

CORPORATE CHARTER
FINANCE AND AUDIT COMMITTEE
OF THE
FEDERAL CROP INSURANCE CORPORATION
BOARD OF DIRECTORS
Revised June 2005

Background

The Finance and Audit Committee was authorized by the Board of Directors of the Federal Crop Insurance Corporation (FCIC) pursuant to FCIC's bylaws. Its original draft charter was extensive and directed the Committee to perform some 28 specific tasks, most related to reviewing FCIC's budget and financial reports. Because of the time limitations of the Committee members, the absence of any staff support and the concern over the possibility that the Sarbanes-Oxley legislation could be extended to the Committee, the charter was redrafted to limit the Committee's role to budget and financial reporting oversight. The revised charter was approved by the Board on February 27, 2004 (Exhibit 2722).

Subsequent to the first revision, additional limitations and operating realities affecting the Corporation's authority over its financial affairs became evident. Neither the Board of Directors nor the Committee has authority over RMA's operating budget. This budget is the product of policy matters establishing Crop Insurance priorities established by the Secretary of Agriculture and the President, subject to Congress' power to approve, modify or reject such proposals, whether set forth in proposed legislation or in the President's budget.

In addition, Congress in the Federal Crop Insurance Act sets forth amounts that can be spent on certain areas and tasks and neither the Committee nor the Board has authority to alter these maximum amounts. The Board, however, could not approve proposed projects and tasks that would effectively limit the amount of expenditures to less than the authorized amounts.

Recognizing the limited scope of authority for either the Board or the Committee over FCIC's budget and the Committee's time constraints, it is recommended that the Committee's role be further limited to reviewing issues raised in audits of FCIC's financial activities, develop a better understanding of the Corporation's funding sources and limitations, and other matters as identified from time-to-time by the Committee.

CORPORATE CHARTER
FINANCE AND AUDIT COMMITTEE
OF THE
FEDERAL CROP INSURANCE CORPORATION
BOARD OF DIRECTORS
Revised – June 2005

I. PURPOSE

This Charter governs the operations of the Finance and Audit Committee (Committee) authorized by the Bylaws of the Federal Crop Insurance Corporation (Corporation) and the Board of Directors (Board). The Committee will review material aspects of the Corporation's policies and practices relating to the management of its financial affairs, review audit reports of that management and management's responses, and report its findings to the Board.

II. DEFINITIONS

Internal Audit – Accountants and auditors within the Office of Inspector General whose duties and responsibilities include the audit of the Corporation's financial statements and programs for the United States Department of Agriculture.

III. ORGANIZATION AND COMPOSITION

The Committee is a part of and reports directly to the Board. The Committee shall review and reassess its Charter at least annually and obtain the approval of the Board for any recommended changes. The Committee shall be appointed by the Board and shall consist of three or more Directors of the Corporation, one of which shall be the Manager/Chief Executive Officer of the Corporation.

IV. MEETINGS

The Committee will meet at least four times annually. Additional meetings may be held as circumstances dictate. The Committee Chair may request attendance of appropriate representatives of RMA, Internal Audit and others as considered appropriate. The Committee is to meet in a separate executive session with Internal Audit at least once a year and at other times when considered appropriate.

All meetings of the Finance and Audit Committee will be held either telephonically or in person in the greater Washington, D.C., metropolitan area, unless there is a valid reason for holding the meetings in another location. A different location for a meeting requires approval of the Chairperson of the Board or his or her designee. The Corporation will pay travel and per diem expenses for Committee meetings. Meetings by Telephone: Participation by members of the Committee by means of conference telephone, video conferencing, or similar communications equipment shall constitute presence in person at a meeting. Three members of the Committee must be present to constitute a quorum.

V. RESPONSIBILITIES AND DUTIES

The management of RMA is responsible for preparing the Corporation's budget and financial statements, and the Office of Inspector General is responsible for auditing those financial statements. Other federal agencies, boards, offices, and departments from time-to-time also examine and audit the Corporation's financial management. The major responsibility of the Committee is to review such examinations and audits, management's responses and report to the Board its findings.

The Finance and Audit Committee will fulfill their duties and responsibilities as follows:

A. General

1. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
2. Conduct or authorize reviews into any matters within the Committee's scope of responsibilities.
3. Report Committee findings to the Board with such recommendations the Committee deems appropriate.

B. Specific Duties

1. Review completed audits of the affairs of the Corporation and RMA's responses and report relevant issues that affect the Crop Insurance Program and the Board's actions.
2. Consult with Internal Audit out of RMA management's presence (including its Manager/Chief Executive Officer) about RMA financial, program and information technology issues and any reportable conditions and material weaknesses as set forth in audits.
3. Prepare summary reports to the Board of the Committee's findings.
4. Perform any other activities consistent with this Charter, the Corporation's By-laws and governing law, as the Committee or the Board deems necessary or appropriate.

VI. LIMITATIONS

This Charter in no way affects or limits authorities that may be vested in the Manager by the Congress, the Board of Directors, the Secretary of Agriculture, or any other body or individual.

This Charter may be rescinded or amended at any time by the Board of Directors.

**Finance and Audit Committee Corporate Charter
Exhibit 2798**

FINAL RESOLUTION

WHEREAS, pursuant to Article III, Section 1(c) authorizes the Board of Directors of the Federal Crop Insurance Corporation to form such committees as deemed necessary,

WHEREAS, the Board of Directors formed the Finance and Audit Committee pursuant to a Corporate Charter,

RESOLVED that, the Board of Directors approves the attached Corporate Charter for the Finance and Audit Committee as amended by the Finance and Audit Committee.

Adopted by the Board of Directors on: June 8, 2005

/Signed/ _____
Byron Anderson, Secretary
Federal Crop Insurance Corporation

[SEAL]

Approved by:

/Signed/ _____
Keith Collins
Chairman of the Board

June 8, 2005
Date