

**Examination Work Program**  
**Liquidity Management**  
**As of XXXXXX**

**1) *Organizational structure***

Evaluate the effectiveness of the functional organization, reporting structure, staffing, primary duties, responsibilities and technical expertise, segregation of duties, cross-training, coordination with other departments, and significant changes in the foregoing since the last examination.

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

Assess risk tolerances and the development of key policies and procedures for liquidity management, as well as oversight by the board of directors. Evaluate the adequacy of senior management oversight and the risk management function over liquidity management activities, as applicable.

**3) *Key FHLBank policies and procedures***

Identify and evaluate key FHLBank policies and procedures applicable to liquidity management activities.

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

Evaluate the effectiveness of the annual risk assessment under Part 917 and of the internal control assessment under SARBOX applicable to liquidity management activities as well as 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 liquidity management activities.

**6) *Information technology and controls***

Identify and assess the automated and manual systems and applicable controls utilized by liquidity management activities for processing funding, measuring liquidity needs and available liquidity, including cash flow projection reports, utilization of user developed applications and business continuity and recovery.

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

Evaluate the workflow and processes as well as controls, including the level and direction of risks to liquidity adequacy and the quality of liquidity management. If applicable, conduct an assessment of any significant changes to liquidity management activities that have been implemented since the last 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.

**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).

The memorandum should also discuss the effects of the FHLBank's liquidity management practices upon its financial condition and performance, including the institution's level of liquidity reserves relative to its risk exposures and its compliance with regulatory liquidity requirements. 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.