

104TH CONGRESS
2D SESSION

S. 1993

To require certain expenditures by the Federal Reserve System to be made subject to congressional appropriations, to prohibit the maintenance of surplus accounts by Federal reserve banks, to provide for annual independent audits of Federal reserve banks, to apply Federal procurement regulations to the Federal Reserve System, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 26, 1996

Mr. DORGAN (for himself and Mr. REID) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To require certain expenditures by the Federal Reserve System to be made subject to congressional appropriations, to prohibit the maintenance of surplus accounts by Federal reserve banks, to provide for annual independent audits of Federal reserve banks, to apply Federal procurement regulations to the Federal Reserve System, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Federal Reserve Fiscal
3 Responsibility Act of 1996”.

4 **SEC. 2. NON-MONETARY POLICY SPENDING SUBJECT TO**
5 **CONGRESSIONAL APPROPRIATIONS.**

6 (a) DETERMINATION BY COMPTROLLER GENERAL.—

7 (1) IN GENERAL.—The Comptroller General of
8 the United States, in consultation with the Board,
9 shall specifically identify the functions and activities
10 of the Board and of each Federal reserve bank that
11 are related to the establishment and conduct of the
12 monetary policy of the United States.

13 (2) REPORT.—Not later than April 30, 1997,
14 the Comptroller General of the United States shall
15 submit a report to the Congress containing the in-
16 formation referred to in paragraph (1).

17 (b) CERTAIN SPENDING SUBJECT TO APPROPRIA-
18 TIONS.—After September 30, 1997, all expenditures by
19 the Board or any Federal reserve bank shall be made only
20 as provided in advance in an appropriations Act, except
21 that funds to pay expenditures related to the establish-
22 ment and conduct of monetary policy, as identified under
23 subsection (a), shall not be subject to appropriations in
24 advance.

25 (c) ANNUAL REPORT.—The Comptroller General of
26 the United States shall submit an annual report to the

1 Congress on the compliance of the Federal Reserve Sys-
 2 tem with the requirements of this section.

3 **SEC. 3. TREATMENT OF SURPLUS ACCOUNT.**

4 (a) TERMINATION OF SURPLUS ACCOUNT AUTHOR-
 5 IZATION.—

6 (1) AMENDMENTS TO THE FEDERAL RESERVE
 7 ACT.—Section 7(a) of the Federal Reserve Act (12
 8 U.S.C. 289) is amended—

9 (A) in the subsection heading, by striking
 10 “AND SURPLUS FUNDS”;

11 (B) by striking paragraphs (2) and (3);

12 (C) in paragraph (1)—

13 (i) by striking “(1) STOCKHOLDER
 14 DIVIDENDS.—”; and

15 (ii) by redesignating subparagraphs
 16 (A) and (B) as paragraphs (1) and (2), re-
 17 spectively, and moving the margins 2 ems
 18 to the left; and

19 (D) in paragraph (2), as redesignated, by
 20 striking “subparagraph (A)” and inserting
 21 “paragraph (1)”.

22 (2) RETURN OF FUNDS.—Not later than 30
 23 days after the date of enactment of this Act, each
 24 Federal reserve bank shall transfer to the Board for
 25 transfer to the Secretary of the Treasury for deposit

1 in the general fund of the Treasury, all funds held
 2 on the date of enactment of this Act by that Federal
 3 reserve bank in a surplus account established under
 4 section 7(a) of the Federal Reserve Act (as that sec-
 5 tion existed on the day before the date of enactment
 6 of this Act).

7 (b) DETERMINATION BY COMPTROLLER GENERAL.—

8 (1) IN GENERAL.—The Comptroller General of
 9 the United States shall determine what percentage,
 10 if any, of the net earnings of the Federal reserve
 11 banks should be transferred on an annual basis to
 12 the Secretary of the Treasury for deposit in the gen-
 13 eral fund of the Treasury.

14 (2) REPORT.—Not later than 6 months after
 15 the date of enactment of this Act, the Comptroller
 16 General of the United States shall report its deter-
 17 mination under paragraph (1) to the Congress, to-
 18 gether with any recommendations for necessary leg-
 19 islative action.

20 **SEC. 4. ANNUAL INDEPENDENT AUDITS.**

21 (a) AUDIT REQUIRED.—Each Federal reserve bank
 22 shall annually obtain an audit from an independent audi-
 23 tor using generally accepted auditing standards.

24 (b) AUDITOR'S QUALIFICATIONS.—The independent
 25 auditor referred to in subsection (a) shall—

1 (1) be a certified public accountant who is inde-
2 pendent of the Federal reserve bank; and

3 (2) meet any other qualifications that the
4 Board may establish.

5 (c) CERTIFICATION REQUIRED.—In each audit re-
6 quired under subsection (a), the auditor shall certify,
7 under penalty of perjury—

8 (1) that the auditor is a certified public ac-
9 countant and is independent of the Federal Reserve
10 System; and

11 (2) that the auditor conducted the audit using
12 generally accepted auditing standards.

13 (d) CERTIFICATION BY FEDERAL RESERVE BANK.—
14 Not later than 30 days after the completion of each audit
15 required under subsection (a), the Federal reserve bank
16 shall provide to the Comptroller General of the United
17 States—

18 (1) a certification, under penalty of perjury,
19 that—

20 (A) the Federal reserve bank has obtained
21 the audit required under subsection (c);

22 (B) the Federal reserve bank has received
23 the certifications of the auditor required under
24 paragraph (1); and

1 (C) the audit fully complies with sub-
 2 section (a); and

3 (2) proof that the Federal reserve bank and the
 4 Board have each received a copy of the audit report.

5 (e) REPORT TO BOARD.—Each Federal reserve bank
 6 shall submit a copy of the audit conducted under this sec-
 7 tion to the Board, or an independent auditor designated
 8 by the Board.

9 (f) AUDIT OF FEDERAL RESERVE SYSTEM.—The
 10 Board, in consultation with the Comptroller General of the
 11 United States, shall annually obtain an audit of the com-
 12 bined financial statements of all Federal reserve banks
 13 from an independent auditor, using generally accepted ac-
 14 counting standards, based on reports of audits submitted
 15 to the Board under subsection (d).

16 **SEC. 5. APPLICABILITY OF FEDERAL PROCUREMENT PRO-**
 17 **CEDURES.**

18 (a) APPLICABILITY.—The following provisions of law
 19 apply to the Board and to each Federal reserve bank as
 20 if the Board and such banks were executive agencies for
 21 the purposes of such provisions of law:

22 (1) Title III of the Federal Property and Ad-
 23 ministrative Services Act of 1949 (41 U.S.C. 251 et
 24 seq.).

1 (2) Title IX of the Federal Property and Ad-
 2 ministrative Services Act of 1949 (40 U.S.C. 541 et
 3 seq.).

4 (3) The Office of Federal Procurement Policy
 5 Act (41 U.S.C. 401 et seq.).

6 (4) The Information Technology Management
 7 Reform Act of 1996 (division E of Public Law 104–
 8 106; 40 U.S.C. 1401 et seq.).

9 (b) EFFECTIVE DATE.—This section shall become ef-
 10 fective on October 1, 1996.

11 **SEC. 6. DEFINITIONS.**

12 For purposes of this Act—

13 (1) the term “Board” means the Board of Gov-
 14 ernors of the Federal Reserve System; and

15 (2) the term “Federal reserve bank” has the
 16 same meaning as in the third undesignated para-
 17 graph of section 1 of the Federal Reserve Act.

○