



Executive Summary:

Board Should Enhance Compliance with Small Entity Compliance Guide Requirements Contained in the Small Business Regulatory Enforcement Fairness Act of 1996

2013-AE-B-008

July 1, 2013

Purpose

Our evaluation assessed the compliance of the Board of Governors of the Federal Reserve System (Board) with certain requirements of the Small Business Regulatory Enforcement Fairness Act of 1996, as amended (SBREFA). We initiated this evaluation to determine the validity of a complaint received by the Office of Inspector General (OIG) Hotline concerning the Board's compliance with SBREFA.

Background

SBREFA became law in 1996 and was later amended by the Small Business and Work Opportunity Act of 2007 to include specific requirements for small entity compliance guides. These guides are created by federal rulemaking agencies to explain the actions a small entity should take to comply with a rule. Section 605(b) of SBREFA generally allows the agency head to certify in the Federal Register, as part of the proposed or final rule, that the final rule will not have a significant economic impact on a substantial number of small entities. In such cases, a compliance guide does not have to be created. The 2007 amendments to SBREFA also included a congressional reporting requirement.

Findings

Our results indicate that the Board was not consistent in developing or updating small entity compliance guides in accordance with SBREFA requirements. In addition, the Board's compliance guides did not consistently provide clear guidance to small entities explaining how to comply with certain rules or when the requirements of the specific rule would be satisfied. Instead, many of the guides merely restated and summarized each section of the rule.

We also evaluated the Board's compliance with the annual congressional reporting requirement to describe the status of the agency's compliance with the small entity compliance guide requirements created by the 2007 amendments to SBREFA. We requested, but did not receive, any documentation evidencing that the annual congressional reporting requirement had been satisfied.

Recommendations

We recommend that the Board establish centralized oversight and a standard method or approach for creating small entity compliance guides. We also recommend that the Board begin submitting the annual reports describing the agency's compliance with small entity compliance guide requirements to the relevant congressional committees as required by section 212(a)(6) of SBREFA, as amended. Management concurred with our recommendations and stated that it will take steps to implement the recommendations.

Access the full report: http://www.federalreserve.gov/oig/files/FRB_SBREFA_compliance_full_Jul2013.pdf

For more information, contact the OIG at 202-973-5000 or visit www.federalreserve.gov/oig.