OFHEO
Office of Examination and Oversight

Examination Guidance

Issuance Date: Jan 4 1999 Doc. #: EG-99-01
Subject: Risk-based Examinations –Worksheet

To: All OFHEO Examining Personnel

Beginning today as part of the continuous risk-based examination program, OFHEO's examiners will be required to complete "OFHEO Examination Worksheet Observation and Follow-Up" ("worksheet") on an ongoing basis. The worksheet will provide summary documentation of more detailed examination working papers and will memorialize qualitative determinations made during the course of an examination cycle. In addition, worksheets will be used as an avenue for communicating examination observations with the Enterprises.

Worksheets will be compiled during each examination cycle, and will be maintained in OFHEO's permanent examination files.

The worksheets, completed as part of OFHEO's official examination work, are protected by the examination privilege. The worksheets contain information gathered in official OFHEO examinations, and reflect examiner judgments. Unauthorized use or disclosure of worksheets or information contained in worksheets is a violation of Federal law that may result in criminal penalties.

A sample worksheet is attached.

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OFHEO EXAMINATION WORKSHEET
OBSERVATION AND FOLLOW-UP

Date:
Workpaper #: (Team Leaders will supply)

Enterprise:
- ☐ Fannie Mae
- ☐ Freddie Mac

Subject:

Primary Exam Program:
(Check One)
- ☐ Credit Risk
- ☐ Interest Rate Risk
- ☐ Liquidity Risk
- ☐ Information Technology
- ☐ Business Process Controls
- ☐ Internal Controls
- ☐ Board Governance
- ☐ Management Processes
- ☐ Audits
- ☐ Management Information

Secondary Exam Program(s):
(Check all that apply)
- ☐ Credit Risk
- ☐ Interest Rate Risk
- ☐ Liquidity Risk
- ☐ Information Technology
- ☐ Business Process Controls
- ☐ Internal Controls
- ☐ Board Governance
- ☐ Management Processes
- ☐ Audits
- ☐ Management Information

Initiating Examiner:

Reviewed By:
Date:

Observation is a:
- ☐ Strength with no apparent opportunities for improvement at this time
- ☐ Strength with opportunities for improvement
- ☐ Meets safety and soundness standards with opportunities to improve
- ☐ Weakness that requires action to meet safety and soundness standards

1. Related Assessment Factors are:

(Insert each relevant assessment factor)

2. Description of observation:

(Insert description)

3. The observation represents an action, program, or process that:
(Check one)

- ☐ substantially exceeds safety and soundness standards
- ☐ exceeds safety and soundness standards
- ☐ meets or modestly exceeds safety and soundness standards
- ☐ falls short of meeting safety and soundness standards
- ☐ is substantially deficient in meeting safety and soundness standards
- ☐ the impact to safety and soundness standards is "to be determined".

4. Does the GSE agree with the observation?

- ☐ Yes
- ☐ No (Provide reason/s.)

(Insert reason/s)

5. The observation was discovered through:
(Check all that apply)

- ☐ review of management reports
- ☐ review of policy
- ☐ review of procedures
- ☐ review of internal audit reports
- ☐ review of external audit reports
- ☐ discussion with Executive Management
- ☐ discussion with Operating Management
- ☐ discussion with Line Technician
- ☐ other (Describe.)

(List documents reviewed. List discussion dates and participants.)

6. The observation relates to risk management in the following area(s):
(Check all that apply)

- ☐ Identification
- ☐ Measurement
- ☐ Monitoring
- ☐ Control

7. Is there an apparent opportunity for the Enterprise to improve?

- ☐ Yes (Describe.)
- ☐ No
- ☐ Not Applicable

(Describe the opportunity)

8. Does the GSE concur with the described means of improving?

- ☐ Yes
- ☐ No (Provide reason/s.)
- ☐ Not Applicable

(Insert reason/s)

9. Did the GSE present factors, plans, or mitigating circumstances that provided insight to, and/or reduced or negated the importance of addressing the opportunity to improve?

- ☐ Yes (Describe.)
- ☐ No
- ☐ Not Applicable

(Insert description)

10. Failure to take action to improve could result in …

- ☐ An Immediate Risk
- ☐ A Probable Future Risk
- ☐ A Possible Future Risk
- ☐ Minimal Risk
- ☐ No Risk
- ☐ Not Applicable

(Describe expected timing and severity of risk)

11. The observation warrants the attention and/or involvement of:
(Check all that apply)

☐	Board of Directors	☐ attention	☐ involvement
☐	Executive Management	☐ attention	☐ involvement
☐	Operating Management	☐ attention	☐ involvement
☐	Line Technicians	☐ attention	☐ involvement

12. Follow-up is required as follows:
(Insert date, responsible parties, actions items, etc)