STRATEGIC PLAN
May 2008

Fiscal Years 2008–2013

A Message from the FCA Board

The Farm Credit System was created by Congress to provide sound and constructive credit to America's farmers and ranchers and their cooperatives. We believe the principles on which the System was founded nearly a century ago are as important to U.S. agriculture today as they were when envisioned by Congress in the early decades of the 20th century.

As the regulator of the Farm Credit System, we serve the public by ensuring the System remains a dependable source of sound credit and financially related services to all of our Nation's farmers and ranchers, their cooperatives, rural areas, and others for which Congress has provided access. We believe the System serves all Americans well when it provides a competitive source of credit for agricultural producers and processors so that our Nation can enjoy the most dependable, safe, and affordable supply of food and fiber in the world.

We recognize that changes in the agricultural and financial marketplaces create both opportunities and risks. As we address these changes, we will work together with all our constituencies in a reasonable and responsible manner that will preserve and strengthen the System so that it might continue as the most dependable source of credit and financially related services for rural America. We will also remain focused on our regulatory duty to ensure the System operates safely and soundly.

Using the Farm Credit Act of 1971 as established and amended by Congress, we will adhere to this Strategic Plan over the next five years as we ensure the Farm Credit System achieves its public mission for all of America.

Nancy C. Pellett

Nancy C. Pellett
Chairman and Chief Executive Officer

Leland Strom

Leland Strom, Member

Dallas Tonsager

Dallas Tonsager, Member

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INTRODUCTION

The Farm Credit Administration (FCA or Agency) is the independent Federal agency responsible for regulating and examining the agricultural Government-sponsored enterprises (GSEs) serving rural America. There are two GSEs serving rural America: the Farm Credit System (FCS or System) and the Federal Agricultural Mortgage Corporation[1] (Farmer Mac).

The FCS is a network of borrower-owned cooperative financial institutions and affiliated service organizations that serves all 50 States and the Commonwealth of Puerto Rico. It is the oldest of the financial GSEs. Congress provided for cooperative organization of the FCS in the National Farm Loan Act of 1916 as a means to provide affordable agricultural credit. The Farm Credit Act of 1971, as amended, states that the overall objective in establishing the FCS is to improve the income and well-being of American farmers and ranchers by furnishing sound, adequate, and constructive credit and closely related services to them, their cooperatives, and to selected farm-related businesses necessary for efficient farm operations.

The FCS currently provides more than $140 billion in loans to farmers, ranchers, producers and harvesters of aquatic products, rural homeowners, agricultural cooperatives, rural utility systems, and agribusinesses. Overall, the FCS holds about 35 percent of the market share of agricultural credit.

Farmer Mac is a stockholder-owned, federally chartered instrumentality of the United States. Through authorities granted in the Agricultural Credit Act of 1987, Farmer Mac was established in 1988 to create a secondary market arrangement for agricultural real estate and rural housing mortgage loans.

In addition to regulating and examining the FCS and Farmer Mac, FCA also has statutory responsibility to examine the National Consumer Cooperative Bank, a non-System entity operating as a federally chartered, privately owned banking corporation. FCA also provides contract examination services to the Small Business Administration (SBA) and the U.S. Department of Agriculture (USDA).

Congressional oversight of the agricultural GSEs and FCA is provided by the U.S. Senate Committee on Agriculture, Nutrition, and Forestry and the U.S. House of Representatives Committee on Agriculture. FCA is funded by the institutions it regulates or examines and receives no Federal tax dollars in the execution of its mission.

FCA is directed by a full-time, three-person board. Members are appointed by the President with the advice and consent of the U.S. Senate. The President designates one of the members as chairman of the board and chief executive officer (CEO) of the Agency. FCA Board members serve as the Board of Directors for the Farm Credit System Insurance Corporation (FCSIC); however, the FCA Board chairman may not serve as the chairman of the FCSIC Board.

In accordance with the Government Performance and Results Act of 1993, the FCA Board is responsible for establishing the strategic direction of the Agency. The Board documents the direction it has chosen for the Agency in a strategic plan. Periodically, the Board reviews the strategic plan to ensure it reflects changes made since the most recent plan was adopted, current economic and environmental conditions, and prospects for the future. Therefore, the

[1] Although Farmer Mac is technically a chartered institution of the FCS, we are distinguishing Farmer Mac for strategic planning purposes because of its unique and separate mission.

FCA strategic plan is a dynamic document that will be reviewed and updated as conditions warrant.

The Strategic Plan for 2008–2013 retains the material substance from the preceding plan and incorporates points gleaned from strategic planning discussions and communications with stakeholders. FCA will use this plan as a guide for its operations over the next five years.

Vision

To enable the Farm Credit System, in partnership with others, to meet the changing needs of agriculture and rural America.

Mission

The Farm Credit Administration ensures a safe, sound, and dependable source of credit and related services for agriculture and rural America.

PROGRAM ACTIVITIES

To ensure a safe, sound, and dependable source of credit and related services for agriculture and rural America, FCA carries out two basic regulatory programs:

1. Issuing regulations and implementing public policy; and
2. Identifying risk and taking corrective action.

Issuing Regulations and Implementing Public Policy

FCA is authorized to establish regulations and policies and to interpret the Farm Credit Act and other laws applicable to the FCS and Farmer Mac. The Agency uses customer-focused techniques when developing regulations. Such techniques include issuing advance notice of proposed rulemaking, reopening and extending comment periods, holding constituent/congressional committee meetings, public meetings, focus groups, and using other unique approaches to gather a broad range of public input.

We also review and take action on corporate applications for mergers, consolidations, liquidations, and other corporate restructurings of entities comprising the FCS. The regulations and public policies we implement are intended to reap the full benefit of public good for U.S. agriculture and rural America that is permissible by the Farm Credit Act and other laws.

Identifying Risk and Taking Corrective Action

FCA has statutory authority to examine all institutions comprising the two agricultural GSEs, as well as the National Consumer Cooperative Bank. The FCS, at January 1, 2008, is comprised of an Agricultural Credit Bank, 4 Farm Credit banks, 94 associations, the Federal Farm Credit Banks Funding Corporation, and 5 service corporations.

We examine each institution at least once every 18 months and issue written examination reports that contain a summary of activities performed and an evaluation of the overall condition and performance of the institution. Our examination and oversight program is risk-based, concentrating resources on institutions with the greatest complexity or risk exposure. We continually identify, evaluate, and proactively address material risks faced by the institutions through our nationally organized examination program.

We have authority to take enforcement action if an institution, or any of its directors, officers, employees, or agents, violates statutes or regulations or operates in an unsafe or unsound manner. Enforcement actions can result in written agreements; orders to cease and desist; civil money penalties; and orders of removal, suspension, or prohibition.

In addition to enforcement actions, we use a supervisory process to correct problems before significant harm occurs in the institutions we examine. This "special supervision" process is used for instances when the institution's board and management are both willing and able to correct the problems that threaten the institution's safety and soundness. The process allows the institution to correct identified weaknesses before more stringent enforcement actions become necessary.

AGENCY OPERATIONS

Beyond the externally focused strategic goals, the FCA Board fully recognizes that effective and efficient internal operations are a critical success factor in accomplishing the goals. Agency personnel engage in a variety of activities that support FCA's two basic programs. Such activities include long-range planning and budgeting; providing pertinent information to the Federal Executive Branch, Congress, the institutions we regulate, and the public; legal counsel; economic and financial analyses; management of information and human resources and training; and administration of the performance, compensation, and benefits programs for FCA staff.

STRATEGIC THEMES

There are several themes or beacons that guide our actions and activities as we work towards the Agency's strategic goals.

- FCA is a vigilant arm's length regulator. We recognize that we add value to all our stakeholders by placing the safety and soundness of the FCS foremost in our decisions and actions. We also recognize and accept that one size does not fit all. To be an effective regulator, FCA must be innovative, creative, and practical in its methods.

- FCA will operate in a manner that is foremost effective but also efficient. We will continue to balance the costs required to operate the Agency against the benefits that accrue to our stakeholders. In no case will we compromise safety and soundness.

- The people who work for and with FCA are a strategic priority. We are making an ongoing investment to acquire, develop, and retain a highly talented workforce and to provide them with the tools to make them highly effective. Our human capital, technology, and financial plans work in concert with Agency programs to ensure that we have sufficient resources to retain the trust and reputation that FCA has built into the future. Our work environment will be positive, innovative, diverse, and family-friendly. It will encourage teamwork and high productivity.

- FCA through its staff will lead in building good communications and relationships with our constituencies. Strong communications ensures that FCA is well informed about the FCS and that it understands the marketplaces and the rural communities that it serves.

- In fulfilling its role as an arm's length regulator, FCA will advocate both strong governance and local control. Examination and regulatory activities will encourage strong governance and internal control programs.

- Any industry or economic sector must attract youth, new ideas, and new approaches to doing business and embrace the opportunities provided by diversity if it is to remain vibrant in the long run. Therefore, FCA will continue to focus attention, resources, and efforts to aid and encourage young, beginning, and small farmers. We will emphasize the importance of providing opportunities to new entrants into agriculture, and we will promote efforts to expand the flow of funds to the individuals and groups Congress established FCA to serve.

GOALS

FCA has two strategic goals that are closely aligned with and direct its program activities: The Goals are as follows:

Goal 1: Ensure the FCS and Farmer Mac fulfill their public mission for agriculture and rural areas.

FCA continues to emphasize the public purpose and mission-related responsibilities of the agricultural GSEs serving rural America while ensuring that they operate in a safe and sound manner.

The challenges of financing agriculture in a safe and sound manner remain great. This is particularly true given uncertain commodity and energy prices, a volatile interest rate environment, changing world competition and public policy, continued concentration and integration in agriculture, concerns about the safety and security of the food supply, transition to the next generation of farmers and ranchers, and the need to improve producers' income through value-added agriculture.

We will encourage System institutions to find and develop both public and private partnerships and alliances with other financial service providers to address these challenges through new and existing programs.

Goal 2: Evaluate risk and provide timely and proactive oversight to ensure the safety and soundness of the FCS and Farmer Mac.

FCA's examination and supervisory programs have been effective. Goal 2 focuses on preserving and enhancing the integrity of FCA's examination and supervisory programs by (1) continuing vigilant oversight of individual institution's asset quality and financial performance; (2) making improvements to address changing risks in the institutions we oversee; and (3) positioning the examination program and workforce to meet the changing demands of a more sophisticated operating environment. FCA will retain a well-trained, professional, and experienced examination staff to maintain a strong safety and soundness perspective. We will stay abreast of changing market forces and customer needs. We will have an examination process with adequate resources that is cost-effective and makes full use of available technologies, and we will take necessary action to ensure safety and soundness of the System and Farmer Mac.

Key Factors Affecting Achievement of Goals

In developing this Strategic Plan, FCA identified a number of key factors that could significantly affect achievement of its strategic and operational goals. These factors have been grouped into the following two categories—internal and external.

Internal Factors

1. *Managing resources.* FCA's program activities are not funded with taxpayer money. Instead, they are funded through assessments on the institutions it regulates and examines. Because we recognize the fiduciary obligation to carry out our statutory programs in an effective and efficient manner, we will act wisely with the funds entrusted to us. Responsibly managing our resources also reflects our support of the President's Management Agenda.

2. *Changing work environment.* We are currently experiencing a shift to an electronic information-based society. This shift is changing the way we conduct business activities and communicate. Enhancing the Agency's ability to communicate and share information with its constituents and enhancing the ability of FCA employees to fully utilize technology will promote the achievement of Goals 1 and 2.

3. *Continued migration to electronic-based systems.* We will continue to look for ways to gain efficiencies in operations by moving to electronic workflow applications and records. The Internet and related technology offer opportunities for the Agency to streamline regulatory and examination programs by enhancing the electronic exchange and evaluation of information. Updating technology regularly will enable the Agency to better monitor and assess safety and soundness and to ensure that the FCS is meeting its public mission. Also, the agency will use technology to mitigate the loss of experienced staff and to assist in transfer of institutional knowledge.

4. *Changing workforce.* The FCA workforce will change over the next five years because a growing number of employees will become eligible for retirement. At the same time, FCA will need new skills to assess risk in more complex financial institutions. Staff retention is critical to the continued success of the Agency and requires a careful assessment of staffing needs; promotion opportunities; and recruiting, training, and staff development efforts. We will manage the FCA workforce to ensure we retain the knowledge, skill, and expertise to accomplish our goals.

5. *Competitive compensation (salary and benefits).* FCA is required by both the Farm Credit Act of 1971, as amended, and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 to seek to maintain employee compensation comparability with other Federal bank regulatory agencies (FBRAs). Since the FCA compensation strategy defines "pay comparability" as the average market rate paid by other FBRAs, the Agency

periodically conducts compensation surveys of the FBRAs to determine comparability. Additionally, the Agency remains on the forefront in providing family-friendly programs. Offering a unique combination of competitive compensation and a flexible, well-balanced work life help employees build rewarding careers and desire to remain employed by the Agency.

External Factors

Agriculture is inherently risky. Along with typical market and global risks experienced by most industries, it is subject to biological production processes that are affected by random weather events, disease issues, and food safety concerns. The possibility of a catastrophic event in one or more of these areas is a constant threat to the safety and soundness of the FCS and, hence, to the accomplishment of the Agency's strategic goals. Farm producers and System institutions have a good understanding of these risks and use various risk management programs or special strategies to deal with them which should mitigate the impact on the Agency's ability to accomplish its two strategic goals.

Fulfilling the Mission Prescribed by Congress

The most important strategic risk facing any financial institution is not being able to offer the products and services the market demands. The System and Farmer Mac operate in a rapidly changing marketplace. Being able to offer the products and services demanded by their customers is a key factor affecting the ability of these two GSEs to effectively accomplish their missions to serve agriculture and rural America, and, ultimately, could affect the Agency's ability to accomplish its strategic goals. The following factors will have a bearing on this issue.

1. *GSE Status* — The System and Farmer Mac help ensure that agriculture and rural America have a dependable source of credit and other financial services in both good and bad times. Therefore, the continuation of GSE status is important for maintaining a dynamic market for agricultural credit and managing the risk exposure of the FCS and Farmer Mac.
2. *Access to Funding* — The value of GSE status is that the System and Farmer Mac are able to borrow money from the capital markets at rates that are near U.S. treasuries. Therefore, maintaining access to the agency market is a major factor for the continued safe and sound operations of these entities in fulfilling their missions as prescribed by Congress.
3. *Financial Modernization* — In the mid-1990s, Congress undertook action to modernize the banking system because globalization and other innovative market forces were changing the banking landscape at a rapid pace and threatening the competitiveness of the U.S. banking sector. For the past three decades, the FCS has strived to respond to these same global trends and the evolving needs of rural America without major revisions to its statutory authorities. Periodically, most financial institutions require both legal and market-based adjustments to maintain their flexibility in the marketplace.
4. *Changing Structure of Agriculture* — The magnitude of structural change in agriculture continues to challenge the System in meeting the financial needs of its rural customer base, many of whom are now part-time farmers who rely heavily on off-farm income for their household welfare. Most young, beginning, and small farmers—a special group of borrowers that Congress expects the FCS to support—fit into this category. Being able to adapt to the credit needs of a changing customer base is a key success factor for any financial institution and the customers it serves.

A Change in the Outlook for Farm Income and Capital Needs

1. *Commodity Price Volatility* — The drive to expand biofuel production combined with short supplies and a weak dollar has led to soaring commodity prices, rising land values, and a period of unprecedented prosperity in many segments of agriculture. While future prospects look bright, history shows that the picture can change abruptly. A global recession, sharp expansions in world crop production, trade disruptions, alternative methods for energy production, and market volatility in commodity prices are factors that could dim the outlook for farm incomes. A sharp reversal of fortune could affect the safety and soundness of the FCS and Farmer Mac. Alternatively, sustained prosperity could strain the System's ability to meet loan demand.

2. *Land Values* — Almost half of the System's loan portfolio is collateralized by a first mortgage on farm real estate. The value of farmland has been climbing continuously for 20 years since the collapse of the land market in the mid-1980s. While the farm income picture points to further rises in real estate values, capitalization rates—a measure of economic returns to land—are approaching the low levels that existed two decades ago. If farm income were to drop significantly over a 3–5 year period and capitalization rates were to increase, farm real estate values could decline.

3. *Rising Input Cost* —Due to dramatic increases in production inputs, the breakeven points for most crop producers are higher than they were just a few years ago. Another important cost factor is the availability of labor and immigration issues. The Federal safety net, which includes target prices for the program crops, may not adequately reflect this dramatic shift in breakeven points. When producers are not covered by a farm safety net, there are additional industry risks.

Policy Directions Could Affect the Rural Landscape

1. *Overall Policy Environment* — The Agency's policy initiatives will continue to be intertwined with ongoing changes in the demographics of our society, consumer preferences, Federal budget deficit pressures, and efforts to limit the Government's potential exposure to GSE activities. The declining population base in many rural areas points to less grass-roots support for the needs of agriculture and rural America, but new coalitions with groups representing environmental, nutrition, food safety, conservation, and rural development interests could counter the pressure to revise or terminate traditional farm programs. The biggest threat to these programs probably is the pressure to reduce the budget deficit. However, longer term, a move to use more of our crops for fuel rather than food could reduce the sector's dependence on government programs and have important ramifications for the System and all other credit providers.

2. *Farm Policy* — There continues to be pressure on farm policy. Currently, the farm bill provides direct payments, as well as countercyclical and loan deficiency payments, to program crop producers in the coming years. However, efforts to impose tighter limits on payments to individual producers and to redistribute benefits to different segments of the rural economy will likely continue. Should these efforts prove successful, the risk of financing agriculture will likely increase.

3. *Foreign Trade Policy* — Exports are a critical part of the farm income picture. Our domestic markets cannot absorb all that is produced each year. Although foreign sales have been growing sharply in recent years, due in part to a weak dollar, trade agreements remain important. If trade negotiations are not successful, export growth could slow or reverse, thus negatively impacting farm prices. A corollary issue would be

changes in our monetary and fiscal policies that would increase the value of the dollar. A strong dollar would tend to dampen farm exports.

PERFORMANCE MATRIX

The strategic goals listed in the following matrix reflect the Agency's focus for future action. Means and strategies for each goal are those specific initiatives that, in concert with the Agency's programs, achieve or advance FCA goals over the next five years. The results achieved by the Agency through the goals and initiatives identified in the Strategic Plan are reported through an integrated performance measurement system.

This system is based on desired outcomes, or results, for the Agency's operations that are closely linked to FCA's strategic goals. Agency-level performance measures have been developed for each outcome. The relationship between the Agency's strategic goals and its annual performance goals/measures is illustrated in the following tables.

Goal 1: Ensure the FCS and Farmer Mac fulfill their public mission for agriculture and rural areas.

Desired Outcome
A regulatory environment that enables the System and Farmer Mac to fulfill their public mission.
Means and Strategies
1. Ensure that FCS lenders and Farmer Mac fulfill their public mission by reaching out to all potential eligible customers.
2. Ensure that all eligible customers have access to sound credit and related financial services and encourage outreach activities for all eligible customers, including minority and socially disadvantaged farmers and ranchers and minority-owned cooperatives.
3. Enable the System and Farmer Mac to serve evolving customer needs by maintaining a regulatory environment responsive to the changing needs of agriculture and rural America.
4. Emphasize regulatory activities related to young, beginning, and small (YBS) farmers, ranchers, and producers or harvesters of aquatic products.
5. Emphasize Farmer Mac's obligation to promote and encourage the inclusion of qualified loans for small farms and family farmers in the agricultural mortgage secondary market.
6. Encourage the System and Farmer Mac to use guarantee programs including, but not limited to, USDA programs and to work with Federal and State agencies that offer such programs in order to streamline processes.
7. Encourage all System institutions and Farmer Mac to continue to include a discussion in annual reports of how they are meeting their public mission.
8. Enable the agricultural GSEs to restructure themselves to best serve their customers and rural America.
9. Ensure that regulatory definitions reflect the changes in agriculture, rural areas, and the financial marketplace.
10. Identify and eliminate, consistent with law and safety and soundness, all regulations that are unnecessary, unduly burdensome, or not based on law.
11. Encourage partnerships between System and non-System lenders and Farmer Mac that facilitate the flow of funds to agriculture and rural areas.
12. Communicate best practices or establish guidelines when appropriate on FCA-regulated institutions' efficient and effective use of partnerships and other relationships with non-FCA-regulated entities to facilitate the flow of funds to agriculture and rural areas.
Performance Measures
1. Percentage of FCS institutions with satisfactory business plans and management systems for providing constructive credit and related services to all potential customers, including institutions with acceptable corrective action plans. (Target: ≥90%)
2. Whether Farmer Mac has developed and implemented a marketing program to appropriately grow program assets consistent with its mission and whether it has received a satisfactory rating from the Office of Secondary Market Oversight (OSMO) or is operating under a corrective action plan acceptable to OSMO. (Target: Yes)
3. Percentage of direct-lender institutions with satisfactory internal controls over consumer compliance and borrower-rights compliance, including institutions with acceptable corrective action plans. (Target: ≥90%)
4. Percentage of instances in which the Agency solicits public comment and input on applicable regulatory initiatives using supplemental approaches to the notice and comment rulemaking process. (Target: ≥40%)
5. Percentage of direct-lender institutions that have satisfactory programs to furnish sound and constructive credit and related services to YBS farmers, ranchers, and producers or harvesters of aquatic products, including institutions with acceptable corrective action plans. (Target: ≥90%).

Goal 2: Evaluate risk and provide timely and proactive oversight to ensure the safety and soundness of the FCS and Farmer Mac.

Desired Outcome
Effective risk identification and timely corrective action.
Means and Strategies
1. Maintain an effective examination and oversight program through maintenance of the Precommission Training Program and ongoing training of commissioned examiners.
2. Develop regulatory guidance and examination procedures that keep pace with evolving strategies used by the FCS and Farmer Mac in addressing the changing needs of their customers in rural areas.
3. Evaluate whether each FCS institution and Farmer Mac have established and are maintaining proactive risk management practices commensurate with their respective risk-bearing capacity.
4. Evaluate whether each direct-lender institution maintains systems that allow it to analyze the characteristics of risk and borrower profiles in its loan portfolio.
5. Evaluate whether management and board governance of FCA-regulated institutions are keeping pace with the increasing size and complexity of institutions' operations.
6. Maintain early-warning systems, research, and analysis that allow timely identification of emerging risks in FCS institutions and incorporate the findings into examination and oversight programs..
7. Ensure examinations include sufficient samples of assets to assure material risks to the FCS are appropriately identified and managed
Performance Measures
1. Number of institutions that FCA placed in receivership because of financial failure during the previous 12 months. (Target: None)
2. The total assets of FCS institutions that FCA has determined are fundamentally sound in all material respects. (Target: ≥90%)
3. Percentage of FCS institutions with composite FIRS ratings of 3, 4, or 5 with acceptable corrective action plans in place to address the problems identified by FCA examiners. (Target: 100%)
4. Percentage of System assets in institutions with ratios of adverse assets to risk funds of less than 100 percent. (Target: ≥90%)
5. Percentage of institutions complying with regulatory capital ratio requirements (permanent capital ratio, total surplus ratio, core surplus ratio, net collateral ratio, risk-based capital), including institutions with acceptable corrective action plans. (Target: 100%)
6. Percentage of FCS institutions with acceptable action plans to correct violations of laws and regulations identified by FCA examinations. (Target: 100%)
7. Percentage of institutions that have satisfactory audit and review programs, including institutions with acceptable corrective action plans. (Target: 100%)

STRATEGIC PROGRAM EVALUATION

FCA employs a mix of internal and external program evaluations to determine whether FCA's programs are achieving their goals in a cost-effective manner.

Internal Program Evaluations

FCA uses an integrated process to ensure program objectives and goals are aligned, focused, and assessed with accurate data. The data used to assess the Agency's progress toward its strategic goals are evaluated from a variety of perspectives to ensure appropriate alignment, integrity, validity, and focus.

Senior Staff

Strategic program evaluation oversight begins with Senior Staff, which is led by the Chief of Staff (COS). FCA Senior Staff consists of all Office Directors, the Secretary to the Board, and the COS. Senior Staff meets weekly (and as directed by the COS) to discuss Agency programs and issues, to coordinate program activities, and to maintain strategic alignment with FCA Board-approved strategic and annual performance goals.

Senior Assessment Team for Internal Controls (SAT)

The SAT oversees the Agency internal controls with a primary focus on financial reporting. It assists management in implementing the internal control framework and fosters an organizational environment to support continuous awareness of internal controls. The SAT provides a unified approach for ongoing assessment and monitoring of internal controls throughout the Agency.

Monthly Management Reports

Monthly management reports are prepared by the respective offices and provided to the FCA Board. The reports describe office accomplishments and performance during the month. The reports are used by the Senior Staff, along with quarterly reports, in developing the Agency's Annual Performance and Accountability Report.

Quarterly Performance Updates

A Quarterly Goal Report is prepared for the FCA Board on the status of the Agency's annual performance measures and goals. The quarterly reports provide details on FCA program activities as prescribed by the means and strategies of this plan, and they provide details on the results achieved as measured using the performance measures established for each goal. The information used to prepare the quarterly reports is provided by the offices that have direct responsibility for data concerning program performance measures.

Performance and Accountability Report

The Performance and Accountability Report provides detailed information about what FCA does and how well it is meeting its mission and goals. This report is also available on the FCA Web site (www.fca.gov) for general public review.

Management Control Plan (MCP)

Each FCA office annually updates the MCP for its respective office and provides the MCP to the Management Controls Officer. The MCP is used by the Management Controls Officer for monitoring to ensure that all planned review work is completed within established timeframes. The MCP guides FCA managers in evaluating, improving, and reporting on internal controls in their programs and administrative activities.

Office Annual Operating and Performance Plans

All offices within the Agency prepare an Annual Operating and Performance Plan. Assignments and delegated authorities are planned and monitored through management, with reporting and ongoing communication to ensure results. Internal controls and reporting requirements are primarily established for those program activities that link the Annual Operating and Performance Plan to the Agency's Strategic Plan. Similarly, the plans support the staff and other resources needed to accomplish the Agency's programs. To achieve the goals outlined in FCA's Strategic Plan, the Agency continues to invest in training and the improvement of programs and practices.

Information Resources Management Oversight Committee

The Information Resources Management Oversight Committee is responsible for oversight, evaluation, and alignment of the Agency's major information technology programs and initiatives. The Chief Information Officer serves as the chair. All offices in the Agency are represented by a voting member. The Farm Credit System Insurance Corporation is represented by a non-voting member. The committee is cross-functional and meets monthly, serving as an advisory and recommending body to the Senior Staff and the COS.

Quality Assurance Programs

The Agency's regulatory and examination functions maintain extensive quality assurance programs through a system of internal controls in accordance with the provisions of Policies and Procedures Manual No. 1007, Evaluation of Internal Control Systems, and the Office of Management and Budget Circular A-123.

External Program Evaluations

In addition to FCA's ongoing internal program evaluation efforts, we receive program-level feedback from three primary sources:

Office of Inspector General (OIG) Reviews

The OIG conducts targeted reviews of various aspects of FCA operations every year. The results of these evaluations are used to further enhance FCA's strategic and annual performance planning processes. The OIG review of the Agency's Loan Accounting and Reporting System is a recent example of a program evaluation received from this source. Also, the OIG conducts an ongoing formal survey of all FCS institutions' boards of directors to measure the quality of FCA examination and supervisory programs.

Annual Independent Audit

An independent accounting firm under contract to the OIG conducts an annual audit of FCA's fiscal year-end financial statements to opine on the accuracy of the financial statement. The firm also provides senior management with conclusions regarding the effectiveness of the Agency's program of financial controls.

General Accounting Office (GAO)

The GAO conducts targeted reviews of FCA operations on a periodic basis. In addition to providing agency-specific results, it also provides an objective source of data for benchmarking purposes. GAO's review of FCA's oversight of the System's special mission to serve young, beginning, and small farmers was a recent example of a program evaluation received from this source.