

**Examination Work Program**  
**Office of Finance Work Program**  
**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 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***

Evaluate the process to establish risk tolerances, the development of key policies, and oversight by the board of directors. Evaluate the adequacy of senior management oversight to the entire enterprise (Office of Finance, FICO, and REFCORP). Review and determine the effectiveness of senior management oversight and the risk management function, including the various areas addressed in 12 C.F.R. 985. Review any corporate compliance programs in place. Review if management has implemented appropriate procedures and guidelines in key Office of Finance operations.

**3) *Debt issuance***

Evaluate the debt issuance process. Assess whether appropriate guidance has been given to control risk. Select an appropriate number of transactions for review. Assess lines of control and division of responsibilities. Assess the adequacy of information flow and the adequacy of management information systems. Assess whether debt issuance complies with Finance Board regulations.

**4) *Debt servicing***

Evaluate the debt servicing process. Assess whether interest is being correctly calculated. Assess the accuracy of the bond call process. Assess the adequacy of the information-technology systems associated with debt servicing. Evaluate the debt servicing automated processes. Assess the interaction of the Office of Finance with the Federal Reserve Bank of New York regarding debt servicing.

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**5) *Underwriters and suitability***

Determine that the compliance program can provide reasonable assurance that (1) each dealer has policies, procedures, and practices in place to prevent CO's from being sold to accounts for which they are not appropriate investments; (2) each dealer adheres to these policies, procedures, and practices; and (3) each dealer has appropriate procedures in place to report any exceptions. Assess whether the compliance function of the OF can reasonably establish that underwriters are in compliance with selling group agreements, the master underwriting agreement, the global debt agreement, and all other applicable laws and regulations. Evaluate the process that the OF uses to qualify and disqualify underwriters.

**6) *Cost of funds***

Evaluate the methods used by the Office of Finance to determine that it is raising debt at the lowest all-in cost consistent with regulatory requirements.

**7) *Data sources, data identification, shared information***

Evaluate the OF's use of external sources for gathering data, the effective use of that data and determine if the shared information with FHLBanks is effective and reflective of sound practices. Evaluate the effectiveness use of models and documentation maintained to support those models.

**8) *Supplemental internal and external audit procedures***

Refer to the Federal Housing Finance Board's examination manual for guidance regarding the evaluation of internal audit, external audit and outside consultants. Assess the adequacy of their testing performed on Office of Finance activities.

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**9) *Supplemental information technology procedures, business continuity and recovery, and end-user computing***

Refer to the Federal Housing Finance Board's examination manual for guidance regarding the evaluation of information technology, business continuity and recovery and end-user computing.

Evaluate business resumption plans and recovery capabilities. Determine if the processing environment satisfactory supports the mission and goals of the OF. Determine the extent of the use of work sheets, end-user applications and other supplemental work-around(s). Evaluate the adequacy of controls and determine the adequacy of documentation to promote an end-to-end view of work flow, controls, inputs and outputs. Evaluate management efforts to achieve end-to-end automated processing and reduce dependency of work-around(s).

**10) *Financing Corporation (FICO) activities***

Determine if the affairs of FICO are administered in a sound and safe manner. Assess the adequacy of the FICO's board of directors and senior management's oversight of the risks arising from FICO activities.

**11) *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.

**12) *Assessment of Office of Finance***

Summarize the results of Office of Finance 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 corporate governance (strong, satisfactory, supervisory concern, unacceptable) and the level (low, moderate, high), direction (stable, decreasing, increasing) and quality of risk management that pertains to operational risk. A memorandum must be prepared irrespective of whether the examiner's assessment is positive or negative.

**13) *Items requiring follow-up at the next on-site examination***

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