



Office of Inspector General

Board of Governors of the Federal Reserve System
Bureau of Consumer Financial Protection

Executive Summary, 2018-SR-B-013, September 5, 2018

Knowledge Management for the Board's Comprehensive Liquidity Analysis and Review Is Generally Effective and Can Be Further Enhanced

Findings

The Comprehensive Liquidity Analysis and Review (CLAR) program's knowledge management practices generally align with many of the leading practices described in the academic studies and *Harvard Business Review* articles we reviewed related to preserving and transferring institutional knowledge. For example, CLAR leadership has fostered a culture that prioritizes knowledge management; CLAR teams practice regular team-based collaboration; and the CLAR program uses an information-sharing application to capture, store, and share institutional knowledge. As a result, the CLAR program appears to preserve and maintain institutional knowledge related to supervisory findings and fosters effective collaboration across the three pillars, the dedicated teams, and the horizontal teams.

Although the CLAR program has generally effective knowledge management practices, the practices can be further strengthened by (1) increasing CLAR program employees' awareness of management's office hours, during which they can discuss the rationale for decisions made during the CLAR letter-writing process; (2) formalizing employee onboarding procedures; and (3) standardizing the CLAR Steering Committee's approach to meeting minutes.

Recommendations

Our report contains recommendations designed to further enhance the CLAR program's knowledge management practices. In its response to our draft report, the Board concurs with our recommendations and outlines actions to address each recommendation. We will follow up to ensure that the recommendations are fully addressed.

Purpose

We conducted this evaluation to assess the Federal Reserve System's knowledge management processes, practices, and systems in support of the CLAR program.

Background

Through the CLAR program, the Federal Reserve System conducts a horizontal supervisory assessment of liquidity risk and risk management practices across Large Institution Supervision Coordinating Committee firms. The horizontal component of the CLAR program is divided into three pillars covering the various topics necessary for assessing each firm's liquidity position and liquidity risk management practices. Each pillar executes a distinct component of the CLAR program. The results from each pillar contribute to an assessment that includes each firm's final liquidity rating and overall liquidity assessment.