

The Government Accountability Office has recommended that Congress provide FHFA authority to examine third parties that do business with FHFA's regulated entities similar to the authority conferred upon the federal banking agencies through the Bank Service Company Act. Were Congress to grant FHFA such authority, giving FHFA tailored parity with other federal financial regulators, the Agency would be in a better position to achieve its statutory duties to ensure the safe and sound operations of the Enterprises and the Federal Home Loan Banks. The Financial Stability Oversight Council made a similar recommendation in its *2023 Annual Report*, as it has for the past several years.

Recommendation 2: *DER's NBSS branch develops and implements written policies and procedures to guide the risk monitoring and analysis process, to include but not limited to, procedures and internal controls.*

Management Response: FHFA agrees with the recommendation. By November 30, 2024, DER will issue appropriate internal guidance regarding the execution and documentation of non-examination activities pursuant to the supervision plans, which will include DER's NBSS branch.

We appreciate the professionalism and courtesy of the SOG staff who conducted this audit and thank you for your work to help improve DER's supervision program.

If you have any questions related to our response, please do not hesitate to contact Eric Wilson.

cc: John Major
Eric Wilson

Embargoed until 3 p.m., Thursday, March 28, 2024

