

GREAT PLAINS AG CREDIT, ACA, PCA, & FLCA AUDIT COMMITTEE CHARTER

PURPOSE

The Board of Directors (Board) of Great Plains Ag Credit ACA, PCA, & FLCA has created a committee of directors to be known as the Audit Committee (Committee) for the purpose of assisting the Board in fulfilling its fiduciary and oversight responsibilities for the financial reporting process, the systems of internal control, the audit process, and the Association's process for monitoring compliance with laws, regulations, policies, the standards of conduct, and public responsibilities. To this end, the Committee will:

- Oversee and appraise the quality of the audit effort of the Association's external and internal audit function;
- Maintain, by scheduling regular meetings, open lines of communications among the Board, its external auditor, its internal auditor, its regulators, and its independent reviewers to exchange views and information as well as confirm their respective authority and responsibilities;
- Serve as an independent and objective party to review the financial information presented by management to stockholders, regulators, and the general public; and,
- Monitor management's responsibility to design, maintain and attest to the Association's internal controls over financial reporting.

COMPOSITION

The Committee will consist of at least three members of the Board, including a Chairman and Vice-Chairman, all elected annually by the Board of Directors based upon the qualification of being knowledgeable in at least one of the following areas: public and corporate finance, financial reporting and disclosure, or accounting procedures. The director classified as the Financial Expert on the Board of Directors shall serve on the Committee and possess the following: be recognized in the business community as having education or experience in accounting, internal accounting controls, or preparing or reviewing financial statements for financial institutions or large corporations consistent with the breadth and complexity of accounting and financial reporting issues that can reasonably be expected to be raised by the association's financial statements. Financial expertise may be demonstrated by either attainment of a bachelor's or higher degree in finance or accounting or equivalent; designation as a certified public accountant; or experience as a corporate officer with responsibility for accounting and financial reporting functions in a financial institution or large corporation of comparable complexity to the Association. . Each Committee member will be independent from management and be knowledgeable of and understand the Association's financial statements, where as hereby defined as balance sheets, income statements, cash flow statements, statements of change in members' equity, and notes/disclosures. Each Committee member will devote sufficient time to fulfill committee responsibilities.

AUTHORITY

The Board of Directors, through the adoption of this Charter, delegates to the Committee those authorities necessary to accomplish the responsibilities of the Committee as set out in this Charter. The Committee shall have access to all books, records, facilities, and personnel of the Association and the power to retain outside counsel or other experts considered necessary by the Committee.

MEETINGS

The Committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require. Meetings can be called by the Chairman of the Board, any Audit Committee member, or the Chief Executive Officer. The Committee will invite members of management, auditors or others to attend meetings and provide pertinent information, if necessary. As necessary it will hold private meetings with auditors and management in executive session. Meeting agendas will be prepared and provided in advance to members along with appropriate briefing materials. Minutes will be prepared.

RESPONSIBILITIES

The Committee is responsible for the following activities. These responsibilities will be accomplished through the assistance of the external auditors and appropriate Association management.

Financial Statements

- Review with management and the external auditors the results of the audit, including any difficulties encountered. Prior to the release of the annual audited financial statements, the Committee will receive a report from the external auditors that includes:
 - o All critical accounting policies and practices used by the institution.
 - o All material alternative accounting treatments of financial information within Generally Accepted Accounting Principles (GAAP) that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and treatment preferred by the external auditors.
 - o Other material written communications between the external auditors and management, such as any management letter, management disclosures, schedule of unadjusted differences, reports on observations and recommendations on internal controls, and a listing of adjustments and reclassifications not recorded.
- Review significant accounting and reporting changes and issues and understand their impact on the financial statements. These may include complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements,
- Review the annual financial statement before release, and consider whether it is accurate, complete, and consistent with information known to Committee members, and reflects appropriate accounting principles. The annual report will be provided, prior to release, to each Committee member. Committee members will have a specified and reasonable period of time to raise questions or call for a meeting prior to certification by the Committee and release to shareholders.
- Review and certify the Statement of Condition, Statement of Operations, and Statement of Changes in Capital sections of the quarterly financial statements prior to their release to shareholders.
- Review disclosures made by Association's Chief Executive Officer, Chief Financial Officer, and other Association Officers about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Association's internal controls.
- Review disclosures made by management and review correspondence from the independent auditor prior to the release of financial statements concerning:

- o The effect of off-balance sheet arrangements and intra-System financial obligations that either have, or are reasonably likely to have, a current or future effect on financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.
 - o All material disclosing pro forma or adjusted non-GAAP information.
- Prepare an Audit Committee Report in the Annual Report.
 - Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
 - In the event that a press release regarding quarterly or annual financial results or any interim financial performance results is to occur, the Committee will review the press release prior to issuance.

Internal Control

- Consider the effectiveness of the Association's internal control environment related to annual and interim financial reporting, including information technology security and control.
- Understand the scope of the external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- Evaluate the adequacy of disclosure controls and procedures included within the internal control systems by reviewing written reports from the external auditors and regulators along with management's response and actions to correct any noted deficiencies.
- Evaluate the effectiveness and adequacy of the External Audit(s) and determine if additional or substituted internal audit procedures or programs are needed.
- Identify and direct any special projects or investigations deemed necessary.

Internal Audit and External Credit Review (ICR)

- Engage and/or discharge, negotiate compensation and determine the effectiveness of the Internal Auditors and External Credit Reviewers.
- Approve the annual and three-year audit plan based on an annual risk assessment of the Association's operational areas; prioritized for risk.
- Ensure that internal auditors and External Credit Reviewers utilize adequate scopes of work, there are no unjustified restrictions on the assigned function, and that internal auditors/reviewers have full access to all information needed.
- Ensure that all reports and findings from the External Credit Reviewers and Internal Auditor's independent evaluation are reported directly to the Audit Committee.

External Audit (Financial Audit)

- Engage and/or discharge, negotiate compensation and determine the effectiveness of external auditors.
- Review and approve the external auditors' proposed audit scope and approach, inclusive of statutory requirements.
- Review and pre-approve any audit or permitted non-audit services performed by the external auditors.

- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Association, including non-audit services, and discussing the relationships with the auditors, including matters specifically required in the applicable Statement of Auditing Standards.
- Obtain the external auditors' latest peer review and standings with the Texas State Board of Accountancy.
- Ensure that all reports and findings from the external auditor's independent evaluation are reported directly to the Audit Committee.
- Review with management and the external auditors the results of the audit, including any difficulties encountered, including any significant recommendations in the management letter provided by the external auditors and management's response to the letter.
- Hold routine meetings with only auditors present and then with only management present to discuss any matters that the Committee believes should be brought forth.

Examiners/Regulators

- Ensure that all regulatory examinations, related reports including FCA Call Reports, and findings are reported directly to the Committee.

Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.

Reporting Responsibilities

- The Committee Chairman will report on the activities of the Committee to the full Board.
- Minutes of the Committee will be provided to the full Board.
- The Committee will facilitate an open avenue of communication between the external auditors, internal auditors, credit reviewers, and regulators to management and the Board.

Other Responsibilities

- The Audit Committee will respond to any concerns identified by the Farm Credit Bank of Texas and/or Farm Credit System (System) Audit Committee, including reviewing any published or available findings and/or recommendations of or made by the Funding Corporation's external auditors, and will conduct any audit committee activities that are necessary for the Farm Credit Bank of Texas and/or System Audit Committee to fulfill its chartered responsibilities.
- Evaluate the adequacy and effectiveness of the financial, credit, administrative, operating, and accounting policies through active communication with appropriate management and the independent accountants.
- Receive periodic reports from appropriate management and the independent accountants on any significant proposed regulatory, accounting, or reporting issue and the potential impact on the organization.

- o Review annually with management the external auditor's and the internal auditor's compliance with the Association's Code of Ethics for the Chief Executive Officer, Chief Financial Officer, Chief Credit Officer, and other senior financial and accounting professionals.
 - o Receive an annual report from the Standard of Conduct Official.
 - o Establish procedures for the receipt, retention, and treatment of complaints received by the Association regarding accounting, internal accounting controls, or auditing matters; and the confidential, anonymous submission by employees of the Association of concerns regarding questionable accounting or auditing matters.
- Attend director orientation and training classes regularly to support the Committee members in fulfilling their fiduciary obligations.
 - Each Committee member may not, other than in the capacity as a member of the audit committee, the board, or any other board committee, accept any consulting, advisory, or other compensatory fee from the company or be an affiliated person of the company or any subsidiary.
 - Perform other activities related to this charter as requested by the Board.
 - Identify and direct any special projects or investigations deemed necessary. The Committee shall have unrestricted access to members of management and relevant information. The Committee may retain independent counsel, internal or external accountants or others to assist in conducting any investigation. The Association shall provide for appropriate funding, as determined by the Committee. Any Committee request for monetary or non-monetary resources must be approved unless denied by a two-thirds majority vote of the full board.
 - Review and assess the adequacy of the Committee charter annually, requesting Board approval for proposed changes.
 - Post the Committee charter on the Association's website.
 - Confirm annually that all responsibilities outlined in this charter have been carried out.