

# Federal Housing Finance Agency



## Annual Performance Plan for Fiscal Year 2016

## **Mission**

Ensure the regulated entities operate in a safe and sound manner so that they serve as a reliable source of liquidity and funding for housing finance and community investment.

## **Vision**

A reliable, stable, and liquid housing finance system.

## **FHFA's Values**

**Respect** We strive to act with respect for each other, share information and resources, work together in teams, and collaborate to solve problems.

**Excellence** We aspire to excel in every aspect of our work and to seek better ways to accomplish our mission and goals.

**Integrity** We are committed to the highest ethical and professional standards to inspire trust and confidence in our work.

**Diversity** We seek to promote diversity in our employment and business practices and those of our regulated entities.

## Scope of Responsibilities

The Federal Housing Finance Agency (FHFA) was established by the Housing and Economic Recovery Act of 2008 (HERA) and is responsible for the effective supervision, regulation, and housing mission oversight of the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the Federal Home Loan Bank System (FHLBank System), which includes 11 Federal Home Loan Banks (FHLBanks) and the Office of Finance. The Agency's mission is to ensure that these regulated entities operate in a safe and sound manner so that they serve as a reliable source of liquidity and funding for housing finance and community investment. Since 2008, FHFA has also served as conservator of Fannie Mae and Freddie Mac (together, the Enterprises).

### **FHFA's Regulatory Oversight of the Federal Home Loan Banks, Fannie Mae, and Freddie Mac.**

As part of the agency's statutory authority in overseeing the FHLBank System and the Enterprises, the Federal Housing Enterprises Financial Safety and Soundness Act (the Safety and Soundness Act), as amended by HERA, requires FHFA to fulfill the following duties:

- (A) to oversee the prudential operations of each regulated entity; and
- (B) to ensure that--
  - (i) each regulated entity operates in a safe and sound manner, including maintenance of adequate capital and internal controls;
  - (ii) the operations and activities of each regulated entity foster liquid, efficient, competitive, and resilient national housing finance markets (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities);
  - (iii) each regulated entity complies with this chapter and the rules, regulations, guidelines, and orders issued under this chapter and the authorizing statutes;
  - (iv) each regulated entity carries out its statutory mission only through activities that are authorized under and consistent with this chapter and the authorizing statutes; and
  - (v) the activities of each regulated entity and the manner in which such regulated entity is operated are consistent with the public interest.

12 U.S.C. § 4513(a)(1).

**FHFA's Role as Conservator of Fannie Mae and Freddie Mac.** As part of HERA, Congress granted the Director of FHFA the discretionary authority to appoint FHFA as conservator or receiver of Fannie Mae, Freddie Mac, or any of the FHLBanks, upon determining that specified criteria had been met. On September 6, 2008, FHFA exercised this authority and placed Fannie Mae and Freddie Mac into conservatorship. FHFA continues to oversee these conservatorships.

FHFA's authority as both conservator and regulator of the Enterprises is based upon statutory mandates enacted by Congress, which include the following conservatorship authorities granted by HERA:

(D) ...take such action as may be--

- (i) necessary to put the regulated entity in a sound and solvent condition; and
- (ii) appropriate to carry on the business of the regulated entity and preserve and conserve the assets and property of the regulated entity.

12 U.S.C. § 4617(b)(2)(D).

Carrying on the business of the Enterprises in conservatorship also incorporates the above-referenced responsibilities enumerated in 12 U.S.C. § 4513(a)(1). Additionally, under the Emergency Economic Stabilization Act of 2008 (EESA), FHFA has a statutory responsibility in its capacity as conservator to "implement a plan that seeks to maximize assistance for homeowners and use its authority to encourage the servicers of the underlying mortgages, and considering net present value to the taxpayer, to take advantage of...available programs to minimize foreclosures." 12 U.S.C. § 5220(b)(1).

FHFA, acting as conservator and regulator, must follow the mandates assigned to it by statute and the missions assigned to the Enterprises by their charters until such time as Congress revises those mandates and missions.

## Relationship between the Strategic Plan and the Annual Performance Plan

The Fiscal Year (FY) 2016 Annual Performance Plan (APP) supports the *FHFA Strategic Plan: Fiscal Years 2015–2019* (Strategic Plan), which is available to the public on the FHFA website, [www.fhfa.gov/AboutUs/reportsplans](http://www.fhfa.gov/AboutUs/reportsplans). The APP sets out performance measures and targets in support of the goals in the Strategic Plan.

FHFA's APP has four major components: (1) strategic goals; (2) performance goals; (3) performance measures and associated targets; and (4) means and strategies to accomplish the performance goals.

The **strategic goals**, which are outlined in the Strategic Plan, are the starting point for the FY 2016 APP. This nexus between the Strategic Plan and the APP helps to ensure that the performance goals, as well as the resulting means and strategies, are integrated with the Agency's mission.

The **performance goals** in the APP link directly to each strategic goal in FHFA's Strategic Plan. FHFA selected these performance goals because they are intermediate outcomes or outputs necessary to achieve the strategic goals.

The **performance measures** and the associated targets are those measures that FHFA expects to achieve during FY 2016. In many cases, these performance measures represent incremental progress toward achieving the strategic goals. The performance measures are the best indicators to management that FHFA is making progress to achieve its performance goals.

The **means and strategies** are key activities and actions that lead to the attainment of each performance goal.

## Strategic and Performance Goals

The FY 2016 APP details a series of performance measures and means and strategies to support the following three strategic goals and nine performance goals:

<b>Strategic Goal 1:</b>	<b>Performance Goals</b>	
Ensure Safe and Sound Regulated Entities	1.1	Assess the safety and soundness of regulated entity operations
	1.2	Identify risks to the regulated entities and set expectations for strong risk management
	1.3	Require timely remediation of risk management weaknesses
<b>Strategic Goal 2:</b>	<b>Performance Goals</b>	
Ensure Liquidity, Stability, and Access in Housing Finance	2.1	Ensure liquidity in mortgage markets
	2.2	Promote stability in the nation's housing finance markets
	2.3	Expand access to housing finance for qualified financial institutions of all sizes in all geographic locations and for qualified borrowers
<b>Strategic Goal 3:</b>	<b>Performance Goals</b>	
Manage the Enterprises' Ongoing Conservatorships	3.1	Preserve and conserve assets
	3.2	Reduce taxpayer risk from Enterprise operations
	3.3	Build a new single-family securitization infrastructure

## Strategic Goal 1

### Ensure Safe and Sound Regulated Entities

As regulator of the FHLBank System and regulator and conservator of the Enterprises, FHFA promotes safe and sound operations at the regulated entities through the Agency’s supervisory program. FHFA uses a risk-based approach to conducting supervisory examinations, which prioritizes examination activities based on the risk a given practice poses to a regulated entity’s safe and sound operation or to its compliance with applicable laws and regulations. FHFA conducts on-site examinations at the regulated entities, ongoing risk analysis, and off-site review and monitoring. In addition, FHFA communicates supervisory standards to the regulated entities, establishes expectations for strong risk management, identifies risks, and requires remediation of identified deficiencies. FHFA issues written standards in the form of advisory bulletins to the regulated entities regarding particular supervisory issues.

<b>Performance Goal 1.1</b>			
Assess the safety and soundness of regulated entity operations			
<b>Measure</b>		<b>Target</b>	<b>Goal leader</b>
1.1.1	Ensure that written risk-based supervisory strategies and examination plans are in place prior to commencement of the examination cycle	100 percent of the time	Deputy Director, Division of Enterprise Regulation  Deputy Director, Division of Bank Regulation
1.1.2	Deputy Director will approve Reports of Examination for regulated entities within 90 days of completing examination work	100 percent of the time	Deputy Director, Division of Enterprise Regulation  Deputy Director, Division of Bank Regulation
1.1.3	Ensure a quarterly Market Value of Equity (MVE)-to-par ratio greater than or equal to one for each FHLBank	100 percent of the time	Deputy Director, Division of Bank Regulation
1.1.4	Determine the quarterly capital classification for each FHLBank and communicate the results to the FHLBanks by the end of the following quarter	100 percent of the time	Deputy Director, Division of Bank Regulation

### **Means and Strategies for Performance Goal 1.1**

During FY 2016, FHFA will use the following means and strategies in support of Performance Goal 1.1:

- Conduct examination work for each regulated entity in accordance with examination plans, drawing on additional subject matter experts as needed;
- Conduct targeted examinations on specific programs or operations of the regulated entities;
- Perform ongoing monitoring and analysis of key risk areas, incorporating input from other FHFA divisions;
- Effectively manage data submitted to FHFA by the regulated entities, or data available through external sources, and make it accessible to examiners and analysts for use in identifying emerging risks across all risk disciplines;
- Document semiannual risk assessments of the Enterprises;
- Hold an annual supervision planning meeting to identify priorities for the following year's examinations of the FHLBanks;
- Hold supervision planning and update meetings to set priorities for risk-based examinations of the Enterprises and review completed work;
- Perform quality control of examination work, consistent with division procedures;
- Conduct the annual FHFA Supervision Conference;
- Educate supervision staff on current and emerging risks through internal and external training programs; and
- Continue to strengthen the examiner commissioning program for housing finance examiners.

### **Data Validation and Verification for Performance Goal 1.1**

Measure 1.1.1 - The Division of Enterprise Regulation (DER) develops supervisory strategies for the Enterprises on an annual basis. The Division of Bank Regulation (DBR) develops its supervisory strategy for each FHLBank following the completion of each FHLBank's examination. Each strategy creates supervisory priorities, which are developed by analyzing prior supervisory work and assessing emerging risks. The supervisory strategies are reviewed by internal stakeholders. Examination plans are developed from the supervisory strategies and guide annual examination activities for each regulated entity. Updates to the strategy and plans may be made during the course of the year to reflect changes in risk profile or the regulated entity's operations. Supervisory strategies and examination plans are approved, dated, and stored electronically.

Measure 1.1.2 - Supervision work is carefully documented, and areas of weakness are reported to the regulated entities in writing, including through Reports of Examination (ROEs). DER approves its ROE for each Enterprise by March 31. DBR approves its ROE for each FHLBank within 90 days of an examination’s exit meeting. Remedial efforts are reviewed and evaluated by supervision staff. Documentation of the Deputy Director’s approval and issuance of the ROEs is maintained electronically.

Measure 1.1.3 - FHFA will use the Call Report System to verify that the Market Value of Equity-to-par ratio is greater than one at each FHLBank at quarter end.

Measure 1.1.4 - FHFA monitors the capital positions of the FHLBanks and their compliance with capital regulations. The Call Report System automatically and regularly calculates capital compliance. A letter to each FHLBank communicates the capital classification by the end of the following quarter.

<b>Performance Goal 1.2</b>			
Identify risks to the regulated entities and set expectations for strong risk management			
<b>Measure</b>		<b>Target</b>	<b>Goal leader</b>
1.2.1	Issue advisory bulletin to Enterprises related to operational risk management	Fiscal Year 2016	Deputy Director, Division of Enterprise Regulation

**Means and Strategies for Performance Goal 1.2**

During FY 2016, FHFA will use the following means and strategies in support of Performance Goal 1.2:

- Consider examiner observations, risk analysis, and perspectives of other FHFA divisions in selection of advisory bulletin(s) focus;
- Utilize a collaborative, inclusive review process to ensure input from all stakeholders prior to finalizing advisory bulletin(s); and
- Review and update, as needed, examiner guidance for reviewing key risk areas (e.g., credit, market, and operational risk).

**Data Validation and Verification for Performance Goal 1.2**

Measure 1.2.1 - Guidance for effective risk management practices is issued to the regulated entities, generally in the form of publicly released advisory bulletins on FHFA’s website. One or more advisory bulletins will be posted on the Agency’s public website.

<b>Performance Goal 1.3</b>			
Require timely remediation of risk management weaknesses			
<b>Measure</b>		<b>Target</b>	<b>Goal leader</b>
1.3.1	Regulated entities complete remedial action for Matters Requiring Attention (MRAs) within agreed upon timeframes	90 percent of the time	Deputy Director, Division of Enterprise Regulation  Deputy Director, Division of Bank Regulation

**Means and Strategies for Performance Goal 1.3**

During FY 2016, FHFA will use the following means and strategies in support of Performance Goal 1.3:

- During the course of ongoing monitoring and targeted examinations, engage with Enterprise management to discuss identified weaknesses and supervisory expectations for risk management;
- Issue written communication to boards of directors for the FHLBanks, and senior management for the Enterprises, about examination findings and conclusions;
- In accordance with FHFA guidance, issue MRAs and cite violations of laws, regulations, or orders; and
- Monitor the regulated entities’ implementation of corrective actions.

**Data Validation and Verification for Performance Goal 1.3**

Measure 1.3.1 - FHFA discusses MRAs with Enterprise management and communicates them in writing pursuant to FHFA guidance [reflected in Advisory Bulletin 2012-01](#). The Enterprises address MRAs through preparation and execution of remediation plans. FHFA reviews proposed plans and completed work to determine whether identified deficiencies have been addressed. FHFA tracks remediation of MRAs. Documentation is maintained electronically.

Quarterly, and following each examination of a FHLBank, FHFA will determine whether outstanding MRAs were addressed by the FHLBank or the FHLBank is sufficiently on track to address them within the established remediation plan. FHLBank MRAs and associated documentation are maintained electronically.

## Strategic Goal 2

Ensure Liquidity, Stability, and Access in Housing Finance

For both the FHLBank System and the Enterprises, FHFA has the statutory obligation to enable “liquid, efficient, competitive, and resilient national housing finance markets,” while ensuring that the regulated entities meet their fundamental safety and soundness obligations. To achieve this goal, FHFA will work to ensure liquidity and promote stability in the housing finance markets and expand access to housing finance to all qualified financial institutions and qualified borrowers.

Performance Goal 2.1			
Ensure liquidity in mortgage markets			
Measure		Target	Goal Leader
2.1.1	Require the Enterprises to implement and/or clarify selling and servicing defect remedies, including alternatives to repurchase	Fiscal Year 2016	Deputy Director, Division of Housing Mission & Goals
2.1.2	Complete the evaluation of the Enterprises’ Independent Dispute Resolution (IDR) pilots for resolving disputes over alleged defects	Fiscal Year 2016	Deputy Director, Division of Housing Mission & Goals

### Means and Strategies for Performance Goal 2.1

During FY 2016, FHFA will use the following means and strategies in support of Performance Goal 2.1:

- Continue to assess the feasibility of leveraging alternate credit scores for underwriting, disclosure, and pricing purposes, including operational and system implications;
- Begin implementation of initiatives to improve the effectiveness of pre-purchase and early delinquency counseling;
- Work with the Enterprises to develop a common framework for addressing seller and servicer defect remedies, including alternatives to repurchase; and
- Work with the Enterprises to assess the effectiveness of the IDR pilots and determine the feasibility of a broader IDR implementation.

### Data Validation and Verification for Performance Goal 2.1

Measure 2.1.1 - Selling and servicing defect remedies and alternatives to repurchase will be developed and published in the Enterprises’ respective selling and servicing guides.

Measure 2.1.2 - The Enterprises will deliver a report on the results of the IDR pilots for resolving disputes over alleged defects.

<b>Performance Goal 2.2</b>			
Promote stability in the nation’s housing finance markets			
<b>Measure</b>		<b>Target</b>	<b>Goal Leader</b>
2.2.1	Complete research projects	As specified on FHFA’s approved research agenda	Deputy Director, Division of Housing Mission & Goals
2.2.2	Continue publication of 12 monthly and 4 quarterly FHFA House Price Indices	Fiscal Year 2016	Deputy Director, Division of Housing Mission & Goals

**Means and Strategies for Performance Goal 2.2**

During FY 2016, FHFA will use the following means and strategies in support of Performance Goal 2.2:

- Undertake research projects as specified on FHFA’s approved research agenda; and
- Calculate and publish monthly and quarterly House Price Index (HPI) information on FHFA’s website.

**Data Validation and Verification for Performance Goal 2.2**

Measure 2.2.1 - The Research Oversight Committee (ROC) will review and approve research projects for public release or other forms of completion. This will be reflected in the minutes of the ROC.

Measure 2.2.2 - The FHFA House Price Index (HPI) will be publicly released monthly on the FHFA website; four of the reports will contain a quarterly update. The releases will occur on dates that have been pre-announced by the Agency and are shown on the FHFA website. Consistent with historical practice, prior to index publication, the HPI values will be reviewed and validated by an internal team. The review will include validation of the underlying data to ensure that the indices have been published using the standard “repeat-transactions” methodology.

<b>Performance Goal 2.3</b>			
Expand access to housing finance for qualified financial institutions of all sizes in all geographic locations, and for qualified borrowers			
<b>Measure</b>		<b>Target</b>	<b>Goal Leader</b>
2.3.1	Issue final Duty to Serve rule requiring the Enterprises to serve three underserved markets—manufactured housing, affordable housing preservation, and rural areas	Issue Final Rule in Fiscal Year 2016	Deputy Director, Division of Housing Mission & Goals
2.3.2	Develop and issue written guidance or a proposed rule to advance Diversity & Inclusion in the regulated entities' business activities	Fiscal Year 2016	Director, Office of Minority & Women Inclusion

### **Means and Strategies for Performance Goal 2.3**

During FY 2016, FHFA will use the following means and strategies in support of Performance Goal 2.3:

- Develop policy recommendations and a final rule that support the Enterprises' duty to serve manufactured housing, affordable housing preservation, and rural markets;
- Develop an approach and framework for the Agency's annual evaluation of the Enterprises' duty to serve performance in each of the three underserved markets identified in the rule;
- Monitor implementation of the new financial and operational eligibility requirements for seller/servicers, which will help improve access to credit by reducing market uncertainty about the Enterprises' expectations for mortgage servicer counterparties;
- Oversee the FHLBanks' Affordable Housing Program and Acquired Member Assets Program;
- Monitor access to mortgage credit;
- Support multifamily housing needs with a focus on the affordable and underserved segments of the market;
- Work to develop examination guidance for use by FHFA staff to assess the regulated entities' compliance with the diversity and inclusion (D&I) requirements of Section 1116 of HERA and FHFA's Minority and Women Inclusion rule in 12 CFR 1207;
- Engage in on-going dialogue with the regulated entities about FHFA's expectations with regard to their responsibilities for promoting D&I in all management, employment, and business activities; and
- Monitor and evaluate the FHLBanks' and Office of Finance's (OF) outreach efforts to advance D&I on their respective boards of directors.

**Data Validation and Verification for Performance Goal 2.3**

Measure 2.3.1 - FHFA will issue a final Duty to Serve rule requiring the Enterprises to serve three underserved markets—manufactured housing, affordable housing preservation, and rural areas.

Measure 2.3.2 - FHFA will issue an advisory bulletin or a proposed rule to advance the implementation and effectiveness of the regulated entities' D&I programs and practices.

### Strategic Goal 3

#### Manage the Enterprises' Ongoing Conservatorships

Strategic Goal 3 is focused on managing the Enterprises' ongoing conservatorships to preserve and conserve the assets of the Enterprises for the benefit of the taxpayers, reduce taxpayer risk from Enterprise operations, and build a new single-family securitization infrastructure for the Enterprises.

Performance Goal 3.1			
Preserve and conserve assets			
Measures		Target	Goal Leader
3.1.1	Maintain a qualified board of directors and Chief Executive Officer for each Enterprise to oversee the implementation of Conservator objectives	95 percent of vacancies filled within 120 days	Deputy Director, Division of Conservatorship
3.1.2	2016 Conservatorship Scorecard provided to the Enterprises	December 31, 2015	Deputy Director, Division of Conservatorship
3.1.3	Approve Enterprises' administrative expenses for Calendar Year 2016	March 31, 2016	Deputy Director, Division of Conservatorship

#### Means and Strategies for Performance Goal 3.1

During FY 2016, FHFA will use the following means and strategies in support of Performance Goal 3.1:

- Provide clear expectations to Enterprise boards and management;
- Support Enterprise efforts to fill vacancies for boards and senior management teams on a timely basis;
- Set goals through the 2016 Conservatorship Scorecard to implement the *2014 Strategic Plan for the Conservatorships of Fannie Mae and Freddie Mac*;
- Evaluate performance of Enterprises on the 2015 Conservatorship Scorecard;
- Oversee Enterprise staffing and compensation;
- Continue to undertake and defend legal actions that preserve Enterprise assets, protect conservatorship and Agency interests, and recover Enterprise losses; and
- Require the Enterprises to submit proposed administrative expenses prior to the new calendar year.

### **Data Validation and Verification for Performance Goal 3.1**

Measure 3.1.1 - FHFA's Division of Conservatorship (DOC) tracks and reports on the current status of key management and board position vacancies and what actions are taken by the Enterprises to fill the positions. Communications from the Enterprises and information posted on Enterprise websites and SEC reports will verify this.

Measure 3.1.2 – DOC coordinates the development and issuance of the Conservatorship Scorecard and coordinates FHFA's evaluation of the Enterprises' progress against the goals contained therein. Evidence of the 2016 Scorecard being transmitted to the Enterprises and being posted to the Agency's public website will verify meeting the target for this measure.

Measure 3.1.3 - The administrative expenses decision will be transmitted electronically through the Conservatorship Portal to the Enterprises. The conservator decision will serve as verification.

<b>Performance Goal 3.2</b>			
Reduce taxpayer risk from Enterprise operations			
<b>Measure</b>		<b>Target</b>	<b>Goal Leader</b>
3.2.1	Oversee reduction in retained portfolios consistent with the Preferred Stock Purchase Agreements	15 percent annually	Deputy Director, Division of Conservatorship
3.2.2	Oversee the implementation of two or more different types of single-family mortgage credit risk-sharing transactions	December 31, 2015	Deputy Director, Division of Housing Mission & Goals

### **Means and Strategies for Performance Goal 3.2**

During FY 2016, FHFA will use the following means and strategies in support of Performance Goal 3.2:

- Oversee the Enterprises' execution of FHFA-approved retained portfolio plans to reduce the size of the Enterprises' legacy retained portfolios;
- Promote credit risk transfers that reduce taxpayer risk by attracting private capital. This includes setting targets for multiple types of single-family mortgage credit risk-sharing transactions and holding Enterprise management accountable for meeting those targets;
- Continue to work with the Enterprises to develop their non-performing loan (NPL) sales programs;
- Direct the Enterprises to determine the feasibility of transacting additional approved types of risk transfer structures for multifamily mortgages to determine their: (a)

market acceptance; (b) effectiveness at transferring risk; and (c) ability to expand the scale of the transfer initiatives. Based on the feasibility assessment, the Enterprises may execute additional risk transfers; and

- Monitor implementation of the Private Mortgage Insurer Eligibility Requirements (PMIERS).

### **Data Validation and Verification for Performance Goal 3.2**

Measure 3.2.1 - FHFA tracks and evaluates weekly, monthly, and quarterly retained portfolio reports from the Enterprises. This helps ensure compliance with the Preferred Stock Purchase Agreements and FHFA guidance. For sales of less liquid assets, FHFA receives and evaluates weekly reports of sales and provides the reports to Treasury. For every \$4 billion of less liquid asset sales, FHFA provides Treasury a briefing on the sales within five days. Verification will be done using the monthly volume summary for each Enterprise and comparing the Unpaid Principle Balance (UPB) to the mortgage assets cap.

Measure 3.2.2 - The Enterprises will report transaction details of risk transfer transactions, and FHFA will track those details. Specifically, FHFA will require the Enterprises to provide FHFA both pre- and post-execution data on single-family mortgage credit risk-sharing transactions. FHFA will then conduct an internal analysis of that data. Execution date of the transactions will be used to determine if the target is met. In FY 2016, FHFA plans to issue a progress report on risk transfer transactions.

<b>Performance Goal 3.3</b>			
Build a new single-family securitization infrastructure			
<b>Measure</b>		<b>Target</b>	<b>Goal Leader</b>
3.3.1	Finalize the Single Security structure, including features, disclosure standards, and related requirements by working with the Enterprises and Common Securitization Solutions, LLC (CSS)	Dec 31, 2015	Deputy Director, Division of Conservatorship
3.3.2	Issue a progress report on the state of the Single Security and the Common Securitization Platform (CSP), including a timeline for the initial implementation of the CSP	June 30, 2016	Deputy Director, Division of Conservatorship
3.3.3	Finalize plans for and initiate the key system testing required for implementation of the Single Security by working with the Enterprises and CSS	Fiscal Year 2016	Deputy Director, Division of Conservatorship

### **Means and Strategies for Performance Goal 3.3**

During FY 2016, FHFA will use the following means and strategies in support of Performance Goal 3.3:

- Support the development of the final Single Security structure;
- Provide updated information for Single Security and CSP stakeholders, including a timeline for initial implementation of the CSP;
- Support the development and execution of system testing needed for the implementation of the Single Security;
- Actively oversee and monitor the Enterprises and CSS completion of testing plans, and the testing of both Enterprise and CSS systems; and
- Continue to work with the Enterprises to obtain and utilize public and industry input.

### **Data Validation and Verification for Performance Goal 3.3**

Measure 3.3.1 - A finalized set of features, disclosure standards, and related requirements will be submitted electronically to FHFA by the Enterprises and CSS through the Conservatorship Portal.

Measure 3.3.2 - FHFA will develop and publish a progress report(s) on the state of the Single Security and CSP. The progress report(s) will be posted on the FHFA website.

Measure 3.3.3 - The Enterprises and CSS will submit electronically through the Conservatorship Portal the testing plans and evidence of initiation of such testing. FHFA will develop a report with the Agency's assessment of whether the Enterprises and CSS have initiated key system testing required for implementation of the Single Security.

## Resource Management

### Supporting the effective operations of the Agency

Managing FHFA's resources successfully is critical to goal and mission achievement. Strategic goals and expected outcomes cannot be achieved without prudent and effective management of resources to ensure that the right people, funds, supplies, physical space, and technology are in place. In addition, achievement of FHFA's goals requires communication, collaboration, and coordination by all staff and across all offices and divisions within FHFA.

**Financial and Performance Management** - The Office of Budget and Financial Management (OBFM) maintains FHFA's integrated accounting, financial, and contracting management systems. OBFM continues to maintain a strong internal control and risk management program that includes financial management and other management and operating processes. To ensure that resources are managed effectively and efficiently, FHFA will use financial, contracting, and performance information to manage program operations and make improvements.

**Diversity and Inclusion** - The Office of Minority and Women Inclusion (OMWI) is responsible for all matters of diversity in employment, management, and business activities at FHFA as well as programs to monitor minority and women inclusion at the regulated entities. OMWI ensures that FHFA is compliant with Equal Employment Opportunity laws and regulations.

**Human Capital** - The Office of Human Resources Management provides personnel and payroll services to FHFA. In addition, OHRM provides leadership and employee development training through the FHFA Learning Academy.

**Communications** - The Office of Congressional Affairs and Communications (OCAC) is responsible for FHFA's external and internal communications activities. This includes relations with members of Congress, media relations, and outreach to stakeholders, the public, and FHFA staff. To increase awareness and understanding of agency goals, programs, policies, work and results, FHFA will continue to respond to inquiries from members of Congress, the media and industry stakeholders, lead timely discussions, and communicate relevant information both internally and externally.

**Information Technology** - The Office of Technology and Information Management supports FHFA's mission by providing innovative technology solutions to its stakeholders. The office maintains the Agency's information technology (IT) infrastructure; oversees the IT security

program; develops and maintains custom applications and data repositories; and manages technology resources, investments, acquisitions and assets.

**Facilities Operations** - The Office of Facilities Operations Management provides day- to-day operational support in the form of physical security, environmentally friendly facilities management, mail services, emergency management, and transportation services.

<b>Resource Management</b>			
Supporting the effective operations of the Agency			
	<b>Measure</b>	<b>Target</b>	<b>Goal Leader</b>
RM 1	FHFA’s financial statements audit receives an unmodified opinion with no material weaknesses and Federal Information Security Management Act audit (FISMA) receives no material weaknesses or significant deficiencies	Unmodified opinion with no material weaknesses for the financial statements audit and no material weaknesses or significant deficiencies for the FISMA audit	Chief Financial Officer  Chief Information Officer
RM 2	Increase the dollar value of FHFA contracting actions that are obligated to minority- and women-owned businesses consistent with legal standards	Increase from previous fiscal year	Director, Office of Minority & Women Inclusion  Chief Financial Officer
RM 3	Increase diversity in qualified applicant pool for new FHFA employees consistent with legal standards	Establish a baseline	Director, Office of Minority & Women Inclusion  Director, Human Resources
RM 4	Fill active and approved FY 2016 FHFA vacancies	80 percent of vacancies at beginning of fiscal year are filled or removed by end of fiscal year	Director, Human Resources

**Means and Strategies for Resource Management**

During FY 2016, FHFA will use the following means and strategies in support of Resource Management:

### **Financial and Performance Management**

- Ensure that financial statements fairly present FHFA's financial position, its net cost of operations, changes in net position, and budgetary resources in accordance with U. S. generally accepted accounting principles;
- Perform assessments of the effectiveness of internal control over financial reporting, the efficiency and effectiveness of Agency operations, and compliance with applicable laws and regulations to evaluate and strengthen FHFA's internal control environment, as appropriate;
- Continue to review performance goals to identify and set performance measures and targets that are meaningful; and
- Track contracting actions to ensure timely completion.

### **Diversity and Inclusion**

- Develop and implement an outreach plan for targeting minority- and women-owned businesses to participate in FHFA's contracting activities;
- Implement a program for reviewing contractor compliance with the Good Faith Effort requirements included in Agency contracts in excess of \$150,000;
- Engage with professional organizations that serve and support minorities, women, and the disabled as potential candidates for employment;
- Develop guidance for increasing applications from qualified minorities, women, and disabled candidates in response to Agency job opportunities;
- Evaluate the applications FHFA receives in response to jobs/positions to determine the number of qualified minority, women, and disabled candidates who are advanced to the selecting official for hiring consideration;
- Deliver D&I educational programs for staff that will address the important role D&I plays in the workforce, procurement, business, and activities of the Agency;
- Evaluate responses to the employee viewpoint survey that are applicable to D&I to determine if the 2015 results are an improvement over the 2014 results and determine where more effective programs or initiatives are needed; and
- Develop and implement an FHFA plan to establish or enhance financial literacy training for inner-city high school students.

### **Human Capital**

- Institute consistent application of human resources practices by completing and implementing Human Resources policies and procedures;
- Collaborate with managers to provide consultation and advice on staffing, retention, succession planning, performance management practices, and awards management;

- Enhance recruitment processes and programs, e.g. effective position descriptions, and candidate sourcing methods to drive quality-of-hire (productive and engaged) outcomes;
- Support OMWI initiatives to develop strategies to enhance inclusive recruitment, interviewing and hiring;
- Monitor the Human Resources Information System and implement improved work processes, integration of data and systems, and delivery of human capital analytics to inform decision-making;
- Collaborate with FHFA offices to identify, deliver, and evaluate impact of targeted, competency-based learning events and organizational effectiveness engagements; and
- Implement a training evaluation process to capture the impact of internal and external training events on employee performance and Agency results.

### **Communications**

- Continue to provide technical assistance upon request to Congress regarding housing finance legislation;
- Develop and implement communication strategies regarding major Agency announcements and initiatives;
- Respond to inquiries from Members of Congress, the media and industry stakeholders with accurate and timely information that communicates FHFA's message;
- Interact with members of the media and strengthen social media presence to enhance understanding of FHFA's mission, supervision, and conservatorship goals and activities;
- Ensure that consumers and taxpayers are able to access accurate and useful information about FHFA and its regulated entities through an easily accessible Agency website;
- Continue ongoing dialogue and meet with Agency stakeholders to share information important to them; and
- Communicate FHFA's direction, expectations and results to staff.

### **Information Technology**

- Ensure the high availability of critical computer systems to FHFA staff;
- Manage FHFA's technology resources, investments, acquisitions and assets;
- Identify technologies and tools to increase the productivity of FHFA staff;
- Ensure security of the Agency's data and information systems;
- Develop strategic plans and goals for using integrated advances in technology to improve achievement of FHFA's mission; and
- Monitor and report Agency progress to ensure the effective implementation of, and compliance with, the Federal Information Security Management Act (FISMA).

### **Facilities Operations**

- Continue to provide a safe, clean, and functional work environment;
- Strengthen the internal security controls within the FHFA controlled space;
- Maintain a practical Continuity of Operations Plan to sustain the mission critical functions of FHFA; and
- Refresh the Occupant Emergency Plan and provide educational sessions and exercises to ensure agency personnel is aware and knowledgeable of plan components.

### **Data Validation and Verification for Resource Management**

Measure RM-1 - The Government Accountability Office's (GAO) opinion on FHFA's financial statements and the FISMA report signed by the auditors will reflect whether any material weaknesses or significant deficiencies have been noted for the year.

Measure RM-2 - FHFA will obtain and analyze Agency contracting data. FHFA will compare the FY 2016 and FY 2015 totals to determine whether the dollar value of FHFA contracting actions obligated to minority- and women-owned businesses increased.

Measure RM-3 - FHFA will analyze applicant flow data provided by the Office of Human Resource Management. FHFA will compare the FY 2016 and FY 2015 applicant flow totals to establish a baseline.

Measure RM-4 - FHFA will compare fiscal year-end vacancies with fiscal-year beginning vacancies as detailed on the staffing plan.

## **Program Evaluations**

Program evaluation is an important feedback tool to ensure that FHFA's activities are meaningful and effective. FHFA will monitor and track program performance and conduct program evaluations to ensure that FHFA's goals are meaningful and the strategies for achieving them are effective. FHFA's quarterly reviews of the performance measures serve as an opportunity for the Agency to assess performance collectively and consider corrective interventions where necessary.

FHFA management also uses the budget formulation and execution processes as opportunities to determine resource needs and reallocate resources to meet its strategic goals. FHFA's Executive Committee on Internal Controls meets quarterly to review the results of internal and external program evaluations. The committee tracks and evaluates audit findings to determine if remediation has been implemented for FHFA activities. Committee activities provide input to FHFA's determinations of the adequacy of internal controls under the Office of Management and Budget Circular A-123. The Office of Quality Assurance also performs internal reviews of various programs and functions.

Additionally, the FHFA Office of the Inspector General (OIG) plays a large role in program evaluation by conducting reviews of various aspects of Agency operations. With respect to external evaluations, under the requirements of the Housing and Economic Recovery Act (HERA), the GAO conducts financial statement audits and other reviews of FHFA. FHFA uses the findings from OIG and GAO to implement improvements in its operations.

FHFA will also participate in new Office of Management and Budget initiatives designed to strengthen and improve performance across the federal government.

## **Cross-Agency Collaboration**

FHFA will continue to work closely with the Financial Stability Oversight Council and its member agencies to identify emerging risks and mitigate systemic threats to the financial system through ongoing market surveillance and timely dissemination of information on housing markets. The Agency regularly collaborates and coordinates activities with:

- Board of Governors of the Federal Reserve System
- Consumer Financial Protection Bureau
- Federal Deposit Insurance Corporation
- National Credit Union Administration
- Office of the Comptroller of the Currency
- State housing finance authorities
- State insurance commissions
- U.S. Commodity Futures Trading Commission
- U.S. Department of Housing and Urban Development
- U.S. Department of the Treasury
- U.S. Securities and Exchange Commission