§ 618.8330 Production of documents and testimony during litigation.

(a) If your bank or association is a party to litigation with a borrower or a successor in interest, you or your directors, officers, or employees may disclose confidential information about that borrower or the successor in interest during the litigation.

(b) If the Government or your bank or association is not a party to litigation, you or your directors, officers, or employees may produce confidential documents or testimony only if a court of competent jurisdiction issues a lawful order signed by a judge.

[64 FR 43049, Aug. 9, 1999]

§ 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.

5. The role of the audit committee in providing oversight and review of the institution’s internal controls.


§ 618.8440 Planning.

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

(b) Content of business plan. 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:

   (i) Incorporate the description and assessment of workforce and management strengths and weaknesses required by paragraph (b)(7)(i) of this section;

   (ii) Include an assessment of the needs of the board, including skills and diversity, based on the annual self-evaluation of the board’s performance; and

   (iii) Include 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) of this chapter.