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EFFECTIVE DATE: July 7, 1995.

FOR FURTHER INFORMATION CONTACT:

Floyd Fithian, Secretary to the Farm Credit Administration Board, Farm Credit Administration, McLean, Virginia 22102-5090, (703) 883-4000, TDD (703) 883-4444.

SUPPLEMENTARY INFORMATION: The text of the Board's policy statement on the Farm Credit System Building Association Management Operations Policies and Procedures is set forth below in its entirety:

FCA Board Action on FCS Building Association Management Operations Policies and Practices

NV 95-40

FCA-PS-68

Effective Date: July 7, 1995.

Effect on Previous Action: Supersedes Policy Statement NV 93-43.

Source of Authority: Farm Credit Act of 1971, as amended (Act) and the FCS Building Association (FCSBA) Articles of Association and Bylaws.

The FCA Board hereby adopts the following statement of policy:

The FCSBA was established to provide the facilities and related services for the Farm Credit Administration (FCA) and its regional offices. The FCSBA is owned by the banks of the Farm Credit System (Banks) and is funded by assessments, commercial tenant, and other income. The original ownership interest of each bank was based on the bank's assets as a percentage of total Farm Credit System (FCS) assets on June 30, 1981. The FCSBA owns and operates the FCA McLean, Virginia headquarters and holds the leases and provides certain services and furnishings for FCA field offices. The FCA Board has sole discretionary authority under section 5.16 of the Act to approve the plans and decisions for such building and facilities. In order to carry out this authority and to preserve the FCA's arms-length relationship with the Banks, the Articles of Association and Bylaws of the FCSBA grant the FCA Board the responsibility to oversee the affairs of the FCSBA.

The purpose of this policy statement is to outline general parameters and

policies for various operational practices of the FCSBA which are supplementary to the FCSBA Bylaws.

A. FCA Board Responsibilities

Board Responsibilities. As outlined further in this policy statement, the FCA Board is responsible for items including, but not limited to, approval of all budgets and subsequent changes in object class limitations, signature authorities for financial expenditures, and long term investment decisions. The FCA Board concurs in the development of performance standards, goals and pay scales for the FCSBA President as provided by the FCA Chairman. Additionally, the FCA Board approves certain contracts for services depending upon the purpose and cost.

Chairman's Responsibilities. The Chairman of the FCA Board shall be responsible for coordinating the FCA Board's involvement in and responsibilities for the operation of the FCSBA, including developing performance standards and pay scales for the President of the FCSBA and appraising the President's performance with the concurrence of other FCA Board Members, reviewing periodic financial and operating reports, providing procedures as necessary concerning for the FCA staff's relationship with the FCSBA, and reviewing such other matters as the Chairman may deem advisable for the purpose of bringing such matters to the attention of the FCA Board. The Chairman may delegate these responsibilities to one or more FCA staff as he or she deems advisable, except those responsibilities related to pay and performance.

B. FCSBA President

General Signature Authority. As required by Article V, Section 2 of the FCSBA Bylaws, in addition to member certificates, the FCA Board authorizes the President to sign general correspondence and contracts deemed necessary for the administration of Association activities. Check signing and countersigning authorizations are outlined in separate FCA Board Actions.

Duties. The FCSBA President reports to the FCA Board and is generally responsible within the context of governing policies for all activities, necessary to manage FCSBA support to FCA, manage the assets of the FCSBA, understand and consider the interests of the Banks. Specific responsibilities include budget preparation and execution; planning; financial reporting and control; preparation of quarterly cash flow projections; supervision of inventory and supporting schedules for

all fixed assets (furniture fixtures and equipment); maintenance of management objectives schedules; supervision of the telecommunications system; the purchase and contracting for all supplies and services; records management; necessary correspondence; public relations activities in consultation with the FCA Office of Congressional and Public Affairs; personnel supervision and evaluation; the leasing and management of all space in the Farm Credit Building; site selection and lease negotiation for all FCA Field Offices; strategic planning; investment management; preparation and administration of all policies and operating procedures; engineering oversight; construction management; and preparation of all monthly, quarterly and annual reports required by the FCA Board. The FCSBA President shall coordinate these activities with the FCA Liaison as appropriate or required.

Standard Operating Procedures. In addition to those duties outlined under Article V, Section 2, of the FCSBA Bylaws and this Policy Statement, the President is authorized to issue Standard Operating Procedures (SOPs), as he or she deems appropriate in an effort to carry out the mission of the FCSBA provided that each SOP is reviewed by the FCA Board in advance. The President shall maintain all SOPs in a manner that reflects current and up-to-date policies and practices. SOPs will be filed with the Secretary to the Board, the FCSBA and others as requested.

Periodic Reports. The President shall render such periodic reports and proposals to the FCA Board and Liaison as may be necessary to facilitate on budgets, assessments, audits, finances, plans, investments, reserve policy and accounting procedures that support the needs of the FCA Board and the Banks as owners of the FCSBA. The President shall normally report at an FCA Board meeting on a quarterly basis. At a minimum, the report shall include:

(1) A cash statement of operations, an explanation of budget variances, and a month-to-date cash reconciliation report.

(2) A summary of the status of reserve accounts and investments including documentation as available demonstrating compliance with investment policies.

(3) A comprehensive Management Objectives tracking report outlining the status of issues and projects resulting from a combination of one or more sources such as audit and examination recommendations, FCA Board directives, as well as management initiatives.