



## **Executive Summary:**

# **The Board Can Strengthen Its Guidance and Planning Efforts for Future Evaluations of the Law Enforcement Unit**

2017-MO-B-013

August 16, 2017

### **Purpose**

As part of our external oversight function duties for the Board of Governors of the Federal Reserve System's (Board) Law Enforcement Unit (LEU), we conducted an evaluation of the Board Internal Oversight Committee's (IOC) evaluation of the Board's LEU. Our objective was to assess the Board IOC's 2015 evaluation of the LEU's compliance with the *Uniform Regulations for Federal Reserve Law Enforcement Officers (Uniform Regulations)* and internal policies and procedures.

### **Background**

The *Uniform Regulations* establishes basic policies and procedures governing the exercise of federal law enforcement authority throughout the Federal Reserve System. The *Uniform Regulations* requires the Board LEU and each Federal Reserve Bank LEU to establish an IOC with inspection and evaluation responsibilities. In addition, the *Uniform Regulations* designates the Board's Office of Inspector General as responsible for performing the external oversight function for the Board LEU.

In October 2015, the Board IOC conducted an evaluation of the Board LEU in accordance with the *Uniform Regulations*. The IOC found that the LEU complied with all aspects of the *Uniform Regulations*, had effective controls in place, and maintained adequate supporting documentation.

### **Findings**

We found that the IOC did not provide the individuals who conducted the October 2015 evaluation of the Board LEU with guidance on documenting the testing performed or the basis for all conclusions. As a result, we did not have sufficient documentation to enable us to fully assess the IOC's evaluation of the LEU's compliance with the *Uniform Regulations* and internal policies and procedures. We also found that the IOC does not have detailed written guidance to ensure that evaluations are consistently and effectively conducted. Additionally, the IOC has not finalized a plan for identifying and securing resources with the requisite background and expertise to conduct future evaluations.

### **Recommendations**

Our report contains recommendations to improve the IOC's inspection and evaluation process. Our recommendations are designed to help ensure that evaluations are thoroughly documented and consistently conducted and that appropriate resources are available for future reviews. In his response to our draft report, the Chief Operating Officer generally concurs with our recommendations and describes actions the Board will take to address our recommendations.