



FCA Board Meeting December 2024

Tab 3

Semi-Annual Report on Office of Examination Operations

December 12, 2024

Rachel Connolly, FCA Supervisory Examiner
Angela Greenlee, Director of Operations



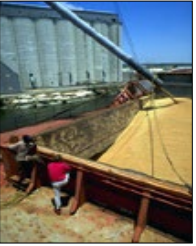


OE Operations Agenda Topics

▶ Fiscal Year 2024 Operating Plan Objectives

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

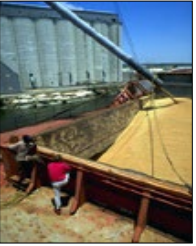
▶ Office of Examination Budget Results





Risk Supervision & Examination

- ▶ Conducted **onsite** examination and/or oversight activities as planned at 4 funding banks, 52 associations (90%), and 6 other entities
- ▶ Issued 46 reports of examination, 43 interim activity letters, and 72 FIRS Letters
- ▶ Maintained a higher level of supervisory oversight at 2 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 all 7 systemic risk strategies and 3 institution risk strategies





Public Mission



- ▶ Young, Beginning, and Small Farmers (YBS) Programs
 - Proposed changes to exam guidance and rating criteria and provided staff training based on the YBS final rule and BL-040 updates
 - Worked with ORP and ODAE on internal and external YBS FAQs
 - Reviewed 2024 qualitative YBS rating results and prepared a summary
- ▶ Small, low risk associations
 - Met with CEOs of small associations and discussed OE steps to address their concerns



Operational Efficiency and Effectiveness

- ▶ Examination Tool Innovations
 - Continued to enhance the EDGe application and reports
- ▶ OE Operational Process Innovations
 - Continued to modernize OE management reporting and planning processes by transitioning reports to PowerBI
- ▶ FCS Loan Database Improvements
 - Continued to work with the System to add new data fields and assess and improve data reliability
 - Developed new reports





Human Capital

- ▶ Completed strategies related to recruitment, retention, training, development, and knowledge transfer
 - Hired 13 associate examiners, 2 commissioned examiners, 1 mid-career technical specialist for a total of 16 staff.
 - Attrition level remained stable at 8 percent and was slightly below the projected 9 percent attrition for the year.
 - Continued to offer rotational and temporary assignments, post-commissioned training, and training at OE manager and OE all staff meetings, and field office meetings.
 - Continued planning the 2025 OE Conference





Human Capital (continued)

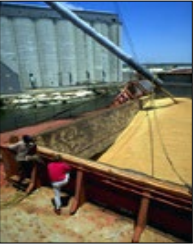
- ▶ Ended FY 2024 above plan on total staff and near our optimum goal of 190
- ▶ Remained below optimal target for commissioned examiners and technical specialists as of 9/30/2024

Total OE Staff

Total OE Staff	Planned	Actual	Variance
Beginning FY 2024	182	185	3
Attrition Retirements	(18)	(15)	3
Hirings	18	16	(2)
Ending FY 2024	182	186	4

Commissioned Examiners

Commissioned Examiners	Planned	Actual	Variance
Beginning FY 2024	83	81	(2)
Attrition Retirements	(8)	(8)	0
Promotion to EMT	0	(1)	(1)
Hirings	2	2	0
Newly Commissioned	9	9	0
Ending FY 2024	86	83	(3)



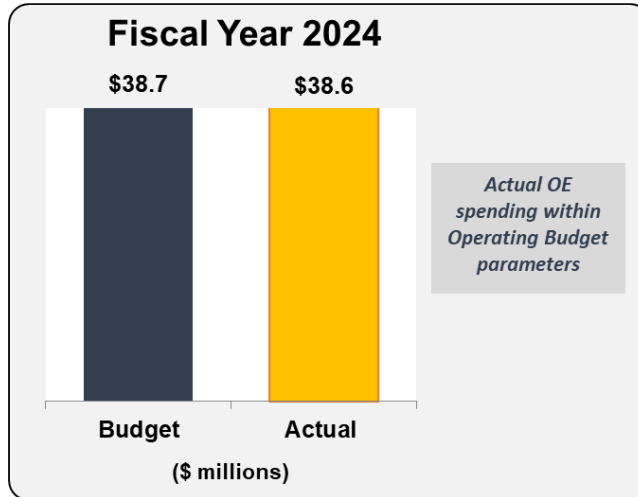


OE Budget Results



► Fiscal Year as of 9/30/2024

- Actual expenses were in line with our adjusted budget with return to normal travel
- Full Time Equivalents (FTEs) were in line with budget



FTEs	
◆ Budgeted Full Year FTEs	184.6
◆ Actual Full Year FTEs	184.8
At Budget	0.2



Summary

- ▶ Effectively conducted all planned examination and oversight activities
- ▶ Completed FY 2024 Operating Plan and NOP strategies
- ▶ Focused on ensuring OE has sufficient highly skilled staff to accomplish our mission
- ▶ Actively managed our budget as we returned to normal travel





Discussion



THANK YOU