

FCSIC Chairman's  
Statement on  
FCSIC Oversight  
January 15, 2015

As Chairman of the Farm Credit System Insurance Corporation (FCSIC), I take seriously my statutory role to act independently to ensure that the Corporation operates in a robust oversight environment with effective internal controls. Having spent most of my career in the auditing field, I am quite familiar with the need for effective and independent review. Recently, a FCSIC Board Member suggested that the FCSIC Board should employ the FCA Inspector General (IG) as FCSIC Inspector General. The FCSIC Board of Directors, sitting as the Audit Committee, considered this issue in February 2012. The FCSIC Board unanimously agreed that FCSIC had appropriate, effective independent oversight.

For 24 years an independent public auditor has issued unqualified or unmodified opinions on FCSIC's financial statements. The independent auditor is hired by and reports to the Board Audit Committee. Additionally, FCSIC's fiscal year audit is reviewed by the General Accountability Office (GAO) and FCSIC has been subject to periodic independent operational reviews. I also note that FCSIC is a small federal entity with 11 employees and transacts the vast majority of its operations through federal partners with their own stringent internal controls, resulting in few opportunities for waste, fraud or abuse. FCSIC's 20+ year history of sound operations are also a testament to its effective oversight.

Recently, after a January 8, 2015 Audit Committee meeting – which included a presentation by the FCA IG on the merits of employing an IG for FCSIC – the majority of the FCSIC Board concluded that nothing material had changed from 2012 and that contracting with an IG was not warranted at this time. As a general principle, I agree that independent IG's provide a high level of accountability for any agency, the Congress and the public. More importantly, I agree with the GAO's 2014 congressional testimony that "the determination of where and how to provide IG oversight in specific agencies is a policy decision addressed best by the Congress." Currently, FCSIC is one of over 60 small federal entities that do not have an IG.

I appreciate and respect my colleague's views and look forward to working with the FCSIC Board to continue advancing FCSIC oversight.