continue to improve and the dialogue between the board and FCA is constructive, which allows the institution to move forward with growth and strategic objectives. Quicker follow-up with the final report to the board would be beneficial.
- Communications need to improve as we were given very little notice as to when the exam would begin, thus making it difficult to have the initial document/materials request completed in a timely manner.
- Communication was clear and accurate. It would be helpful for institution management to have more than a couple of days to review the final exam document.

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

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

Comments:

- The examination findings were appropriately communicated to the Audit Committee and the Board.
- Board communication was at the appropriate level.
- Board chair and audit chair appreciated the opportunity to be involved in calls at the beginning and end of the audit.

Comments perceived with negative feedback:

- As previously noted, expectations regarding responses are occasionally not well defined.
- Findings were ineffective and not helpful. They were generally based on minor regulatory rules. Management and the Board believe the results show that the institution is fundamentally safe and sound yet, the number of MRAs and tone in several parts of the report could lead one to believe otherwise.
- Some of the direction was not tied to regulation or was very broad. Application of human resources and audit plan coverage communication was vague and appears to simply check a box to state that those discussions had taken place. The audit plan is a significant

institution document that receives ongoing attention from management and the audit committee throughout the year. The development of the plan is a protracted event with in-depth discussion related to risk and operations.

- It would be beneficial to have more than approximately 3 or 4 business days for the Board of Directors to have access to and review the final FCA exam prior to discussion with FCA on the FCA 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

| FY | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | FY Average |
|------|---------------|----------------|---------------|----------------|------------|
| 2019 | 1.5 | 1.9 | | | 1.7 |
| 2018 | 1.9 | 2.2 | 1.7 | 1.6 | 1.9 |
| 2017 | 1.6 | 1.8 | 2.1 | 2.1 | 1.9 |

Comments:

- Generally agree.
- Views and responses were fairly considered.
- Examiners were open to discussion when warranted.
- Examiner supervision assisted in providing reasoned judgement at times when reviewing the exam team's work and the institution had a difference of opinion on some initial findings.
- Management staff and FCA personnel worked well together.
- We agree that the examiners fairly considered feedback from the institution in the completion of their work.
- Our exam team was open to discussion and considered our perspective in their conclusions.

Comments perceived with negative feedback:

- This exam felt more like "checking boxes" than a productive dialogue on the risk topics. What is important for an entity in one part of the country or with a given commodity concentration issue may be completely irrelevant for others and therefore different measures of, and controls around, credit risk could make sense.
- Yes, but at the end of the day, the items discussed were still presented in the final report. That said, the institution understands FCA's position even though the feedback is not directly tied to regulation or operational safety and soundness practices.

Statement #8

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

Average Numerical Ratings by FY Quarter

| FY | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | FY Average |
|-------------|----------------------|-----------------------|----------------------|-----------------------|-------------------|
| 2019 | 1.9 | 2.4 | | | 2.2 |
| 2018 | 1.9 | 2.0 | 2.0 | 1.7 | 1.9 |
| 2017 | 2.0 | 2.0 | 1.9 | 2.3 | 2.1 |

Comments:

- Bookletter 069 titled Strengthening Lending and Loan Servicing Controls as well as a subsequent Memorandum on August 22, 2018, were extremely helpful and greatly appreciated. We are hopeful more Memos like the one on 8/22/18 will be published in the future.
- It is always beneficial to have a heads-up with regards to concerns of the Agency. The sooner we can address a potential issue, the better.
- Guidance is always welcomed and helps us continue to fulfill our mission.
- The institution has taken the ICFR process very seriously and the discussion. Those discussions on this topic allow us to believe that FCA understands the amount of time and resources that have been invested in that project. We continue to receive high marks from our district bank and [our auditor] with regards to ICFR and we will try to meet and FCA expectations. The discussion related to BL-043 was constructive. Although we don't necessarily agree with the dynamics of the bookletter, it was good discussion and allowed the institution to realize that 2019 is a planning and work-though year for BL-043. Management is committed to following the guidance in the bookletter and is working to ensure those expectations are met.
- Generally, guidance issued provides sufficient insight on the Agency's risk concerns and expectations.

Comments perceived with negative feedback:

- Most guidance is helpful. However, some guidance effectively establishes regulation without the input/discipline that should accompany rulemaking.
- Guidance was offered frequently, however, it wasn't connected to the business and effectiveness of serving the System's mission. Examiners should develop a better business sense.
- Information Memorandums are a good communication tool for highlighting examination focus. We would also like to encourage the Office of Examination to update the Examination Manual, e.g., Technology. One of our MRAs required us to send staff to a specific IT training based on a sentence in an IM. We want to do the right thing, but this was a grey area of interpretation (didn't take into account our staff's qualifications and wasn't required in the IM).

- FCA's FCS-wide guidance from the Office of Examination has been proactive and helpful. An example of this is the requirement of all System institutions being required to complete a LIBOR transition plan and include in our Business Plans. In the examination process, there have been times when recommendations for change are discussed and the justification has been the resultant change is considered "industry best practice." As each entity has a distinct operating model, it would be helpful and highly valuable if the justification was more than being referenced as "industry best practice."

GENERAL QUESTIONS

Statement #9

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

- The briefing and summary after the exam, the separate exits as each portion was concluded were also very helpful!
- Sharing of best practices is always helpful.
- Communications with our EIC.
- Examination team provided insight into best practices and areas of focus.
- Examiners willingness to understand our policies and procedures.
- Opportunities to dialog with examiners throughout the examination is most beneficial.
- The positive and open interaction between FCA and the institution team was very beneficial.
- The one-on-one interviews with examination staff were useful (and could be more so) in learning how other institutions were addressing issues/topics.
- The Examiners provided clear communication on areas of focus, concern, and performance. It provided the board and management clear input on areas of needed improvement, and areas where the institution's efforts have succeeded.
- We always find the FCA's insights and observations good and useful.
- Senior leadership and the Board appreciated the professionalism and the opportunity to candidly discuss issues with [examiner name removed] and the team.
- The feedback received from the reviewers was the most beneficial aspect of the examination process. It was beneficial because they see all the farm credit institutions so they are more knowledgeable of what works and what doesn't. That feedback makes the institution better overall.
- The enhancing of the audit plan, discussions held regarding vendor management, and election processes.
- Process reaffirmed that the institution has a well-balanced management team that is effectively carrying out the Farm Credit mission despite the number of minor regulatory findings and other ratings.
- The Report of Examination and FCA's presentation of the report to the Board. The written and oral communications with FCA and the Board and Audit Committee was thorough and eliminated any "surprises." Onsite interaction with the examination team, management staff and the Board were beneficial.

- The operational and credit review work that was conducted. The credit review helps solidify the work done by our ICR team and the asset validation work conducted by our district bank. The clarification on expectations related to BL-043 for the coming year was beneficial as well.
- The on-site examinations and exit interview were very informative. Additional calls with [examiner name removed] just prior and after the preliminary findings being released really helped clarify our standing in multiple areas. The input to add security verbiage to the job descriptions was a helpful audit suggestion. We appreciated the attention given to our requests.
- Our experience with the examination team was excellent. They provided requests in a thoughtful manner and we responded quickly which helped everyone. We also thought communication was excellent throughout the exam.
- The scope of exam activities is effective in driving and enforcing the appropriate control environment and financial performance. We appreciate FCA's communications of exam topics in advance of being on-site for work.
- The most beneficial aspect of the examination process continues to be providing management with an assessment of their regulatory compliance and risk management ability which in turn provides the board with information to assist in effectively overseeing the institution.
- The Audit Committee appreciated gaining the FCA team's perspective regarding System-wide issues and how our institution compares to others.

Statement #10

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

- Timeliness of the issuance of the Report of Examination.
- There were a few instances where we were asked the same questions by different examiners. The team we interacted with was very broad. We had data submissions or conversations with at least a dozen examiners.
- Examination activities that delve into matters of business judgement as opposed to safety and soundness and compliance with law and regulation.
- The sheer number of MRAs, half of which were "technical" adjustments to policy, and in one case 5-6 others were all on a single issue and could easily have been consolidated. Combined with the change from the prior practice of "recommended/required" actions, resulted in a very negative overall impression.
- In light of the nature of the examination activities, there was no specific area which was not beneficial.
- While job descriptions and performance evaluations were helpful from a strategic standpoint, I thought we spent a lot of time on them, given the risk.
- Some of the recommended actions could have been informal suggestions.
- Continuous reviewing Standards of Conduct extremely close in all exams, even with no findings.
- The time and cost it takes away from serving members.

- None - all aspects were beneficial to the institution.
- Direction related to deployment of human capital and where they should or should not serve. The timing and resources that it takes to complete an exam is exhausting. The exam cycle seems to be protracted and takes focus away from employees that should be focusing on credit and operational activities of the institution.
- One of the examiners seemed less familiar with the business continuity component of the audit. The results of the audit are meaningful and well-reasoned. It appeared that the examiner understood the subject well, just maybe not as familiar with the FCA specific guidelines and regulations.
- The interview questions for management and the board. The examiner was not comfortable or extremely knowledgeable on the topic. Often during the interview, we had to explain the question and why he was asking them. This isn't a criticism of the individual, but does reiterate our answer to 8.a.
- It would be beneficial to have more time to review the final FCA exam document prior to formal discussions between the FCA staff and the institution's board of directors.
- FCA examination team turnover has been challenging. The sharing of institution structure within FCA could be better coordinated as each change in key examination team members has resulted in the institution needing to dedicate considerable resources to provide background on the institution's history, management structure, risk philosophy, etc.

The institution has recently seen a pattern of new examiners relying on the examination manual rather than critically thinking about the safety and soundness objective they are looking to assess. Relying on the examination manual questions in a literal and isolated manner often results in the examiners overlooking or not fully considering the comprehensive controls and guidance the institution has in place to address risk and comply with regulations.

Examination teams have expressed desire to conduct offsite reviews and have asked the institution to begin developing a process to help facilitate this request. The institution is currently limited in its ability to provide remote access due to the FCA's technology systems combined with the challenges mentioned above which are difficult to facilitate remotely. The heightened focus on data security also raises additional concerns relative to granting remote access to the institution's systems which will need to be addressed by both the institution and the FCA.

- FCA's focus on ICFR appeared to be limited. Our institution has invested considerable resources in this area to meet increased FCS expectations and enhance our control environment. The FCA team did not appear to have the expertise to provide a meaningful evaluation of our ICFR program.

Statement #11

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

- The board enjoys the collaborative relationship it has with the regulator.
- The examiners were very professional and courteous.
- Comments provided above focused on opportunities for improvement; however, on balance the examination was conducted in a professional manner and was beneficial.
- The Audit Committee and the Board appreciate the ability to have open and frank discussions with the FCA team. We need to know your thoughts and we hope that you will find our thoughts valuable as well.
- The board very much appreciated the opportunity to dialogue with the examiners and hear clear input on areas of needed improvement.
- The Board appreciates the Agency's efforts to keep us safe and sound.
- The examiner in charge was a good communicator and was helpful in facilitating the meeting with the board.
- Appears to the board there should be some differentiation due to institution size, structure and risk profile to the system. If FCA does not want smaller institution, simply let us know so we can plan accordingly.
- FCA exam personnel were very professional. The institution and the examiners have a healthy mutual respect for each other.
- The exam process is still a long process but certain aspects are improving. The communication and expectations are clearer and the meetings with FCA are productive and forward-thinking.
- The Board discussed the survey of examination activity at the board meeting. As mentioned earlier, the Board was pleased with the report and the examination team. Thank you for the opportunity to provide feedback.
- We appreciate the open dialogue. It would be helpful in operating our business if all formal requests to FCA on various issues were consistently addressed in a timely manner. We suggest the survey process be changed whereby individual System institution comments made on the survey questions not be shared with the public. Although the comments are not attributed to a specific System institutions, we believe this process limits candid responses to the survey questions.
- The board values the candor, openness and feedback from the examiners. We believe we have a good open communication relationship.

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 indicated that they would like a call from the OIG.

**FARM CREDIT ADMINISTRATION
OFFICE OF INSPECTOR GENERAL**



Farm Credit Administration
Office of Inspector General

Report Fraud, Waste, Abuse, and Mismanagement

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