

§ 618.8340 [Reserved]

**Subpart H—Disposition of
Obsolete Records**

§ 618.8360 [Reserved]

§ 618.8370 [Reserved]

Subpart I [Reserved]

Subpart J—Internal Controls

§ 618.8430 **Internal controls.**

Each Farm Credit institution's board of directors must adopt an internal control policy, providing adequate direction to the institution in establishing effective control over, and accountability for, operations, programs, and resources. The policy must include, at a minimum, the following:

(a) Direction to management which assigns responsibility for the internal control function (financial, credit, credit review, collateral, and administrative) to an officer (or officers) of the institution.

(b) Adoption of internal audit and control procedures that evidence responsibility for review and maintenance of comprehensive and effective internal controls.

(c) Direction for the operation of a program to review and assess its assets. These policies shall include standards which address the administration of this program, described in the list which follows:

(1) Loan, loan-related assets, and appraisal review standards, including standards for scope of review selection and standards for workpapers and supporting documentation.

(2) Asset quality classification standards to be utilized in accordance with a standardized classification system consistent among associations within a district and their funding Farm Credit Bank or agricultural credit bank.

(3) Standards for assessing credit administration, including the appraisal of collateral.

(4) Standards for the training required to initiate the program.

(d) The role of the audit committee in providing oversight and review of the institution's internal controls.

[55 FR 24888, June 19, 1990, as amended at 71 FR 5763, Feb. 2, 2006]

§ 618.8440 **Planning.**

(a) No later than 30 days after the commencement of each calendar year, the board of directors of each Farm Credit System institution shall adopt an operational and strategic business plan for at least the succeeding 3 years.

(b) The plan must include, at a minimum, the following:

(1) A mission statement.

(2) An annual review of the internal and external factors likely to affect the institution during the planning period. The review must include:

(i) An assessment of management capabilities,

(ii) An assessment of the needs of the board, based on the annual self-evaluation of the board's performance, and

(iii) Strategies for correcting identified weaknesses.

(3) Quantifiable goals and objectives.

(4) Pro forma financial statements for each year of the plan.

(5) A detailed operating budget for the first year of the plan.

(6) The capital adequacy plan adopted pursuant to §§ 615.5200(b), 615.5330 (c), and 615.5335(b).

[53 FR 39250, Oct. 6, 1988, as amended at 62 FR 4450, Jan. 30, 1997; 64 FR 34519, June 28, 1999; 71 FR 5764, Feb. 2, 2006]

PART 619—DEFINITIONS

Sec.	
619.9000	The Act.
619.9010	Additional security.
619.9015	Agricultural credit associations.
619.9020	Agricultural credit banks.
619.9025	Agricultural land.
619.9050	Associations.
619.9060	Bank for cooperatives.
619.9110	Consolidation.
619.9130	Differential interest rates.
619.9135	Direct lender.
619.9140	Farm Credit bank(s).
619.9145	Farm Credit Bank.
619.9146	Farm Credit institutions.
619.9155	Federal land credit association.
619.9170	Fixed interest rate.
619.9180	Fixed interest spread.
619.9185	Funding Corporation.
619.9195	[Reserved]
619.9200	Loss-sharing agreements.