

Examination Work Program
External and Internal Audit
As of XXXXXX

1) *External auditor's communications to senior management and the audit committee*

Evaluate the effectiveness of external auditor's engagement letters, formal reports, and management letters that have been communicated to senior management in identifying and addressing significant risks to the FHLBank. Assess communications with the audit committee for their effectiveness in focusing the audit program on areas of high risk and the extent and effectiveness of coordination between external and internal audit activities.

2) *Significant changes*

Identify significant changes that have been implemented since the last examination or are being considered that relate to the external audit and internal audit programs.

3) *Purpose, authority and scope of responsibility of internal audit department activities*

Evaluate the independence, scope of responsibility and objectivity of internal audit department activities and their adequacy in light of identified risks to the FHLBank.

4) *Internal auditors' professional proficiency*

Assess the internal auditors' professional proficiency (e.g., knowledge, skills and other competencies) needed to perform their duties and responsibilities and their effectiveness in carrying out those responsibilities.

5) *Management of internal audit department activities*

Evaluate the internal audit director's methodology for managing the audit department and whether internal audit contributes materially to the improvement of the organization's risk management, control, and governance.

6) *Internal auditors' work*

Assess the adequacy of the internal auditors' work in evaluating the effectiveness of the FHLBank's risk control environment, particularly the identification and management of the principal risks facing the FHLBank. As part of the assessment, also evaluate preplanning, fieldwork, supervision, reporting, follow-up, and consulting services.

7) *External and internal assessments of quality assurance and improvement programs for internal audit department activities*

Evaluate the development, maintenance, and effectiveness of external and internal quality assurance and improvement programs for internal audit department activities.

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8) Audit committee oversight

Assess the audit committee's qualifications, responsibilities and oversight of the external auditors' and internal auditors' activities. Evaluate their role in focusing the audit program on the most significant risks facing the FHLBank as well as implementation and administration of whistleblower policies and procedures to comply with SARBOX requirements.

9) Assessment of External-Internal Audit Activities

Summarize the results of external-internal audit activities examined in a separate memorandum. The memorandum should clearly and specifically describe the basis and analysis for the assessment. The memorandum should discuss the quality and effectiveness of external-internal activities within the context of corporate governance (strong, satisfactory, supervisory concern, unacceptable). 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 the audit committee chairman and the audit director (written and/or oral) that require follow-up during the next on-site visitation.