



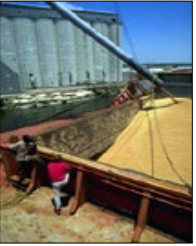
# FCA Board Meeting June 2023

Tab 3

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## Semi-Annual Report on Office of Examination Operations June 8, 2023

**Dan Fennewald, Deputy Director  
Angela Greenlee, Director of Operations  
Office of Examination**





# OE Operations Agenda Topics

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## ► Fiscal Year 2023 Operating Plan Objectives

- Risk Supervision and Examination Activities
- Public Mission
- Operational Efficiency and Effectiveness
- Human Capital

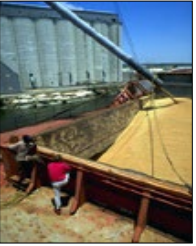




# Risk Supervision & Examination

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- ▶ Conducted **onsite** examination and/or oversight activities at all funding banks, 29 associations, and 4 other entities
- ▶ Issued 28 reports of examination, 17 interim activity letters, and 32 FIRS Letters
- ▶ Maintained a higher level of supervisory oversight at four System institutions
- ▶ Issued examination guidance





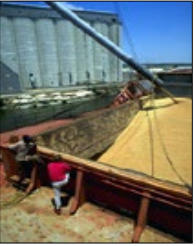
# Risk Supervision & Examination (continued)

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## ▶ National Oversight Plan Focus Areas

- Risk management practices in an uncertain environment
- Phaseout of the London Interbank Offered Rate
- Current Expected Credit Losses (CECL) implementation
- Standards of Conduct

## ▶ Completed or on target to complete the 5 systemic risk strategies and the 5 institution risk strategies





# Public Mission

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- ▶ Young, Beginning, and Small Farmers (YBS) Programs
  - Made progress on strategies related to the YBS rating system and YBS data
  
- ▶ Small, low risk associations
  - Issued a memo to System institutions clarifying our expectations for internal audit programs at certain low-risk institutions
  
  - Provided additional guidance to examiners on differential expectations for smaller associations with a lower risk profile





# Operational Efficiency and Effectiveness

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## ▶ Examination Tools

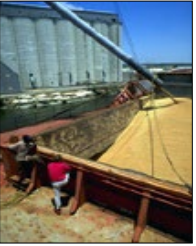
- Continued developing the Examiner Feedback application
- Made enhancements to the EDGe application and reports

## ▶ OE Operational Processes

- Developed the Risk Control Matrix for OE OMB A-123 audits

## ▶ FCS Loan Database

- Continued to assess and improve data reliability and develop new reports





# Human Capital

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- ▶ On target to complete strategies related to training, development, recruitment and retention, and knowledge transfer
  - Hired 13 associate examiners and 6 technical specialists
  - Attrition levels declined to 6 percent compared to 14 percent at the same time last year
  - OE Conference planned for August 2023





# Human Capital (continued)

- ▶ We are on target with total staff, but remain below target for commissioned examiners



## Total OE Staff

Total OE Staff	Planned	Projected	Variance
Beginning FY 2023	179	173	(6)
Attrition   Retirements	(15)	(15)	0
Hirings	16	23	7
<b>Ending FY 2023</b>	<b>180</b>	<b>181</b>	<b>1</b>

## Commissioned Examiners

Commissioned Examiners	Planned	Projected	Variance
Beginning FY 2023	87	84	(3)
Attrition   Retirements	(7)	(8)	(1)
Hirings	2	3	1
Newly Commissioned	7	2	(5)
<b>Ending FY 2023</b>	<b>89</b>	<b>81</b>	<b>(8)</b>





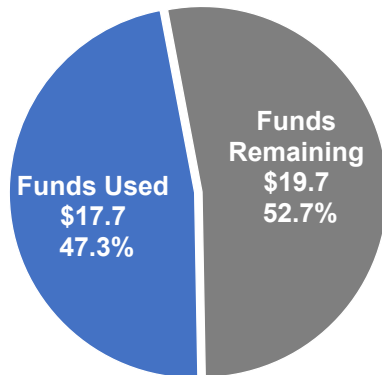
# OE Budget Results



## ► Fiscal YTD as of 3/31/2023

- Actual expenses are in line with budget as we return to normal travel
- Full Time Equivalent (FTEs) projected to be slightly over budget

FY 2023 OE Budget  
As of 3/31/2023



FTEs	
◆ Projected Full Year FTEs	178.2
◆ Budgeted Full Year FTEs	177.7
<b>Budget Variance</b>	<b>0.5</b>



# Summary

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- ▶ Effectively conducted examination and oversight activities through the 1<sup>st</sup> half of FY 2023
- ▶ On target to complete 2023 Operating Plan objectives
- ▶ Focusing on ensuring OE has sufficient highly skilled staff to accomplish our mission
- ▶ Actively managing our budget as we return to normalized travel





# Discussion

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**THANK YOU**