

Statement
Jill Long Thompson, Board Member
Farm Credit System Insurance Corporation
Audit Committee Meeting
January 8, 2015

Like my colleagues, I have approached, with an open mind, the issue of oversight of the Farm Credit System Insurance Corporation. After considerable study and thought, combined with experience serving on the FCSIC Board, I find clarity regarding the approach necessary to ensure the appropriate level of oversight for the Corporation.

I believe, as the Government Accountability Office has recommended, FCSIC needs oversight by an Inspector General. I also believe it would be both prudent and efficient for the Farm Credit Administration Inspector General to take on this responsibility.

The need for an Inspector General is clear. Any government entity that collects, expends, and administers billions of dollars in funds should be subject to the oversight of an Inspector General. Good government relies on independence for the oversight of public entities, and an auditor hired by FCSIC staff does not have the same level of independence as an Inspector General. Also, while audits play an important role in reducing fraud and abuse, they do not necessarily identify inefficiencies or waste. I am not aware, for example, of any audits to determine the efficiency of the FCSIC operation or its compliance with the statutory requirement: "To the extent practicable, the Corporation shall use the personnel and resources of the Farm Credit Administration to minimize duplication of effort and to reduce costs."

While the Inspector General of the Farm Credit Administration is not directed by statute to also serve the Farm Credit System Insurance Corporation, there is nothing in the law that prohibits such oversight. Additionally, in a letter dated March 30, 1990, the Chairman and Ranking Member of the U.S. Senate Committee on Agriculture, Nutrition, and Forestry wrote to the FCA Board that their intent in the Agricultural Credit Act of 1987 was that FCSIC should rely on the Farm Credit Administration staff for virtually all its operating activity. Oversight of FCSIC by the FCA Inspector General would be both prudent and efficient.

I am hopeful the Farm Credit System Insurance Corporation Board can work together to bring Inspector General oversight to the Corporation.