



Executive Summary:

The Board Should Enhance Its Policies and Procedures Related to Conference Activities

2014-FMIC-B-009

June 30, 2014

Purpose

The Office of Inspector General (OIG) conducted an evaluation of the Board of Governors of the Federal Reserve System's (Board) conference activities. Our objectives were to review the Board's policies and procedures to determine the requirements for Board-sponsored conference activities and to assess the Board's compliance with the relevant requirements.

We initiated this evaluation, in part, to determine whether the Board has challenges similar to the issues outlined in the U.S. General Services Administration (GSA) OIG's 2012 *Western Region's Conference* management deficiency report, issued on April 2, 2012. The GSA's 2010 conference near Las Vegas resulted in significant congressional and public scrutiny.

Background

The Board uses a decentralized process that affords each Board division autonomy for initiating and procuring conference services. According to Board divisions, the Board hosted 673 conferences costing approximately \$1,429,505 at its facilities during the period covered by our evaluation, January 1, 2010, to June 30, 2012. Board divisions also reported that the Board hosted 33 conferences costing \$361,544 at non-Board facilities during our evaluation period.

Findings

Our findings are focused on document retention and adherence to policies and procedures. For the conferences we reviewed, we did not identify any issues at the Board similar to those described in the 2012 GSA OIG's management deficiency report on the GSA's 2010 conference held near Las Vegas. The Board's preference for using its own facilities for conferences minimizes the cost and mitigates the potential reputational risk associated with conference-related activities. Although the Board has not established an agency-wide process for planning conference-related activities, the Board does have acquisition, food and beverage expense, and records retention policies that contain requirements applicable to conference-related activities. The Board should ensure that its divisions comply with these requirements and that the scope of its policies and procedures are updated to address various aspects of conference-related activities.

The Board's *Acquisition Policy* requires a written solicitation of bids for single purchases of \$25,000 to \$49,999. We found that although the Board's Procurement section contacted three vendors, Procurement did not complete a written solicitation of bids for one of the two conferences in our sample within that cost range.

As outlined in the Board's *Records Policy and Procedures Manual*, the Board follows the National Archives and Records Administration's General Records Schedule for the retention of official procurement records. In addition, the visitor services records are to be retained for three years in accordance with the *Board Records Retention and Disposition Schedule*. We found that divisions did not consistently comply with these policies and, as a result, provided us with inaccurate and incomplete documentation to support many of the conference-related expenses reported to the OIG.

The *Official Meals Expenses Policy* has various requirements related to requesting food and beverage services and the duration of alcohol service at Board events, including conferences. During our review, we found that divisions did not consistently maintain sufficient documentation to demonstrate compliance with the requirements in the *Official Meals Expenses Policy*.

Recommendations

Our report contains five recommendations designed to strengthen and ensure compliance with the policies and procedures that guide Board divisions engaged in planning conference activities. In its response to a draft of our report, the Board generally concurred with our recommendations and noted that it has made or will make changes to the relevant policies and procedures.

Access the full report: <http://oig.federalreserve.gov/reports/board-policies-procedures-conference-activities-Jun2014.htm>

For more information, contact the OIG at 202-973-5000 or visit <http://oig.federalreserve.gov>.