

Office of Inspector General

FARM CREDIT SYSTEM
ANNUAL SURVEY

Fiscal Year 2003



October 2003

Memorandum

Farm Credit Administration
1501 Farm Credit Drive
McLean, Virginia 22102-5090

October 30, 2003



To: Roland Smith, Chief Examiner
Office of Examination

From: Stephen G. Smith
Inspector General

Subject: Fiscal Year 2003 Farm Credit System Examination Survey

The Office of Inspector General is pleased to issue the results of its post examination survey of the Farm Credit institutions for Fiscal Year (FY) 2003. We sent 101 surveys and received 55 responses. The survey objectively measures the quality and consistency of the Agency's examination and enforcement functions.

Overall, Farm Credit institutions provided favorable ratings. The ratings were slightly less favorable than the ratings in FY 2002. At the same time the 54 percent response rate on the survey was a significant decrease over last year's rate of 80 percent. Several individual examiners received particularly high praise in survey responses and may merit recognition. I will provide you this information in a separate communication.

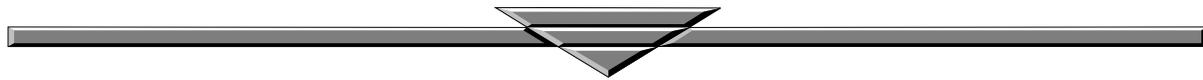
I believe the survey results are self-explanatory and therefore, I have not scheduled a briefing. However, I would be glad to do so at your request.

Attachment

Copy to: Michael M. Reyna, Chairman and CEO
Doug Flory, Board Member
Nancy Pellett, Board Member
Jim Ritter
Cheryl Macias

Farm Credit System Survey Results for Fiscal Year 2003

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**FARM CREDIT SYSTEM SURVEY
ANNUAL SUMMARY AND ANALYSIS OF RESPONSES
FISCAL YEAR 2003**

BACKGROUND

The Farm Credit Administration (FCA) is an independent Federal financial regulatory agency of the United States government with regulatory, examination, and supervisory responsibilities for the Farm Credit System (FCS) banks, associations, and related institutions that are chartered under the Farm Credit Act of 1971, as amended.

FCA's 2000-2005 Strategic Plan includes an objective to obtain measured feedback from FCS institutions on the quality and consistency of the Agency's examination and enforcement activities as a means to enhance improvement. The Office of Inspector General (OIG) established this on-going survey of FCS institutions as the means to achieve that objective.

OBJECTIVES, SCOPE AND METHODOLOGY

The survey objective is to get feedback from FCS institutions that candidly assess how well FCA is performing its examination and enforcement activities.

The survey instrument includes statements designed to rate and monitor Agency performance of examination and enforcement activities in the following specific areas:

- the effectiveness of FCA's communications with institutions;
- the reasonableness of Agency requests for data and information;
- the quality of examiners' decision making during the exam process;
- the quality of written examination reports;
- the professionalism of FCA examination staff; and
- examiners' responsiveness to the institutions' concerns throughout the examination process.

The questions along with the responses received throughout the fiscal year are included as Appendix I and II. A numeric breakdown of answers received is included as Appendix III.

The OIG e-mails the survey to the Chairman of the Board and the Chief Executive Officer of each FCS institution after the FCA's Office of Examination (OE) presents its Report of Examination (ROE) to the institution board, or on issuance of the report if no board presentation is planned. We ask the board and management to jointly complete the survey and encourage narrative comments. All institutions are asked to answer questions 1 through 12. The institutions can complete the survey online or mail a paper copy directly to the Inspector General. The OIG is responsible for analyzing, summarizing and ensuring the confidentiality of the responses.

During FY 2003, OIG sent 101 surveys and received 55 responses—a 54 percent response rate. This is a decrease of 24 percent from the last reporting period. We sent 1,158 surveys since the beginning of this survey process. We received a total of 818 replies—a 71 percent overall response rate.

ANALYSIS OF RESPONSES

Overall ratings for FY 2003 continue to be favorable. The survey asks respondents to rate each statement from 1 (completely agree) to 5 (completely disagree), thus the lower the number, the more favorable the result. The overall average rating for the eleven survey statements applicable to all institutions was 1.6. This is very similar to the results from FY 2001 and FY 2002.

Over 91 percent of the responses either agreed or completely agreed and less than 4 percent indicated disagreement. This remains constant from FY 2002. The best individual average rating (1.2) was received for question 8, which reads, “The examination team acted courteously and professionally.” Question 8 has received the best overall rating since the inception of the survey.

The least favorable average rating of 1.9 (which was still a favorable rating) was for questions 7 and 9. Question 7 reads, “The examiner’s interpretation of the statutes, regulations, and other guidance was consistent with previous examinations.” Question 9 reads, “The examiners’ recommendations for corrective actions were reasonable and consistent with FCA’s role as an arm’s length regulator.”

CORRELATIONS

As part of our analysis, we sorted the data to find out if there was any meaningful correlation between ratings given on the survey and the following attributes: size of the institution; institution type; CAMELS rating; FCS District; examining field office; and whether the institution was under an enforcement action.

SIZE OF INSTITUTION

Total Assets (millions)	Number of Institutions Responding	Range of Average Rating FY 2003	Overall Average Rating FY 2003	Overall Average Rating FY 2002
Less than \$100	3	1.18 – 1.91	1.64	1.64
\$100 - \$199	9	1.00 – 2.45	1.68	1.40
\$200 - \$299	6	1.09 – 2.27	1.72	1.69
\$300 - \$399	5	1.00 – 1.82	1.45	1.27
\$400 - \$599	10	1.00 – 2.91	1.63	1.85
\$600 - \$799	8	1.00 – 2.82	1.63	1.52

SIZE OF INSTITUTION (continued)

Total Assets (millions)	Number of Institutions Responding	Range of Average Rating FY 2003	Overall Average Rating FY 2003	Overall Average Rating FY 2002
\$800 and over	13	1.00 – 2.18	1.51	1.50
Other	1	1.54 – 1.54	1.54	1.55

Observations: Again this year, institutions with total assets from \$300 million to \$399 million gave the best overall ratings. The overall rating was marginally less favorable (1.45) than last year (1.27). This is the second year that a slightly less favorable overall rating has been received.

INSTITUTION TYPE

Type of Institution	Number of Institutions Responding	Range of Average Rating FY 2003	Overall Average Rating FY 2003	Overall Average Rating FY 2002
FLCA	3	1.00 – 1.91	1.30	1.45
OTHER	2	1.40 – 1.47	1.47	1.27
FCB	3	1.27 – 1.82	1.48	1.41
ACA	47	1.00 – 2.91	1.63	1.54

Observations: The overall ratings by institution type were less favorable than last year with the exception of FLCA's. ACA's are the largest group and gave the least favorable rating, though only slightly less favorable than last year.

CAMELS RATINGS

No responses were received from institutions with a CAMELS rating of "3" or higher.

CAMELS Rating	Number of Institutions Responding	Range of Average Rating FY 2003	Overall Average Rating FY 2003	Overall Average Rating FY 2002
NO RATING	1	1.54 – 1.54	1.54	1.27
1	40	1.00 – 2.91	1.57	1.42
2	14	1.00 – 2.82	1.70	1.67

Observations: As in previous years, there appears to be a slight correlation between CAMELS ratings and survey results—the better the CAMELS rating, the better the overall survey rating. The overall average ratings in FY 2003 for institutions with CAMELS ratings of both "1" and "2" was slightly less favorable than in FY 2002.

DISTRICT

Responses were sorted by the entity with responsibility for the institution.

District	Number of Institutions Responding	Range of Average Rating FY 2003	Overall Average Rating FY 2003	Overall Average Rating FY 2002
Wichita	5	1.00 – 1.64	1.33	1.64
Other	2	1.40 – 1.54	1.47	1.27
AgFirst	20	1.00 – 2.27	1.54	1.58
Texas	7	1.00 – 2.09	1.62	1.25
Western	6	1.00 – 2.64	1.64	1.23
AgriBank	11	1.00 – 2.91	1.65	1.59
CoBank	4	1.00 – 2.82	2.07	2.00

Observations: Wichita district institutions gave the most favorable overall average ratings, an improvement from 1.64 last fiscal year. AgFirst was the only other institution that presented slightly more favorable ratings this fiscal year. CoBank had the least favorable ratings. Western district had the most significant decline in ratings over last fiscal year. Last fiscal year Western district institutions gave the most favorable ratings. AgAmerica district did not have any institutions responding.

FIELD OFFICE

Responses were sorted by the six OE examining offices. The Special Examination division did not have any institutions responding.

Field Office	Number of Institutions Responding	Range of Average Rating FY 2003	Overall Average Rating FY 2003	Overall Average Rating FY 2002
Denver	8	1.00 – 1.82	1.42	1.71
Dallas	13	0.00 – 2.09	1.60	1.67
Sacramento	5	1.00 – 2.64	1.61	1.18
McLean	22	1.00 – 2.82	1.64	1.70
Bloomington	7	1.00 – 2.91	1.70	1.68

Observations: The Denver field office had the most improved rating over last year's results. The Sacramento field office had the most significant decline in ratings. McLean and Dallas field offices had slightly more favorable ratings, while Bloomington had a slightly less favorable rating.

COMMENTS BY RESPONDENTS

Many of the comments reflect the favorable ratings in the survey. There were many comments reflecting praise for the quality of work performed and the professionalism of the examiners. A complete set of survey comments is included as Appendix I and II. OIG inserted or removed text to clarify or keep anonymity.

The most common concerns were expressed about the examination of Young, Beginning, and Small Farmer (YBS) programs and electronic commerce. In addition, several institutions expressed concern about FCA's interpretation of scope of lending regulations. Finally, there were a few comments about timeliness of reports, consistency between reports and the exit conference, and a desire for more efficiency by making board presentations optional.

**FARM CREDIT SYSTEM SURVEY
SUMMARY OF RESPONSES
For
FISCAL YEAR 2003**

<i>Question</i>	Completely Agree		Completely Disagree			Average
	1	2	3	4	5	
1. The Report of Examination identified and prioritized all significant risks facing the institution.	21	29	3	2	0	1.7

- Not certain that the E-commerce activities of this Association warranted such high priority. The regulation is vague and no clear direction was given by the audit report.
- Major focus was on the YBS program which is not a significant risk facing [Institution].
- Total number of Directors responding 8.
- As required by McLean the report had a lot of focus on YBS – mostly data.
- Key risk areas were identified. Emphasis on YBS programs is over-emphasized for a wholesale bank.

<i>Question</i>	Completely Agree		Completely Disagree			Average
	1	2	3	4	5	
2. The Report of Examination fairly presented management's response to issues discussed in the report.	23	29	1	0	0	1.6

- There were no issues which required management response.
- Especially well done since [Institution] is the first of its kind in the U.S. FCA worked hard to understand the new structure.
- Total number of Directors responding—8.
- Management's practices and philosophy were fairly represented.

<i>Question</i>	Completely Agree		Completely Disagree			Average
	1	2	3	4	5	
3. The Report of Examination was factually correct and presented well supported and relevant conclusions about the condition and performance of the institution.	25	25	3	1	0	1.5

- The examination indicated there was nothing the Association had done to affect the safety and soundness, however the Board feels FCA's request in the first requirement to diversify of certain loans was excessive.
- Reviewers took time and effort to research issues.
- Total number of Directors responding—8.
- The report and board presentation were accurate and complete.

<i>Question</i>	Completely Agree		Completely Disagree			Average
	1	2	3	4	5	
4. The Report of Examination was clearly written, concise, and understandable.	30	23	1	0	0	1.5

- We continue to believe that FCA Examination Reports could be shorter and more concise. Findings are discussed in several sections and this causes duplication and confusion in reading and understandings of the points being made.
- Except for the E-commerce recommendations which were lacking in specificity.
- Total number of Directors responding—8.
- The report was appropriately brief and concise.

<i>Question</i>	Completely Agree		Completely Disagree			Average
	1	2	3	4	5	
5. The Report of Examination was received in a timely manner and, therefore, the issues in the Report of Examination were still relevant.	35	15	3	0	0	1.4

- Receipt of the Report was later than expected based upon receipt of prior year’s Report of Examination.
- We compliment the examiners on their quick “turn around time” in order to be able to deliver the report to our next board meeting.
- Total number of Directors responding—8.
- The report was presented as scheduled and the schedule was properly coordinated.

<i>Question</i>	Completely Agree		Completely Disagree			Average
	1	2	3	4	5	
6. The examiners conveyed consistent messages and tone throughout the examination process (i.e., in the exit conference, Report of Examination, and board presentation.	30	21	2	0	1	1.5

- The examiner in charge was new and did a very limited exit conference. Later other issues arose that had not been discussed with management in the exit conference.
- The report will be presented to the board on [date]. We did not meet in [month] due to attending the [Institution] Annual Meeting.
- The presentation to the Board conveyed more concern than the Exit Conference indicated.
- FCA, especially [examiner] was respectful, open and worked with much effort to be consistent and accurate.
- Improvement in consistency noted from previous exams.
- Total number of Directors responding—8.
- Examiners used concise and consistent communications throughout the process.

Question	Completely Agree		Completely Disagree			Average
	1	2	3	4	5	
7. The examiners' interpretation of the status, regulations, and other guidance was consistent with previous examinations.	19	26	6	2	1	1.9

- There were some inconsistencies with examiners and information given in previous exams.
- The E-Commerce and affirmative action parts of the examination were rather new ground for our Board. Our Association's interpretation of the E-Commerce regulations differed from those of the examiners.
- Seemed like far reaching interpretation of YBS reg—hopefully FCA will balance the regulatory perfect world with YBS.
- There has been a dramatic shift in interpretation of scope of financing/eligibility since our previous examination. The matter was referred to McLean and we were presented with a response on [date] during the examination presentation. We were surprised by and deeply concerned with the handling of this issue. Our concern was somewhat mitigated by the receipt of a revised letter from [examiner].
- Total number of Directors responding—8.
- No changes for YBS & data integrity.
- Emphasis on YBS issues has increased significantly over past three examinations.
- Scope and eligibility issues appear to be unclear.
- The exam surfaced new questions that have been reviewed in the past without comment (e.g. EEO and Director and Employee Standard of Conduct policies.)
- Exam identified one minor exception not noted in prior exams.

Question	Completely Agree		Completely Disagree			Average
	1	2	3	4	5	
8. The examination team acted courteously and professionally.	44	10	0	0	0	1.2

- With the exception of one examiner. The others acted courteously and professionally. In the case of one examiner, concerns were surfaced to the examiner-in-charge.

Question	Completely Agree		Completely Disagree			Average
	1	2	3	4	5	
9. The examiner's recommendations for corrective actions were reasonable and consistent with FCA's role as an arm's length regulator.	20	26	5	2	0	1.8

- There were no recommendations for corrective action.
- Some findings are believed to be non-risk-bearing items to the ACA.
- The Board felt the corrective measures were excessive, but FCA did present an alternative.
- No corrective actions were necessary.
- All if fine here—this examiner was particularly analytical with policy. This was substantiated by comparing required and recommended actions.
- Improvement noted since previous exams in the relevancy of the requirements and recommendations vs. the deficiencies noted.
- Total number of Directors responding—8.
- Asked for quarterly YBS report. Board happy with analysis.
- Examination generally focuses on safety and soundness issues (YBS is an exception.)
- Examiners carried out their role very well. However, increasingly they are stepping over the boundary of assessing safety and soundness and providing either direction or guidance relative to management responsibilities. Many of us like to comply to avoid future difficulties... but it is starting to infringe on directors responsibilities to govern and guide independently.

Question	Completely Agree		Completely Disagree			Average
	1	2	3	4	5	
10. The examiners conducted examination and monitoring activities without undue interference with the operation of the institution, including the extent of information requested during these activities.	29	18	6	1	0	1.6

- It expedited the on site review and was very helpful that copies of certain information was requested before the on site examination began. Likewise, it was very helpful that we received a list of items to have available before the examiners arrived.
- Many on site requests were duplications of previously furnished information.
- Due to our “cut-off” we have to provide the Regulator with three months of operating reports versus the normal two months of reports simply due to the selected review period. Also, we provided complete packages of all information prior to the on-site visit and continue to re-develop this information and re-provide it several times to various examiners during the course of the examination. If all examiners were provided with complete packages at the start of the review, hopefully this duplication and triplication could be avoided.
- During the last three years reviewers have visited several branches which is disruptive and unnecessary.
- Significant staff time commitment while review team is in the office.
- A more thorough list of loan files needed up front would have been less disruptive to the Association. Files needed for compliance and denials could have been requested at the outset of the exam with other files. This would have saved some additional trips between branches and headquarters by the Association personnel. Additionally, there seemed to be no one designated as the “second in command” on days when the EIC was not on-site. This resulted in some confusion and distraction.
- Total number of Directors responding—8.
- Most of the items identified are already know to board and management with strategies and action plans to correct implemented.
- Very courteous and professional.
- The exam team is experienced and professional. Industry practices were used to obtain information.

<i>Question</i>	Completely Agree		Completely Disagree			Average
	1	2	3	4	5	
11. The board and management believe the findings of the examination will assist (or have assisted) the institution in correcting identified weaknesses.	18	23	10	2	0	1.9

- There were no identified weaknesses.
- Possibly more specific direction is needed in the area of E-commerce.
- Positive board and management response to the audit.
- The Association has already amended its Business Plan to incorporate FCA’s findings.
- Total number of Directors responding—8.
- Not what so ever.
- The Board and management work hard to identify any problems or issues well in advance of them becoming safety or soundness issues, but always value the input and observations of the exam team.

**FARM CREDIT SYSTEM SURVEY
WRITTEN RESPONSES
For
FISCAL YEAR 2003**

<i>Question</i>
12a. What aspects of the examination did you find most beneficial?

- Renewed focus in compliance area.
- Even though there were no identified weaknesses, the examination was very thorough and it was helpful to jointly consider and discuss the operation of [Institution] from the safety and soundness perspective of FCA.
- Communication between examiner-in-charge and senior management.
- Frank discussion of issues concerning [Institution], i.e. portfolio management and credit quality. Well prepared summary of evaluation.
- Verbal comparisons to peer organizations. Charts and graphs.
- Internal controls and credit administration.
- Open communication with examiners and management (FCA).
- Close out of Board meeting. a) Good communication between ACA management and the review team, b) Internal control evaluation, c) Loan portfolio management evaluation, d) Risk identification and management evaluation.
- Interaction with the Board both at the examination exit conference and the final formal presentation. Finding related to credit quality, earnings, and capital.
- The review and indication of improvement in the YBS portfolio; Business plan recommendations; the identification of the strengths and weaknesses of the Association and the recommendations for correction; being granted a C.A.M.E.L.S. rating of #1; the discussion on participation loans; it is beneficial to receive a second opinion on credit applications. A good examination is like a good insurance policy-we endorse the examination process.
- E-commerce issues. Validation of credit quality & process.
- Pre audit discussion with FCA, Subsid. Presidents & Board Chairman and Vice Chairman. On site discussion with audit [team]. FCA closeout w/Exec Bd. Member.
- The relevancy of required actions.
- Discussions on capital, allowance, concentration risks, and asset quality.
- Continued monitoring of AgBusiness, participation and YBS loans. Confirmation that [program] business efforts and results are adequate and correctly focused. Recommendation for trends reporting and more comprehensive portfolio monitoring.

- e-commerce regulations, YBS report.
- Credit and financial.
- The opportunity to have an "entrance meeting" with the examiners to discuss significant events and policy changes since the previous exam. This results in all of the examiners having a good understanding of the status and trends of significant issues at the outset of the exam, eliminating a lot of questions later. Additionally, the ability of the examiners to accept electronic files containing requested data vs. hard copies.
- With the exception of scope of financing issue validation that we're on the right track.
- Whenever an examiner recommend changing a rating on a loan, sometimes the examiner is right or wrong, but the discussion provides reflection which is beneficial. - submitted by director
- Second opinion on the condition of the association.
- The statistical information spreadsheets and reasonable recommendations.
- Ongoing discussions about examination areas.
- The review team did a good job conveying their expectations well before the review, during and after. [Examiner] and [examiner] did an admirable job.
- Guidance concerning earnings and capital challenges being faced by the Association.
- It is always helpful to have a third party view of operations. The exam team, in the past two exams, have been more open to make suggestions for enhancement in operations areas rather than simply finding areas of disagreement.
- Good communication throughout the exam process.
- portfolio, financial.
- Brief, concise report. Close-out discussion and final report were consistent.
- Dialogue with exam team. Opportunity to provide input on issues they found.
- Report was concise and discussion with board and management was direct and well managed.
- The role of the agency plays in helping achieve consistency in credit classification from institution to institution around the country. This continues to provide confidence in the investor world, in congress and with others that are interested in the health of the system.
- Outside review of our policies, procedures, controls, etc.
- Most beneficial is the ability with an examiner, on the ground, and in real time.
- Discussion regarding various means of keeping Association earnings at a satisfactory level.
- Reported areas which needed improvement; Provided assurance that the Association was sound.
- The open and candid fashion in which FCA worked with us during the process was helpful – particularly given the fact that we were working through a merger during '02.

Question

12b. What aspects of the examination did you find least beneficial?

- YBS focus.
- None [from 6 separate responses].
- Emphasis on Young Beginning Small Farmer Program.
- Exam focus is moving away from safety and soundness issues toward management and “social policy.” That should not be the role of a regulator.
- Web based e-commerce aspect of the exam.
- I guess it is amount of time the association staff must devote to the exam.
- Excessive time and effort spent on E-commerce and YBS program.
- Inclusion of minor compliance infractions in the examination report.
- FCA should exercise it’s role as an arms length regulator and not get involved in management.
- The examiners were asked to provide examples of E-commerce activity that presented risk to our Association but were unable to respond to the question. The level of E-commerce concern seemed a bit overdone when far greater technology issues need to be addressed at the AgriBank level.
- Examiners seem reluctant to use their own judgment when interpreting regulations.
- Excessive time and resources devoted to YBS issues given the associations level of penetration!
- Occasionally - the narrow focus of quantity--misses the qualitative assessment of what happened. One example is the YBS assessment which was silent on bold & creative efforts w/YBS farmer. The same was silent largely on the new [association] structure.
- None – The time needed (and effort) to respond to FCA’s identified weaknesses is considered by this Association to be constructive.
- Comments, discussions concerning YBS and the Association's Public Mission seem to be over-done. We are well aware of the political implications involved. Safety and soundness should be the primary issues. Also, FCA staff spending time and money to present a clean report to a board is a waste, especially when the findings have been presented and discussed with a Board Audit Committee.
- Additional requests for file folders after the initially requested folders had already been transported to the headquarters office.
- Comments and extent of effort on YBS program. Change in FCA interpretation of what constitutes an eligible loan and lack of consistency from the past several examinations.
- I don't think that there is a lender in our area that is doing more for the young, beginning or small farmer, but we are constantly pressured as if we aren't doing near enough. Wrong focus - submitted by a director.
- Most of the findings are already known by board and management.

- Some of the YBS areas. We know we have always done a great deal here. But, also recognize the need to tabulate and report on our efforts.
- Some of the comments/suggestions related to our Young, Beginning, and Small Farmer program and activities tend to put more emphasis on reporting than on results.
- The most recent examinations spent an "inordinate" amount of time and energy on YBS. We fully understand the importance of YBS and we will stack our results up against anyone in the country. But the amount of time and questioning devoted to this one issue was way overboard!
- YBS, database.
- The exam concentrated too much on YBS issues.
- All aspects were beneficial. We noted that exam organization and coordination was improved over last year. We appreciate attention to this.
- The tendency of the review team to broaden the scope of exams to non-safety and soundness issues. It is costly and non-productive to have exam teams critiquing management and board decisions and reporting philosophies especially when the institution is strong.
- The emphasis on continued reinforcement of the Association's commitment to serve YBS farmers and ranchers when we are excelling in this area.

Question

24. If you have other comments about the report of examination or the examination process or experience, please enter them here.

- The exam crew was very professional.
- We received a modified off site examination, with a smaller review team and only one week spent on site. It is our opinion that the examination was adequate given the condition, performance, and rating of the institution.
- FCA staff was very professional and completed the exam with little or no disruption to the association daily work. Good exam team.
- [One comment reported an issue with submitting a response online because the examination was not “as of” a month end.]
- We had a good presentation to the board by [examiner] and [examiner]. Both were professional and in particular, [examiner] handled herself well when pressed by board members on issues. They are both to be commended.
- The examination team of [examiner], [examiner], [examiner] and [examiner] were a pleasure to have here. All were very professional, polite, friendly and most helpful with their recommendations. They were always ready and willing to answer any questions we might have and offer advice when requested to do so. It was a pleasure working with them.
- The examination team was very professional.
- The Examination process is inefficient! The focus should be on safety and soundness issues. The examination team have too many blanks to check and therefore spend more time on the papers than the real issues they should be studying. The time involved in an exam could be easily reduced by 25% and probably more. The knowledge level of some examiners should match the area they are examining and this is not always apparent.

**RESULTS OF THE OIG SURVEY OF FARM CREDIT INSTITUTIONS
EXAMINED DURING FY 2003**

Questions Applicable To All Institutions

Question	Response										Total Answered	Average Response
	Completely Agree (1)		Agree (2)		Neither (3)		Disagree (4)		Completely Disagree (5)			
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent		
Question 1	21	38.18%	29	52.73%	3	5.45%	2	3.64%	0	0.00%	55	1.7
Question 2*	23	43.40%	29	54.72%	1	1.89%	0	0.00%	0	0.00%	53	1.6
Question 3**	25	46.30%	25	46.30%	3	5.56%	1	1.85%	0	0.00%	54	1.5
Question 4**	30	55.68%	23	42.59%	1	1.85%	0	0.00%	0	0.00%	54	1.5
Question 5*	35	66.04%	15	28.30%	3	5.66%	0	0.00%	0	0.00%	53	1.4
Question 6**	30	55.56%	21	38.89%	2	3.70%	0	0.00%	1	1.85%	54	1.5
Question 7**	19	35.19%	26	48.15%	6	11.11%	2	3.70%	1	1.85%	54	1.9
Question 8**	44	81.48%	10	18.52%	0	0.00%	0	0.00%	0	0.00%	54	1.2
Question 9*	20	37.74%	26	49.06%	5	9.43%	2	3.77%	0	0.00%	53	1.8
Question 10**	29	53.70%	18	33.33%	6	11.11%	1	1.85%	0	0.00%	54	1.6
Question 11*	18	33.96%	23	43.40%	10	18.87%	2	3.77%	0	0.00%	53	1.9
Total Responses	294	49.75%	245	41.46%	40	6.77%	10	1.69%	2	0.34%	591	1.6

Questions Applicable to Institutions Under Enforcement Actions

There were no institutions under enforcement actions that responded to the survey this year.

Total Number of Surveys Sent to Institutions: 101

Total Number of Surveys Received From Institutions: 55

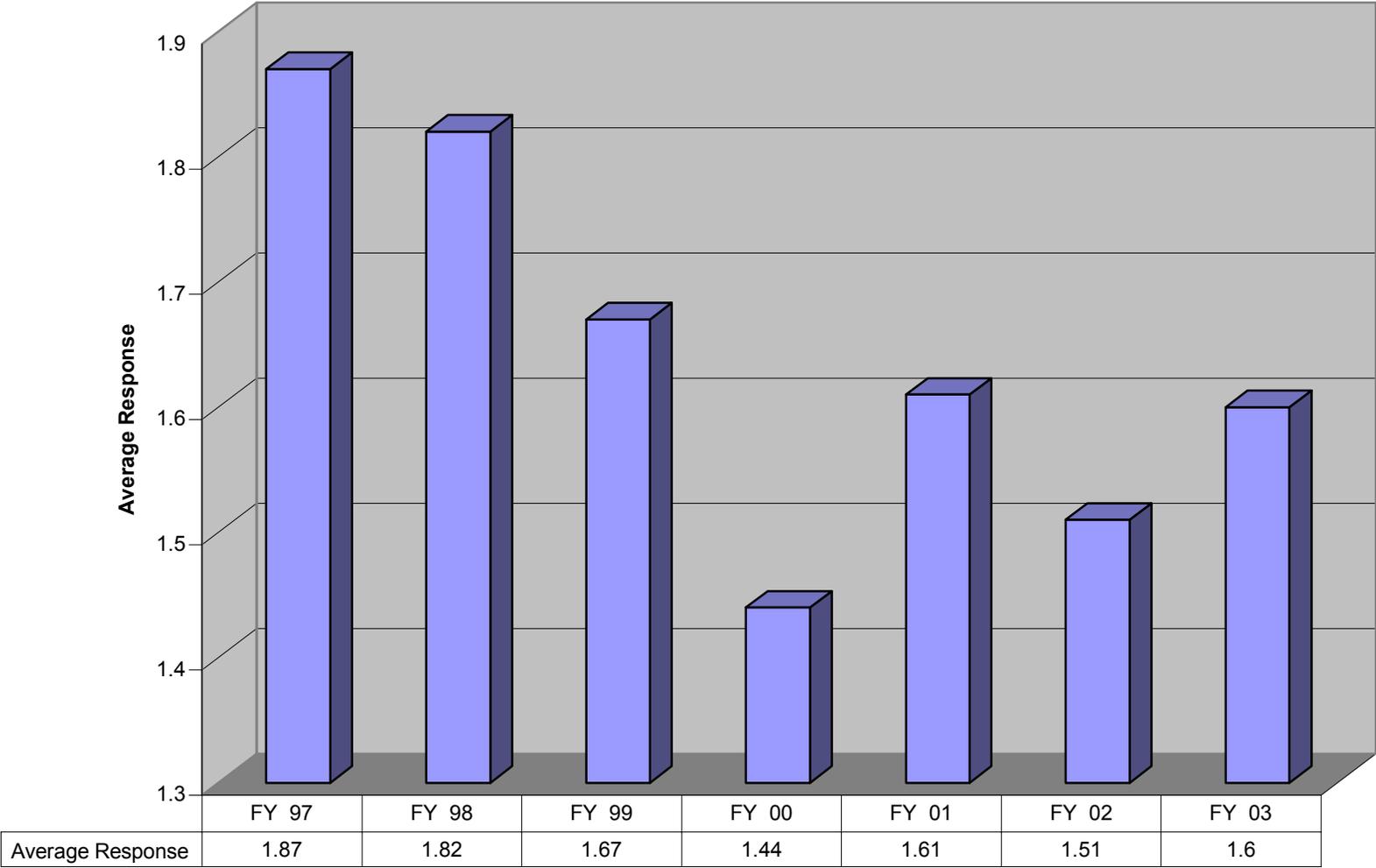
**COMPARISON OF AVERAGE RATINGS
for Fiscal Years 2000, 2001, 2002 and 2003**

Question	FY 03 Annual Average of 55 Respondents	FY 02 Annual Average of 77 Respondents	FY 01 Annual Average of 59 Respondents	FY 00 Annual Average of 79 Respondents
#1	1.7	1.58	1.66	1.46
#2	1.6	1.43	1.58	1.39
#3	1.6	1.65	1.66	1.56**
#4	1.5	1.38	1.54	1.42
#5	1.4	1.32	1.53	1.42
#6	1.5	1.53	1.69	1.48
#7	1.9	1.66	1.71	1.53
#8	1.2*	1.14*	1.20*	1.15*
#9	1.8	1.78**	1.78	1.56**
#10	1.6	1.39	1.53	1.41
#11	1.9**	1.70	1.82**	1.48
Average	1.6	1.51	1.61	1.44

* best overall individual average

** worst overall individual average

Farm Credit System Annual Survey
Average of Overall Responses to Questions 1-11 By Fiscal Year



Fiscal Year and Average Response



FARM CREDIT ADMINISTRATION

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