

Examination Work Program
Financial Reporting Operations
As of XXXXXX

1) *Organizational structure*

Evaluate the effectiveness of the functional structure of Financial Reporting Operations. Consider reporting lines, staffing, primary duties, responsibilities and technical expertise. Are duties appropriately segregated, and staff provided with cross-training opportunities?

How well does Financial Reporting Operations integrate its processes with other departments to produce financial statements and reports that are timely, in accordance with GAAP and SEC disclosure requirements? Have there been significant changes to the organizational structure of Financial Reporting Operations since the last examination?

2) *Development of key policies and oversight by the board of directors. Adequacy of senior management oversight and the risk management function.*

Assess the development of key accounting policies and practices, and oversight by the board of directors. Evaluate the adequacy of senior management oversight and the risk management function for Financial Reporting Operations, as applicable.

3) *Key FHLBank policies and procedures*

Identify and evaluate key FHLBank policies and procedures applicable to Financial Reporting Operations.

4) *Risk assessment under Part 917 and internal control evaluation under SARBOX*

Evaluate the annual risk assessment under Part 917 and of the internal control assessment under SARBOX applicable to Financial Reporting Operations. Also assess the FHLBank's procedures implemented to periodically attest to the adequacy of the control environment.

5) *Testing performed by external audit, internal audit or consultants*

Evaluate testing performed by the FHLBank's external auditors, internal auditors or consultants of controls over Financial Reporting Operations.

6) *Information technology and controls*

Identify and assess the automated and manual systems and applicable controls used by Financial Reporting Operations to record and account for financial transactions. Consider system limitations (certain legacy systems may not meet GAAP requirements, requiring inefficient workarounds), vendor technical support, utilization of spreadsheets and other user developed applications, and business continuity and recovery needs.

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7) Identification and evaluation of controls and significant changes to the activity or function

Evaluate the process flow that captures, account and report financial transactions, focusing on controls, the level and direction of risks and the quality of risk management. If applicable, conduct an assessment of any significant changes since the prior examination or are being considered that may affect the FHLBank's risk profile.

8) Testing

Conduct testing as appropriate. The scope of testing should be based on the preliminary review of governance, risk management, internal controls and audit coverage. At a minimum, the evaluation and testing of the FHLBank's operating procedures to ensure the accuracy and timeliness of Call Report System (CRS) filings must be performed.

9) Assessment of Risks

Summarize the results of the activity or function examined in a separate memorandum. The memorandum must articulate the risks and the management of those risks. It should also clearly and specifically describe the basis and analysis for the assessment. The memorandum should discuss the type(s) of risk (market, credit, operational); the level of the risk (low, moderate, high); the direction of the risk (stable, decreasing, increasing); and the quality of risk management (strong, adequate, weak). A memorandum must be prepared irrespective of whether the examiner's assessment is positive or negative.

10) Items requiring follow-up at the next on-site visitation

Identify key issues that have been communicated to management (written or oral) that require follow-up during the next on-site visitation.