

**AMENDMENT TO THE COMMITTEE PRINT OF
OCTOBER 29, 2009
OFFERED BY MR. WATT OF NORTH CAROLINA**

Page 379, after line 3, the following new subtitle
(and conform the table of contents accordingly):

1 **Subtitle I—Federal Reserve**
2 **Transparency**

3 **SEC. 1801. SHORT TITLE.**

4 This subtitle may be cited as the “Federal Reserve
5 Transparency Act of 2009”.

6 **SEC. 1802. AUDIT REFORM AND TRANSPARENCY FOR THE**
7 **FEDERAL RESERVE SYSTEM.**

8 Section 714 of title 31, United States Code, is
9 amended by adding at the end the following new sub-
10 sections:

11 “(f) AUDIT REQUIREMENTS FOR THE FEDERAL RE-
12 SERVE.—

13 “(1) AUDIT OF FEDERAL RESERVE OPER-
14 ATIONS.—The Comptroller General may audit, in-
15 cluding by onsite examination, the Board and the
16 Federal reserve banks, including, the functions, pro-
17 grams, activities and operations of the Board and
18 the Federal reserve banks relating to the prudential

1 supervision and regulation of banks and bank hold-
2 ing companies, the protection of consumers in finan-
3 cial transactions and credit relationships, the provi-
4 sion of currency and coin services, the provision of
5 check clearing and collections services, payments
6 system operations, the provision of wire transfer
7 services, participation in and supervision of auto-
8 mated clearinghouse, settlement and securities safe-
9 keeping services, the provision of fiscal agent serv-
10 ices to the United States Treasury and other United
11 States government agencies and departments, ac-
12 tions taken under the third undesignated paragraph
13 of section 13 of the Federal Reserve Act (12 U.S.C.
14 343) to extend credit to a single and specific part-
15 nership or corporation, internal operations and ac-
16 tivities, and financial reporting and accounting, in
17 each case in accordance with subsections (b) and (e).

18 “(2) AUDIT OF FEDERAL RESERVE FINANCIAL
19 STATEMENTS.—

20 “(A) IN GENERAL.—The Comptroller Gen-
21 eral may conduct a financial audit, including by
22 onsite examination, of the financial statements
23 of the Board and the Federal reserve banks sec-
24 tion 11B of the Federal Reserve Act consisting
25 of a review of the accuracy of the financial

1 statements of the Board and the Federal re-
2 serve banks and the integrity of internal con-
3 trols governing financial reporting by the Board
4 and the Federal reserve banks to assure that
5 the financial statements are free of material
6 misstatement and accurately report assets and
7 liabilities of the Board and the Federal reserve
8 banks, which shall be conducted in accordance
9 with this section.

10 “(B) COORDINATION.—To the extent prac-
11 ticable, the Comptroller General shall coordi-
12 nate any audit under subparagraph (A) with
13 the Inspector General for the Board of Gov-
14 ernors of the Federal Reserve System in an ef-
15 fort to minimize duplication of any other inde-
16 pendent audit conducted by an independent
17 auditor under section 11B of the Federal Re-
18 serve Act.

19 “(3) AUDIT OF FEDERAL RESERVE LIQUIDITY
20 FACILITIES.—The Comptroller General may conduct
21 an audit, including an onsite examination, of any li-
22 quidity facility authorized by the Board of Governors
23 of the Federal Reserve System (hereafter in this sec-
24 tion referred to as the ‘Board’ under the third un-
25 designated paragraph of section 13 of the Federal

1 Reserve Act (12 U.S.C. 343), that is not a loan or
2 liquidity facility otherwise subject to audit under
3 subsection (e), to assess solely—

4 “(A) the effectiveness of the internal con-
5 trol structure established by the Board or the
6 relevant Federal reserve bank for the liquidity
7 facility in helping ensure that—

8 “(i) the operations established by the
9 Board and the Federal reserve bank with
10 respect to the liquidity facility are con-
11 ducted efficiently in accordance with the
12 policies and procedures established by the
13 Board or the Federal reserve bank for the
14 liquidity facility;

15 “(ii) the operations established by the
16 Board and the Federal reserve bank with
17 respect to the liquidity facility effectively
18 limit risk to the relevant Federal reserve
19 bank and prevent waste, fraud, and abuse
20 in use of the facility;

21 “(iii) the collateral policies and proce-
22 dures established for the facility appro-
23 priately address risk to the relevant Fed-
24 eral reserve bank;

1 “(iv) the Federal reserve bank limits
2 borrowers’ access to each facility in accord-
3 ance with the terms and conditions estab-
4 lished by the Board or the relevant Federal
5 reserve bank;

6 “(v) credit is extended and fees
7 charged by the Federal reserve bank under
8 the facility are collected in accordance with
9 the terms and conditions established by the
10 Board or the relevant Federal reserve
11 bank; and

12 “(vi) the selection, use and payment
13 of third-party vendors and advisors re-
14 tained in connection with establishing and
15 implementing the facility are consistent
16 with principles of fairness, quality of serv-
17 ice, efficiency and risk management; and

18 “(B) the manner in which the Federal Re-
19 serve System accounts for the facility on its bal-
20 ance sheet and the adequacy of the procedures
21 for financial reporting established by the Board
22 or relevant Federal reserve bank with respect to
23 the liquidity facility.

24 “(4) LIMITED EXEMPTIONS.—No provision of
25 this section shall be construed as authorizing the

1 Comptroller General to audit (including through an
2 examination), review, or make recommendations re-
3 garding—

4 “(A) a decision of the Board regarding the
5 authorization, modification, extension, or termi-
6 nation of any loan or liquidity facility under the
7 third undesignated paragraph of section 13 of
8 the Federal Reserve Act;

9 “(B) the terms or conditions established by
10 the Board or a Federal reserve bank governing
11 any such loan or liquidity facility;

12 “(C) the effect or likely effect of any au-
13 thorization, modification, extension or termi-
14 nation of such a loan or liquidity facility, in-
15 cluding any effect or likely effect on economic
16 conditions, financial or credit conditions, mar-
17 kets, financial institutions, reserves, the balance
18 sheet or financial condition of a Federal reserve
19 bank or the Federal Reserve System, monetary
20 policy, or achievement of the objectives of mon-
21 etary policy; or

22 “(D) deliberations, discussions or commu-
23 nications among or between members of the
24 Board or officers and employees of the Board

1 or any Federal reserve bank related to subpara-
2 graph (A), (B), or (C).

3 “(g) REPORT TO CONGRESS.—An audit of the Board
4 and the Federal reserve banks under paragraph (1), (2),
5 or (3) of subsection (f), which shall include a detailed de-
6 scription of the findings and conclusions of the Comp-
7 troller General with respect to the audit, shall be com-
8 pleted no later than the date that is 12 months after the
9 date of enactment of this Act, shall comply with Comp-
10 troller General audit procedures established under section
11 719, and shall be submitted by the Comptroller General
12 to the Congress before the end of the 90-day period begin-
13 ning on the date on which such audit is completed.

14 “(h) CONFIDENTIALITY OF AGENCY RECORDS AND
15 PROPERTY.—

16 “(1) IN GENERAL.—The Comptroller General
17 shall prevent unauthorized access to records or prop-
18 erty of or used by an agency that the Comptroller
19 General obtains during an audit conducted under
20 this section and shall maintain the same level of con-
21 fidentiality for such a record or property (including
22 the information contained therein) as is maintained
23 by the agency from which it is obtained. Officers
24 and employees of the Government Accountability Of-
25 fice shall be subject to the same statutory penalties

1 for unauthorized disclosure or use as officers or em-
2 ployees of the agency from which the record was ob-
3 tained.

4 “(2) RULE OF CONSTRUCTION.—No provision
5 of this section shall be construed as authorizing any
6 officer or employee of the Government Account-
7 ability Office to withhold information from a com-
8 mittee of Congress authorized to have the informa-
9 tion, except that an officer or employee of the Gov-
10 ernment Accountability shall not provide confidential
11 information obtained under subsection (f)(2) identi-
12 fying a person or a specific asset, and may make
13 confidential information obtained under subsection
14 (f)(3) identifying a person that is a borrower under,
15 or is named on collateral pledged to, the liquidity fa-
16 cility available only on or after the date that is 12
17 months after the later of—

18 “(A) the effective date of the termination
19 by the Board of the authorization for the liquid-
20 ity facility; or

21 “(B) the date on which no loan or other fi-
22 nancial transaction under the liquidity facility
23 remains outstanding.

24 “(3) REPORTING OFFENSES.—An officer or em-
25 ployee of the Government Accountability Office may

1 report any allegation of a criminal violation to an
2 appropriate law enforcement authority of the United
3 States Government or a State.

4 “(4) IDENTIFICATION OF AUTHORIZED PER-
5 SONNEL.—The Comptroller General shall provide
6 the agency a current list of officers and employees
7 to whom, with proper identification, records and
8 property may be made available, and who may make
9 notes or copies necessary, to carry out an audit
10 under this section.”.

