



# FCA Board Meeting June 2024

Tab 3

## Semi-Annual Report on Office of Examination Operations June 13, 2024

**Chelsea Mercer, FCA Examiner**  
**Nicole Peek, FCA Examiner**  
**Office of Examination**





# OE Operations Agenda Topics

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## ► Fiscal Year 2024 Operating Plan Objectives

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

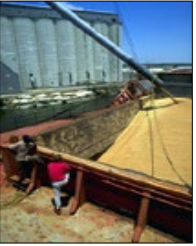




# Risk Supervision & Examination

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- ▶ Conducted **onsite** examination and/or oversight activities at 3 funding banks, 35 associations (60%), and 6 other entities
- ▶ Issued 24 reports of examination, 17 interim activity letters, and 39 FIRS Letters
- ▶ Maintained a higher level of supervisory oversight at 3 System institutions
- ▶ Issued examination guidance





# Risk Supervision & Examination (continued)

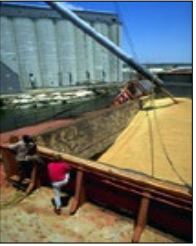


- ▶ FY2024 National Oversight Plan Focus Areas
  - Cybersecurity threats and a changing operational environment
  - Capital markets loan growth and increased risk in large, shared assets and commodity segments
  - Long-term financial stewardship
  - Stress analysis in a period of heightened volatility and uncertainty
  - Standards of conduct
  
- ▶ Completed or on target to complete the 7 systemic risk strategies and 3 institution risk strategies



# Public Mission

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- ▶ Young, Beginning, and Small Farmers (YBS) Programs
  - Worked with ORP and ODAE on internal and external YBS FAQs
  - Reviewed 2023 qualitative YBS rating results
  - Proposed changes to exam guidance and rating criteria and provided staff training based on the YBS final rule and BL-040 updates
  
- ▶ Small, low risk associations
  - Met with CEOs of small associations and received positive feedback on OE steps to address their concerns



# Operational Efficiency and Effectiveness

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- ▶ Examination Tool Innovations
  - Finalized new Examiner Feedback application
  - Made enhancements to the EDGe application and reports
- ▶ OE Operational Process Innovations
  - Continued to modernize OE management reporting, planning, and budgeting processes through PowerBI
- ▶ FCS Loan Database Use
  - Continued to work with the System 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, retention, and knowledge transfer
  - Hired 13 associate examiners, 1 commissioned examiner, with plans to hire 6 mid-careers (5 technical specialists and 1 commissioned), and 1 administrative assistant
  - Attrition levels declined to 4 percent compared to 6 percent last year with projected 9 percent attrition for the year





# 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 2024	182	185	3
Attrition   Retirements	(18)	(18)	0
Hirings	18	21	3
Ending FY 2024	182	188	6

## Commissioned Examiners

Commissioned Examiners	Planned	Projected	Variance
Beginning FY 2024	83	81	(2)
Attrition   Retirements	(8)	(8)	0
Hirings	2	2	0
Newly Commissioned	9	9	0
Ending FY 2024	86	84	(2)



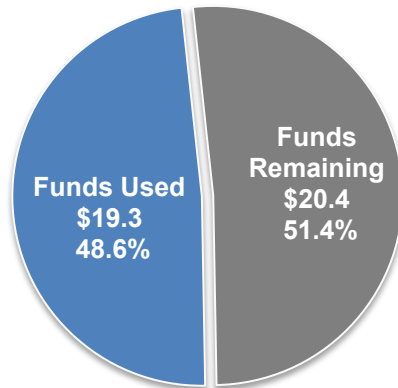


# OE Budget Results

## ► Fiscal YTD as of 3/31/2024

- Actual expenses are in line with net budget with return to normalized travel
- Full Time Equivalents (FTEs) are in line with budget

**FY 2024 OE Budget  
As of 3/31/2024**



FTEs	
◆ Budgeted Full Year FTEs	184.69
◆ Projected Full Year FTEs	184.64
<b>Budget Variance</b>	<b>(0.05)</b>



# Summary

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- ▶ Effectively conducted examination and oversight activities through the 1st half of FY 2024
- ▶ On target to complete FY 2024 Operating Plan objectives
- ▶ Focusing on ensuring OE has sufficient highly skilled staff to accomplish our mission
- ▶ Actively managing our budget as we have returned to normalized travel

