



FEDERAL FINANCING BANK
U.S. DEPARTMENT OF THE TREASURY

2015 ANNUAL REPORT

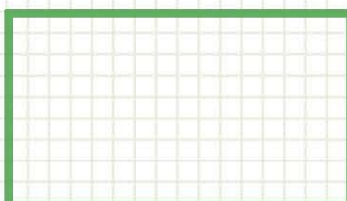
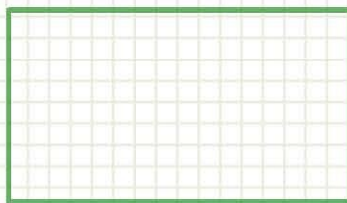
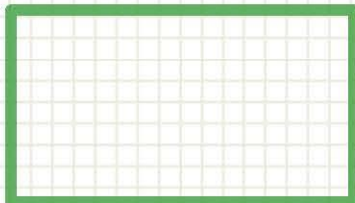
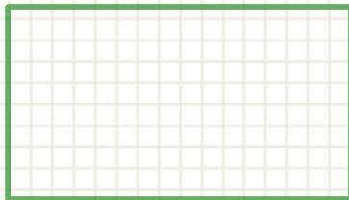


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Message from the Chief Financial Officer

November 13, 2015

Dear Reader,

I am pleased to present the Federal Financing Bank's (FFB) 2015 Annual Report. The report covers program performance and summarizes our success for the year. The FFB takes pride in providing timely, reliable and meaningful information to all its stakeholders.

In fiscal year 2015, the FFB's loan portfolio (loans receivable) increased by \$242.0 million, or 0.3 percent, to \$74.0 billion from \$73.8 billion. The FFB's net position increased by \$205.6 million, or 4.5 percent, to 4.79 billion at September 30, 2015 from \$4.58 billion at September 30, 2014 as a result of positive earnings.

Strong financial management and internal controls continue to be our highest priorities. During the year, the FFB conducted a comprehensive assessment of the effectiveness of internal controls over financial reporting. Based on the results, we can provide reasonable assurance that internal controls over financial reporting are operating effectively. In fiscal year 2015, the FFB received an unqualified opinion for the twenty-second consecutive year from its independent auditors. The auditors identified no deficiencies in the FFB's internal control systems that were considered to be material weaknesses or control deficiencies.

During the fiscal year, the FFB completed 151 new commitments. These commitments include 95 loan agreements for the Rural Utilities Service totaling \$2.4 billion; ten loan agreements for the United States Postal Service totaling \$9.8 billion; nine loan agreements for the Department of Treasury's Community Development Financial Institution Fund totaling \$327 million; eight loan agreements for the Department of Education totaling \$180.8 million to fund loans to five Historically Black Colleges and Universities; 21 loan agreements for the Department of Energy's Title XVII program totaling \$1.7 billion; and two loan agreements for \$500 million under the Guarantees for Bonds and Notes Issued for Electrification or Telephone Purposes Program guaranteed by the Rural Utilities Service.

Also included in the FFB's commitments are four loan agreements, totaling \$103 million, for the U.S. Department of Housing and Urban Development's ("HUD") Section 542 Risk-Sharing Program. HUD's Risk Sharing Program supports affordable multifamily housing and is a new addition to the FFB's portfolio in fiscal year 2015. On October 15, 2015, the FFB also issued \$2.7 billion of debt obligations under Section 9(a) of the FFB Act to make additional borrowing authority available to the Treasury under the statutory debt limit.

The FFB continues to devote significant resources to its core system, the Loan Management Control System (LMCS), for software upgrades that are part of a multi-year modernization. As a small organization with limited human resources, information technology is a valuable asset to the FFB. We must effectively manage our IT resources to successfully carry out our mission, and will continue to assess systems and processes as new technologies become available to increase efficiencies.

In 2016, we will continue our mission to lower the cost of Federal credit, to coordinate Federal program borrowings with the Government's overall fiscal policy, and to ensure that Federal program borrowings are done in ways that least disrupt private markets.

Sincerely,

A handwritten signature in blue ink that reads "Gary H. Burner". The signature is written in a cursive style with a large initial "G".

Gary H. Burner
Chief Financial Officer

Management's Discussion and Analysis

Overview

The Federal Financing Bank (FFB) is a government corporation under the general supervision and direction of the Secretary of the Treasury. Congress created the FFB in 1973 at the request of the U.S. Department of the Treasury (Treasury). The FFB borrows from Treasury and lends to Federal agencies and private borrowers that have Federal guarantees. The FFB also has debt obligations issued to the Civil Service Retirement and Disability Fund.

Mission of the Federal Financing Bank

The mission of the FFB is to reduce the costs of Federal and federally assisted borrowings, to coordinate such borrowings with the Government's overall fiscal policy, and to ensure that such borrowings are done in ways that least disrupt private markets. To accomplish this mission, the FFB exercises its broad statutory authority to purchase obligations issued, sold, or guaranteed by Federal agencies.

Federal Financing Bank Objectives

The FFB was formed to be the vehicle through which Federal agencies finance programs involving the sale or placement of credit market instruments, including agency securities, guaranteed obligations, participation agreements and the sale of assets. This principle is applied in a manner consistent with the Federal Financing Bank Act of 1973 (12 U.S.C. 2281 et seq.) and its legislative history. However, guaranteed programs entailing large numbers of relatively small loans in which local origination and servicing are an integral part of the program are excluded from the FFB's activities.

The FFB makes funds available to Federal agencies and to guaranteed borrowers in accordance with program requirements. The FFB is capable of providing a lending rate for any amount required and for nearly any maturity. The FFB's methodology for terms such as prepayment provisions and service charges are applied consistently for all borrowers.

The lending policy of the FFB is flexible enough to preclude the need for any accumulation of pools of funds by agencies. This does not preclude the maintenance of liquidity reserves for those agencies with such a need. In no case are funds provided by the FFB invested in private credit instruments or used to speculate in the market for public securities.

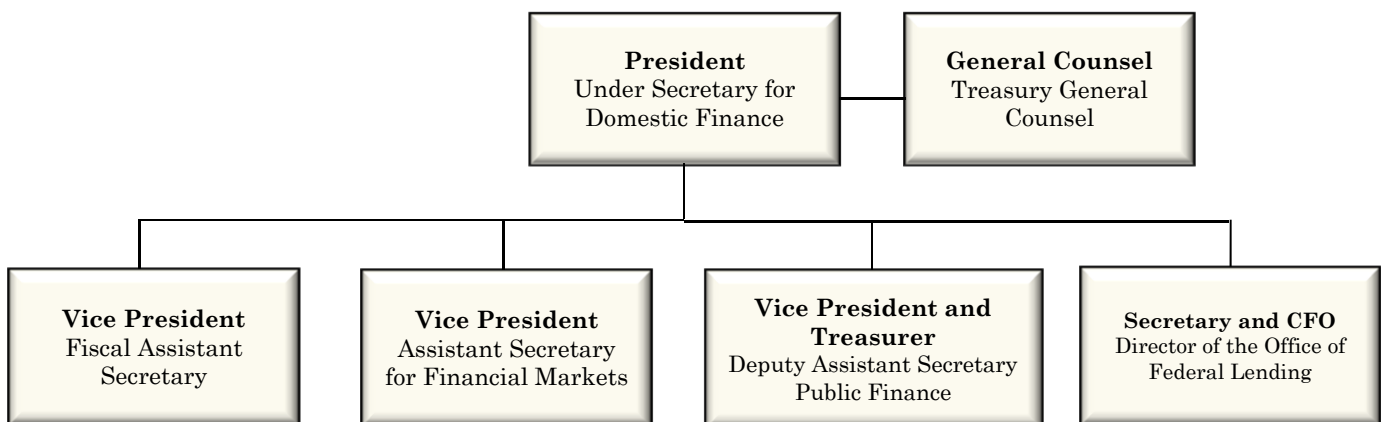
Organizational Structure

The FFB is subject to the general supervision and direction of the Secretary of the Treasury. The Board of Directors is comprised of the incumbents of the following Treasury

offices: the Secretary of the Treasury, who as provided by law, is the Chairman; the Deputy Secretary; the Under Secretary for Domestic Finance; the General Counsel; and the Fiscal Assistant Secretary.

The officers are incumbents of the following Treasury offices (corresponding FFB positions are in parentheses): the Under Secretary for Domestic Finance (President); the General Counsel (General Counsel); the Assistant Secretary for Financial Markets (Vice President); the Fiscal Assistant Secretary (Vice President); the Deputy Assistant Secretary for Government Financial Policy (Vice President and Treasurer); and the Director, Office of Federal Lending (Secretary and Chief Financial Officer). As the office of Under Secretary for Domestic Finance is currently vacant, the Secretary of the Treasury, as Chairman of the FFB, has designated an FFB President temporarily until an Under Secretary of Domestic Finance has been confirmed. A delegation by the FFB President authorizes any FFB Vice President, in consultation with any other FFB officer, to exercise the powers of the Presidency.

FFB Officers



FFB’s management structure consists of four areas of functional responsibility, including accounting, information technology, lending, and operations. Each unit is headed by a director that reports to the Chief Financial Officer. A description of each director’s responsibilities follows:

- The Director of Accounting is responsible for loan transactions, including but not limited to overseeing loan disbursements and repayments as well as managing accounting and financial reporting.
- The Director of Information Technology is responsible for management and oversight of the IT infrastructure, including but not limited to software development and maintenance of mission critical applications that support lending and accounting functions.
- The Director of Lending is responsible for loan administration function, including but not limited to loan origination, loan structuring, credit analysis, and managing customer relationships.

- The Director of Operations is responsible for the general management functions of the FFB, including but not limited to budgeting, procurement, human resources, strategic planning, and facilities.

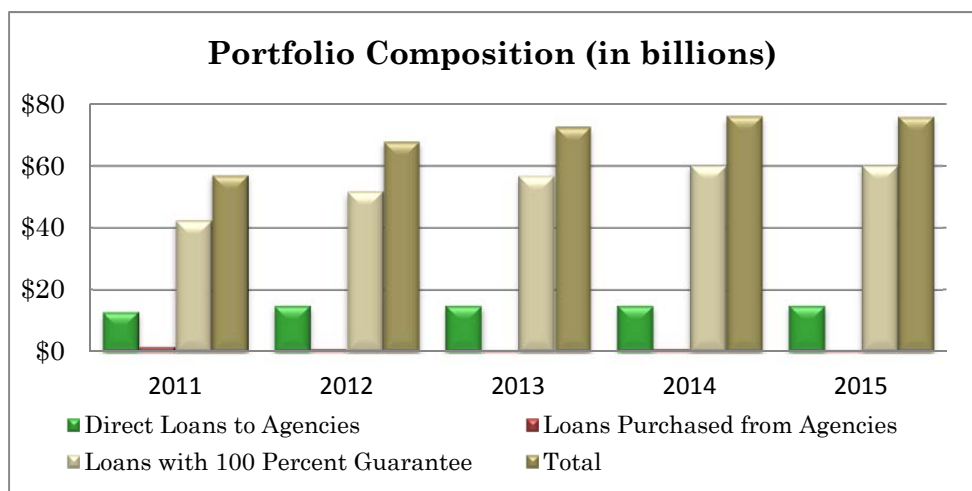
Financial Highlights

The FFB received an unqualified opinion from its independent auditors on its fiscal year 2015 and 2014 financial statements. The following is a synopsis of the FFB’s financial performance during the fiscal year. As of September 30, 2015, interest on loans of \$2,645.9 million decreased by \$317.8 million or 10.7 percent from the previous fiscal year due to prepayments for certain borrowers which were made in fiscal year 2014 and ultimately affected the FFB’s interest income. The legislatively mandated interest credits to borrowers under the Rural Utilities Service (RUS) “cushion of credit” program reduced interest income by \$60.4 million for the fiscal year. Revenue from servicing loans totaled \$1.4 million representing a decrease from \$3.2 million from the previous year due to a decrease in RUS’s maturity extensions.

Interest on borrowings of \$2,227.1 million decreased by \$141.2 million, or 6.0 percent, from \$2,368.3 million in fiscal year 2014, primarily due to lower rates on outstanding borrowings. Net income of \$352.1 million for the fiscal year represents a decrease from \$519.6 million the previous year. The FFB’s net position increased by \$205.6 million or 4.5 percent, to \$4,787.1 million from \$4,581.5 million at September 30, 2014, as a result of positive earnings.

Loan Portfolio

The FFB makes funds available to Federal agencies and to guaranteed borrowers in accordance with agency program requirements. All of the loans in the FFB’s portfolio are federally guaranteed, or have

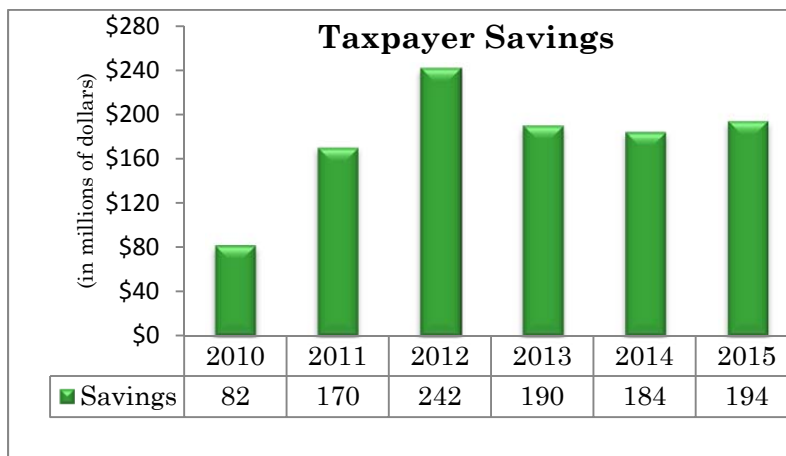


a commitment to be full faith and credit obligations of the United States. During the fiscal year, the loan portfolio increased by \$242.0 million or 0.3 percent to \$74.0 billion from \$73.8

billion on September 30, 2014. The net change during the year was the result of an increase in net holdings of loans with 100 percent Federal guarantees of \$493.6 million, and a decrease in loans purchased from agencies of \$251.6 million.

Taxpayer Savings

The FFB achieves taxpayer savings by reducing the costs of Federal and federally assisted borrowings. Each year, the FFB estimates the annual taxpayer savings generated by its lending activities by measurement of two factors. First, for loans to Federal agencies, it measures the present value of the difference between the estimated amount of interest that the agency would have paid had the loan been financed in the market and the amount of interest that the FFB pays to Treasury. Second, for guaranteed loans, it measures the present value of the fees charged to borrowers on new loans, calculating the savings of the basis of the amount committed.



The FFB estimates that its lending activities generated \$194.0 million in savings in fiscal year 2015. These savings are attributable, in part, to the following loan activity in fiscal year 2015:

- Department of Energy’s Title XVII loan program – 21 new loan agreements, totaling \$1.7 billion committed with \$1.1 billion disbursed;
- RUS loan guarantee program – 95 new guaranteed notes, totaling \$2.4 billion committed with \$538.6 million disbursed; and
- The Department of Housing and Urban Development’s (HUD) Section 542 Risk-Sharing program – a new FFB program in fiscal year 2015 in which the FFB financed four loans, totaling \$103 million with \$103 million disbursed.

*Management's Report on Internal Controls
over Financial Reporting*

The Chief Financial Officers Act of 1990 requires the annual management report of a government corporation to include a statement on internal accounting and administrative control systems of the corporation, consistent with the requirements for statements on such systems from government agencies under the amendments to the Accounting and Auditing Act of 1950 made by the Federal Managers' Financial Integrity Act of 1982, as amended (FMFIA). FMFIA requires each government agency to establish internal accounting and administrative control systems that provide reasonable assurance that:

- obligations and costs comply with applicable law;
- all assets are safeguarded against waste, loss, unauthorized use, and misappropriation;
- revenues and expenditures applicable to agency operations are recorded and accounted for properly; and
- reliable, complete financial and statistical reports are prepared, and accountability for the assets is maintained.

FMFIA also requires each agency to conduct an evaluation of its internal accounting and administrative control systems in accordance with the guidelines for such evaluations established by the Office of Management and Budget (OMB) in consultation with the Government Accountability Office (GAO), and requires the head of each agency to state whether the agency's systems provide reasonable assurance that they are achieving their intended objectives.

The FFB conducted its assessment of the effectiveness of internal control over financial reporting, which includes the safeguarding of assets and compliance with applicable laws and regulations, in accordance with the requirements of OMB Circular A-123, *Management's Responsibility for Internal Control*. Based on the results of this evaluation, the FFB can provide reasonable assurance that its internal control over financial reporting, as of June 30, 2015, was operating effectively, and no material weaknesses were found in the design or operation of the internal control over financial reporting. In addition, Treasury's Office of the Inspector General engaged an independent auditor, KPMG, LLP, who evaluated the internal accounting and administrative control systems of the FFB. The independent auditor found no material weaknesses for fiscal year 2015.

Accordingly, we believe that the FFB's systems of internal accounting and administrative control fully comply with the requirements for agency internal accounting and administrative control systems, providing reasonable assurance that they are achieving the intended objectives.

Sincerely,



Antonio F. Weiss
President

Summary of Financial Statement Audit and Management Assurances

During the fiscal year 2015 audit, the FFB's our auditor, KPMG LLP (KPMG), noted no matters involving the internal control over financial reporting that they considered to be a material weakness.

Summary of Financial Statement Audit

Audit Opinion	Unqualified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0

Summary of Management Assurances

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unqualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0

Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Unqualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0
Conformance with financial management system requirements (FMFIA § 4)						
Statement of Assurance	Systems conform					
Non-Conformance	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
	0	0	0	0	0	0
Total non-conformance	0	0	0	0	0	0
Compliance with Federal Financial Management Improvement Act (FFMIA)						
	Agency			Auditor		
Overall Substantial Compliance	Yes			Yes		
1. System Requirements	Yes					
2. Accounting Standards	Yes					
3. USSGL at Transaction Level	Yes					

Budget Reconciliation

The Statement of Budgetary Resources (SBR) for fiscal year 2014 has been reconciled to the fiscal year 2014 actual amounts on the Program and Financing (P&F) Schedule presented in the *Budget of the United States Government, Fiscal Year 2015 - Appendix*. A table representing this comparison is shown on page 17 of this report.

The reconciliation between the Statement of Budgetary Resources and the Program and Financing Schedule for fiscal year 2015 cannot be performed since fiscal year 2015 actual amounts will not be available until the *Budget of the United States Government, Fiscal Year 2017 – Appendix* is published. The Statement of Budgetary Resources for fiscal year 2015 will be reconciled to the Program and Financing Schedule for fiscal year 2015 after the fiscal year 2017 Budget is released.

FEDERAL FINANCING BANK
Fiscal Year 2014 Budget Reconciliation
(in millions of dollars)

	<u>SBR</u> <u>Amount</u>	<u>P&F</u> <u>Amount</u>	<u>Difference</u>
Obligations by program activity:			
Total new obligations	2,535	2,535	0
Budgetary Resources:			
Unobligated balance:			
Unobligated balance bought forward, Oct 1	1405	1,405	0
Borrowing authority	0	0	0
Unobligated balance transfer from other accounts	449	449	0
Unobligated balances applied to repay debt	<u>(739)</u>	<u>(739)</u>	
Unobligated balance (total)	1,115	1,115	0
Spending authority from offsetting collections, mandatory:			
Collected	2,474	2,474	0
Total budgetary resources available	3,589	3,589	0
Total new obligations	<u>(2,535)</u>	<u>(2,535)</u>	0
Unexpired unobligated balance, end of year	1,054	1,054	0
Change in obligated balance:			
Unpaid obligations:			
Obligations incurred, unexpired accounts	2,535	2,535	0
Outlays (gross)	(2,535)	(2,535)	0
Budgetary authority and outlays, net:			
Mandatory:			
Budget authority gross	2,474	2,474	0
Outlays, gross:			
Outlays from new mandatory authority	2,535	2,535	0
Offsets against gross budget authority and outlays:			
Offsetting collections (collected) from:			
Federal sources	(2,474)	(2,474)	0
Outlays, net (total)	61	61	0

Annual Performance Report

Strategic Goals

The FFB’s Strategic Plan covers Fiscal Years 2014-2017 and is aligned with the Department of the Treasury’s Strategic Plan. The FFB’s Strategic Plan was developed collaboratively with employees and senior management and guides the FFB’s efforts to support the mission of lowering the cost of federal credit. The FFB retained the measures originally described in the 2014 annual report that are still effective indicators of the FFB’s performance and added one additional measure on the FFB’s technology infrastructure. The FFB’s plan has five strategic goals to achieve its mission.

- Execute robust, consistent, and controlled day-to-day operations;
- Reduce public borrowing costs by offering creative new products and services consistent with legal authorities;
- Pursue legislative and administrative strategies to allow the FFB to provide more solutions to achieve public policy objectives;
- Enhance technology infrastructure to improve operations and support the workforce’s ability to achieve the FFB’s goals; and
- Attract, develop, and retain a competent, highly motivated, and diverse workforce.

Strategic-Operational Relationship

The relationship between the FFB’s Goals outlined in its 2014-2017 Strategic Plan and its 2015 & 2016 annual program performance goals are shown in the chart below.

General Goals from Strategic Plan	2015/2016 Annual Performance Goals
Execute robust, consistent, and controlled day-to-day operations.	Execute the day-to-day operations of the FFB in a control-oriented, transparent, and efficient manner.
Reduce public borrowing costs by offering creative new products and services, consistent with existing legal authorities.	Increase savings to taxpayers by expanding customer base and types of services offered.
Pursue legislative and administrative strategies to allow the FFB to provide more solutions to public policy objectives.	No applicable annual goals for this element in 2015. Goals for this item will be addressed in future years.
Enhance technology infrastructure to improve operations and support the workforce’s ability to achieve FFB’s mission and goals.	Enhance system capabilities to support business processes and the modernization of FFB’s Loan Management and Control System.
Attract, develop, and retain a competent, highly motivated, and diverse workforce.	Further enhance the expertise of the FFB by committing resources to employee development.

For each Strategic Goal, the annual performance plan identifies supporting annual performance goals to measure accomplishments. Due to external factors, there are no corresponding annual goals for Strategic Goal 3 in fiscal year 2015. The FFB expects this Strategic Goal to have annual goals in future years.

The strategies to achieve the performance plan rely on the processes and technologies continually refined since the inception of the FFB in 1973. In particular, the FFB staff has developed specialized experience and skills in advanced financial information technology to provide sophisticated financing to its customers.

As mandated by the Government Performance and Results Act of 1993 (GPRA), Federal agencies identify critical activities, devise pertinent performance measures, and report on these activities to the President and Congress. We have identified the following key measures to monitor and manage our operations.

Annual Performance Goals and Measures for FY 2016, and Report for FY 2015

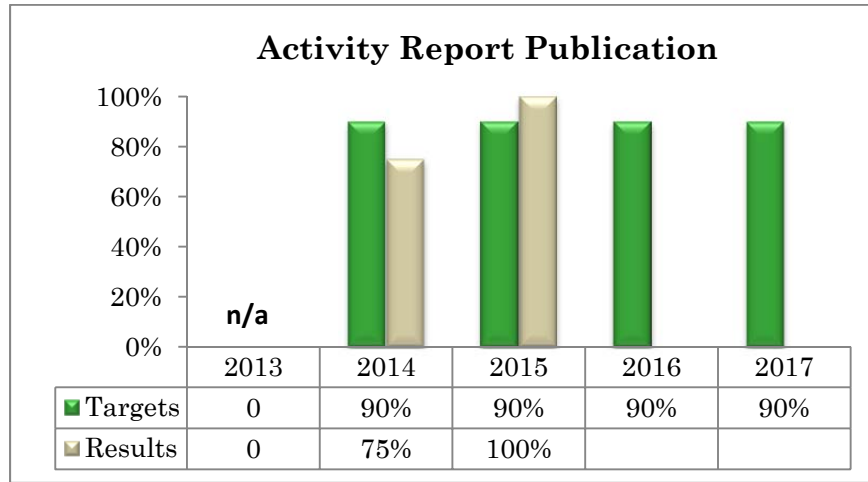
Goal 1: Execute the day-to-day operations of the FFB in a control-oriented, transparent, and efficient manner.

Each year, the FFB processes tens of thousands of payments, collections, pricing transactions, new lending notes, reconciliations, reports, and other financial transactions. Day-to-day operations are the organization's most important priority. Strategic Goal 1 addresses the FFB's operational performance and responsibility for stewarding public money. The FFB will meet this goal by (1) executing loan transactions in an accurate and efficient manner; (2) ensuring the timely issuance of internal and external communications; and (3) enhancing its documented knowledge base.

Performance Measure 1A: Number of weaknesses in internal control systems identified by independent auditors

In fiscal year 2015, the FFB achieved its annual performance goal of zero material weaknesses in internal control systems. The FFB received an unqualified opinion for the twenty-second consecutive year. In June 2015, the FFB completed an in-depth testing of its internal accounting and administrative control procedures in accordance with OMB Circular No. A-123, *Management's Responsibility for Internal Control*. As a result of this review, the FFB can provide reasonable assurance that its internal control over financial reporting, as of June 30, 2015, was operating effectively and no material weaknesses were found in the design or operation of the internal control over financial reporting.

Performance Measure 1B: Percentage of monthly activity reports published on the FFB website within two weeks of the subsequent month.

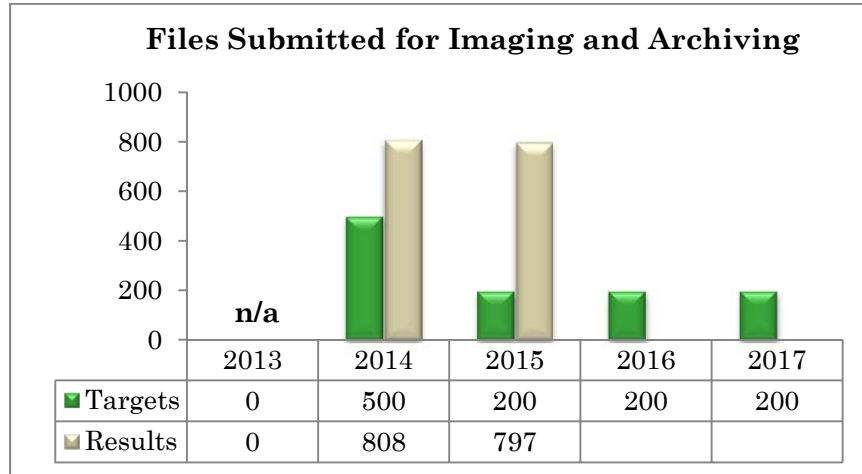


The FFB’s monthly activity report help inform the public and other stakeholders about the FFB’s lending activity. These reports provide information about the FFB’s total outstanding obligations and program-specific lending activity. The FFB began tracking this metric in fiscal year 2014. The FFB met this goal in fiscal year 2015. The FFB produced 100 percent of its activity reports within two weeks of the close of the subsequent month. In fiscal year 2016, the FFB will continue to issue these reports in a timely manner.

Performance Measure 1C: Number of Meetings of the FFB Board of Directors in Fiscal Year 2015.

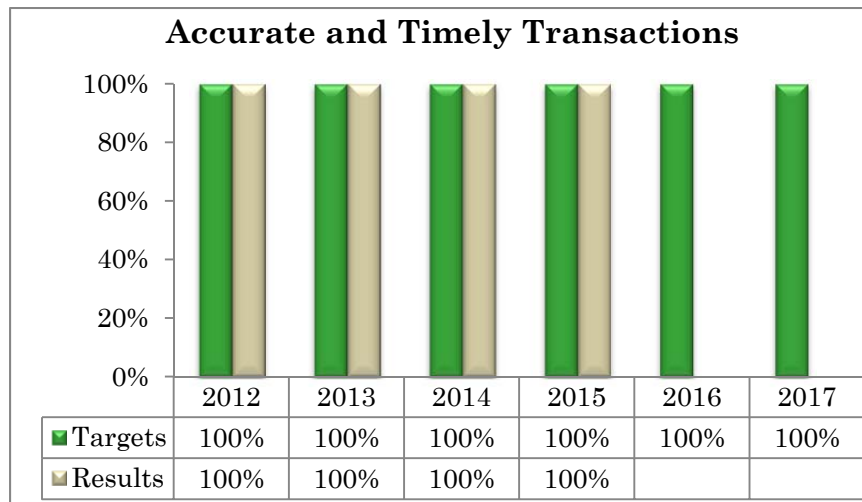
Pursuant to the Federal Financing Bank of 1973, the FFB is governed by a Board of Directors chaired by the Secretary of the Treasury and comprised of other senior Treasury officials. In 2014, the Chairman of the FFB Board of Directors issued a standing order directing board meetings to be held semi-annually. This measure strengthened the management oversight of the FFB by increasing the frequency in which board members are formally assembled to discuss FFB affairs. The FFB met its goal in fiscal year 2015, as the Board of Directors held separate meetings in January and July of 2015.

Performance Measure 1D: Number of legacy paper files submitted for digital imaging and archiving.



In fiscal year 2014, the FFB began an initiative to digitize and archive hard-copy accounting and loan documents. Accordingly, the FFB created a digital document library to ensure historical FFB documentation was easily accessible by staff and began reviewing legacy files for submission to Treasury’s Office of Records Management for electronic imaging. This initiative continued in fiscal year 2015. The FFB exceeded its goal for fiscal year 2015 by submitting 797 separate paper files, totaling 158,841 pages, to Treasury’s records officials for imaging. Digitized copies of these files are available for staff reference in FFB’s digital document library.

Performance Measure 1E: Percentage of loan transactions processed accurately and on time.

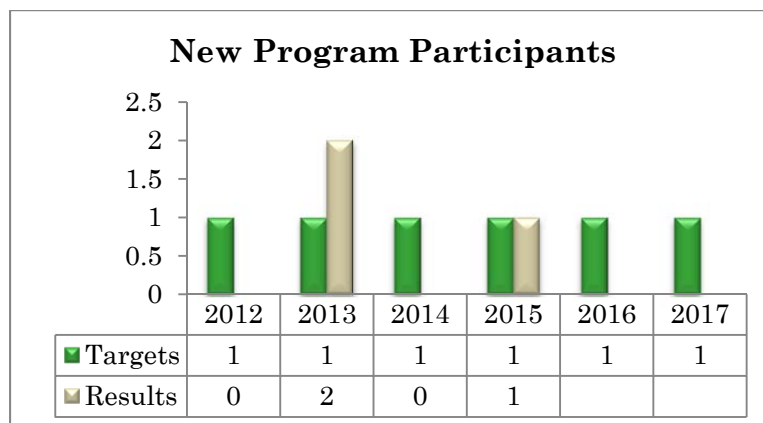


In fiscal year 2015, the FFB achieved its performance goal of completing 100% of loan transactions on time. The FFB processed 151 new commitments, 863 new loan requests, 633 loan prepayments, 37,665 loan repayments, and 3,608 routine pricings.

Goal 2: Increase savings to taxpayers by expanding customer base and types of services offered.

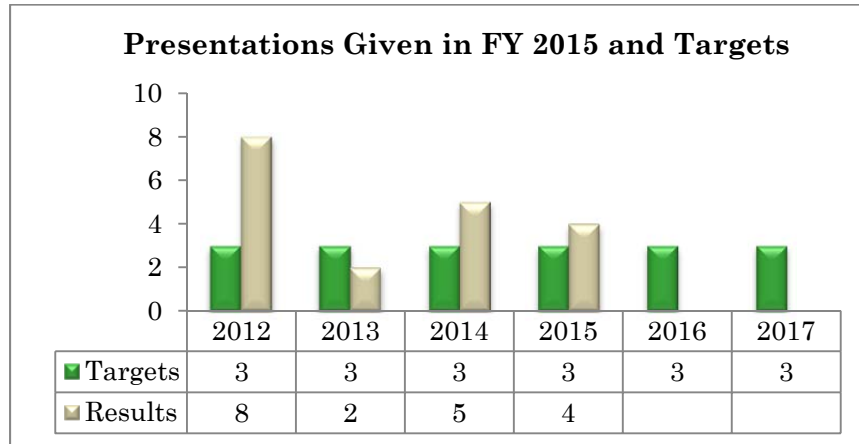
The FFB continues to provide innovative and customized solutions to Federal borrowing needs. FFB staff is increasingly recognized as a key source of specialized experience and expertise in finance, with the required information technology to provide sophisticated financial tools to its customers. The FFB will continue to meet this goal by delivering a broad range of creative products to customers in a timely manner.

Performance Measure 2A: Persuade a new Federal credit program to finance its loans through the FFB.



The FFB met this performance goal in fiscal year 2015, adding the Department of Housing and Urban Development’s (HUD) Section 542 Risk Sharing Program to its portfolio. By financing this program, the FFB advances the Administration’s goal of promoting the development and preservation of affordable rental housing. Under this initiative, state and local housing finance agencies (HFAs) issue certificates for purchase by the FFB representing beneficial ownership interests in underlying mortgage loans for multifamily housing projects. The FFB purchased its first certificate under this program in October 2014, and has closed four Risk Sharing Program transactions in fiscal year 2015. In fiscal year 2016, the FFB and HUD will expand the financing options available under this program to increase the volume of transactions.

Performance Measure 2B: Increase outreach to publicize FFB financing options by establishing an annual target for presentations to potential customer Federal agencies.



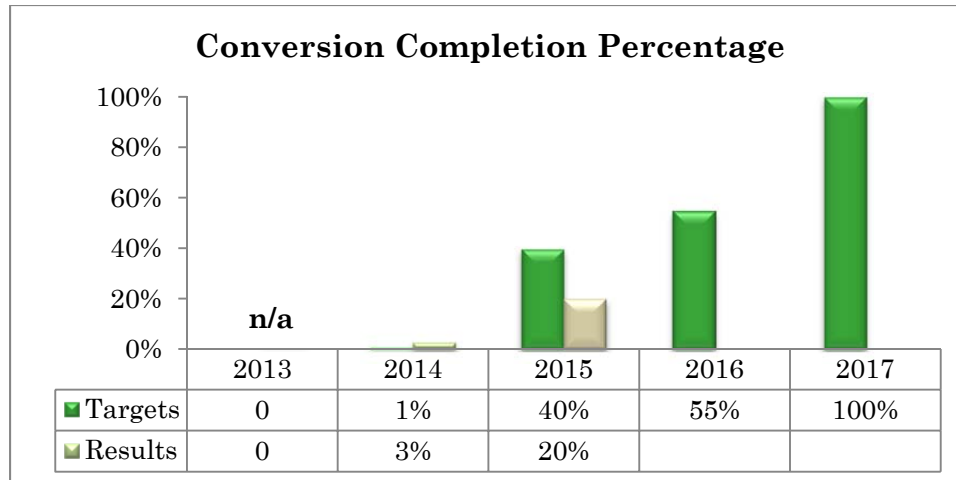
During fiscal year 2015, the FFB consulted with four Federal organizations, including HUD and DOE, about financing new loan programs. Several of these consultations will continue into fiscal year 2016.

Goal 3: Enhance system capabilities to support business processes and modernize the FFB’s Loan Management and Control System

Information technology is crucial to the FFB in fulfilling its mission. During the year, the FFB invested heavily in technology to improve operational efficiency and provide stakeholders with the most useful and accurate information.

Performance Measure 3A: Modernize the FFB’s core lending and accounting system by converting legacy code to more widely supported programming language.

The FFB’s core lending and accounting system, the Loan Management Control System (LMCS), has supported the FFB’s lending and accounting activities since the 1980’s. LMCS is highly reliable, accurate, and essential to the day-to-day operations of the FFB. To provide for the future operations and maintenance needs of the LMCS, the FFB is working on a multi-year initiative to transition the system to newer and more widely-supported technologies, including conversion of the legacy FORTRAN code into more widely-supported programming languages.

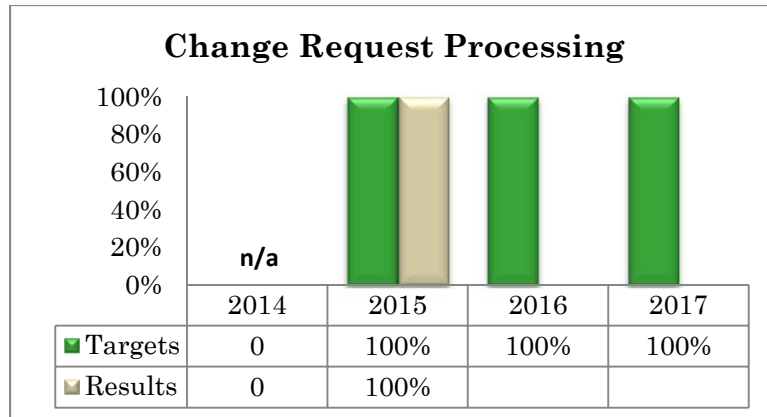


To measure its success against this goal, the FFB tracks the lines of code it has converted against a deadline of converting the entire system by the end of fiscal year 2017. The FFB’s fiscal year 2015 goal was to complete 40 percent of the code conversion. The FFB did not meet its fiscal year 2015 goal. By the end of fiscal year 2015, the FFB converted 155 program modules, totaling 20,173 lines of code, constituting 20 percent of the system.

In response to missing its fiscal year 2015 goal, the FFB has undertaken an analysis of both the work performed to date and the remaining code to be converted in fiscal years 2016 and 2017. The FFB will implement new development procedures to increase the efficiency of its modernization, and has targeted a 55 percent completion percentage by the end of fiscal year 2016.

Performance Measure 3B: Percentage of change requests processed in conformance with enhanced Change Management processes.

In August 2014, the FFB implemented enhanced processes for the review, tracking, testing, and approval of system changes to provide greater internal transparency, enhance audit reporting, evidence management approvals, and improve of the overall quality of the FFB’s change control process. The FFB began measuring compliance with these processes in fiscal year 2015.



The FFB processed 100 percent of its 60 change requests in conformance with the revised procedures in fiscal year 2015. The FFB expects to increase its number of deployed change requests in fiscal year 2016, and remains committed to achieving 100 percent compliance with its change request procedures.

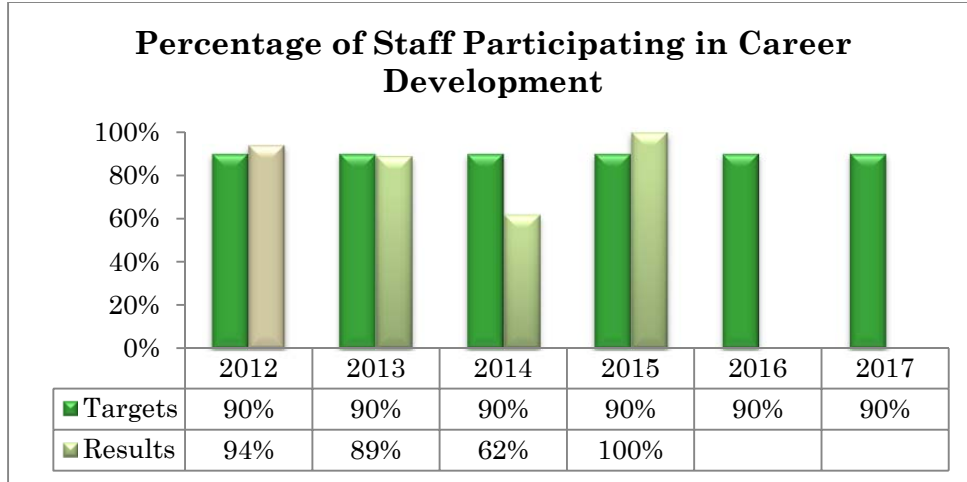
Performance Measure 3C: Modernize the FFB’s external website to improve the appearance and navigation to enhance the effectiveness of the website for the public.

The FFB uses its website to provide the public with information about its operations and activities, including monthly reports that document the Bank’s recent transactions, portfolio composition, financial statements, statutory authority, and lending and borrowing practices. The present version of the website was developed in the 1990s and has a dated look and feel that does not take advantage of recent technologies that allow for easier and more logical user navigation. Updating the FFB website will improve user experience and also allow the FFB to incorporate enhanced security features into the website. Accordingly, the FFB has added the successful deployment of an updated website as a new goal for fiscal year 2016.

Goal 4: Further enhance the expertise of the FFB by committing resources to employee development.

The FFB’s goal is to deliver management and organizational excellence through effective management and maintaining and developing a highly skilled workforce. The FFB will continue to improve its management processes and employee development programs.

Performance Measure 4: Percentage of employees participating in career development programs.



The FFB has been successful in attracting and retaining a highly motivated and diverse workforce. The FFB makes staff training, retention and development a priority to ensure that employees have the specialized skills to provide high quality service to customers.

After falling short of our training goal in fiscal year 2014, the FFB ensured that every staff member participated in career development in fiscal year 2015. In addition to attending training at commercial providers, our employees took advantage of development opportunities offered by Treasury, the Federal Acquisition Institute, the Federal Executive Institute, and Treasury’s Bureau of the Fiscal Service.

*Performance Measures: Definition,
Verification and Validation, and Accuracy*

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Performance Measure 1A: Number of material weaknesses in internal control systems identified by independent auditors.

Definition: Material weaknesses as identified in the annual audit are eliminated.

Verification and Validation: This will be verified through the FFB's annual audit. Material weaknesses are listed in the annual audited financial statements.

Accuracy: The measurement will be exact.

Performance Measure 1B: Percentage of monthly activity reports published on the FFB website within two weeks of the subsequent month.

Definition: This is the number of monthly activity reports that are posted on the FFB website within two weeks of the subsequent month. Success will be 90 percent of reports posted on-time.

Verification and Validation: This will be verified by comparing the time stamp of posting confirmations received by Treasury's Office of the Chief Information Officer with the date of the press releases and counting those releases which were posted within 2 weeks of the subsequent month.

Accuracy: The measurement will be exact.

Performance Measure 1C: Number of meetings of the FFB Board of Directors in fiscal year 2015.

Definition: This is the number of FFB Board of Directors meetings - with a quorum of Board Members present. Success will be two meetings in 2015.

Verification and Validation: This will be verified by counting the number of Board of Directors meetings that occur within the fiscal year.

Accuracy: The measurement will be exact.

Performance Measure 1D: Number of legacy paper files submitted for digital imaging and archiving.

Definition: This is the number of inactive accounting and/or loan files currently held in paper copy only that the FFB has submitted to Treasury's records office for digital imaging and archiving. Success will be 200 or more files submitted for imaging and archiving.

Verification and Validation: This will be verified using a file tracker created and maintained by the FFB to perform a file-level tracking of all legacy files it has submitted for digitization and archiving.

Accuracy: The measurement will be exact.

Performance Measure 1E: Percent of loan transactions processed accurately and on time.

Definition: This is the number of loan disbursements and payments processed on time and accurately. Success will be 100% of loans processed accurately and on time.

Verification and Validation: This is achieved by internal and external auditing.

Accuracy: The measurement will be exact.

Performance Measure 2A: Persuade new federal credit programs to finance their loans through the FFB.

Definition: This is the number of new federal credit programs that finance through the FFB during the fiscal year. Success is one or more new participants.

Verification and Validation: This will be achieved by counting the number of new programs with loan balances, showing that a new loan program has begun financing through the FFB. This information will also be listed in the annual audited financial statements.

Accuracy: The measurement will be exact.

Performance Measure 2B: Increase outreach to publicize FFB financing options by establishing an annual target for presentations to potential customer Federal agencies.

Definition: This is the process of continuing to publicize the FFB's achievements by distributing information about the FFB and its pricing and by scheduling meetings and making presentations to interested parties. The focus of these outreach efforts is to make as widely available as possible FFB services, expertise, and financing capabilities. Success is the facilitation of three or more presentations.

Verification and Validation: This is achieved by counting the number of presentations made and informal meetings with interested parties.

Accuracy: The measurement will be exact.

Performance Measure 3A: Modernize the FFB's core lending and accounting system by converting legacy code to a more widely supported programming language.

Definition: This is the number of separate lines of code that have been converted from legacy FORTRAN code. Success is meeting the respective percentage benchmarks for each fiscal year. The benchmark for fiscal year 2015 was 40 percent. Because the FFB fell short of its fiscal year 2015 goal, it has recalibrated its fiscal year 2016 goal to 55 percent with a fiscal year 2017 goal of 100 percent completion.

Verification and Validation: The FFB will maintain a requirements traceability matrix to track completion and progress of the code conversion.

Accuracy: The measurement will be exact.

Performance Measure 3B: Percentage of change requests processed in conformance with enhanced change management processes.

Definition: This is the percent of change requests that are processed in accordance with the FFB's newly enhanced (2014) procedures governing configuration management, change control, and deployment. Success is 100 percent compliance.

Verification and Validation: The FFB maintains records of all change requests and related processing on a shared file management platform. These records will be used to track compliance with the FFB's change management processes.

Accuracy: The measurement will be exact.

Performance Measure 3C: Modernize the FFB’s external website to improve the appearance and navigation to enhance the effectiveness of the website.

Definition: A newly designed version of the FFB website will be completed and deployed for access by the general public by the end of fiscal year 2016.

Verification and Validation: The FFB will be able to verify whether an updated version of the FFB website has been deployed and accessible by the public.

Accuracy: The measurement will be exact.

Performance Measure 4: Percent of employees participating in career development programs.

Definition: Success is 90 percent or greater of all employees receiving ongoing career training.

Verification and Validation: This is achieved by counting the number of employees that have completed in-house or external training.

Accuracy: The measurement will be exact.