

ETHICS PROGRAM INSPECTION REPORT

Agency: Federal Reserve System – Board of Governors (Board)

Report No.: 22-29I

Date: May 12, 2022

Period Covered by Review: January 1, 2021 through December 31, 2021

**UNITED STATES OFFICE OF
GOVERNMENT ETHICS**
Preventing Conflicts of Interest
in the Executive Branch

1.0	AGENCY DATA	
	EMPLOYEES	
1.1	Number of full-time agency employees.	2,966
1.2	Number of Presidentially appointed, Senate-confirmed (PAS) public financial disclosure reports required to be filed.	5
1.3	Number of non-PAS public financial disclosure reports required to be filed.	275
1.4	Number of confidential financial disclosure reports required to be filed.	1,378
	ETHICS PROGRAM	
1.5	Title of Designated Agency Ethics Official (DAEO).	Deputy Associate General Counsel
1.6	Grade level of DAEO.	0 – Officer (SES Equivalent)
1.7	Title of Alternate DAEO (ADAEO).	Senior Counsel
1.8	Grade level of ADAEO.	FR-30 (GS-15 Equivalent)
1.9	Title of the primary, day-to-day ethics program administrator.	Deputy Associate General Counsel
1.10	Grade level of the primary, day-to-day ethics program administrator.	0 – Officer (SES Equivalent)
1.11	Current number of full-time ethics officials.	2
1.12	Current number of part-time ethics officials.	1
1.13	Number of reporting levels between the DAEO and the agency head.	2
	COMMENTS	
	None	

2.0	FEDERAL OPEN MARKET COMMITTEE POLICY	
	COMPLIANCE REQUIREMENTS	
2.1	An agency may modify or supplement the Standards of Conduct, with the concurrence of OGE, to meet the particular needs of that agency. A supplemental standards of conduct regulation is issued jointly by the agency and OGE and is published in title 5 of the Code of Federal Regulations. <i>See</i> Executive Order 12674 §301(a), 5 C.F.R. § 2635.105, and 5 C.F.R. § 2638.108.	
	COMMENTS	
	<p>On February 18, 2022, the Federal Open Market Committee (FOMC) announced that it had adopted a new comprehensive policy (FOMC Policy) addressing the investment and trading activity of senior officials. Under the FOMC Policy, senior Federal Reserve officials would be prohibited from purchasing individual stocks or sector funds; holding investments in individual bonds, agency securities, cryptocurrencies, commodities, or foreign currencies; entering into derivatives contracts; and engaging in short sales or purchasing securities on margin. Additionally, senior Federal Reserve officials would be required to provide 45 days' non-retractable notice for purchases and sales of securities, obtain prior approval for such transactions, and hold investments for at least one year.</p> <p>OGE appreciates the Board's commitment to promoting a culture of high ethical standards and interest in promulgating rules to enforce those standards. However such restrictions must be promulgated jointly with OGE.</p> <p>Because of the critical goals of the FOMC Policy, OGE recommends that the Board consult with OGE to jointly issue a supplemental regulation to accomplish the goals of the FOMC policy. Recognizing the importance of a quick resolution to this issue OGE stands ready to facilitate the necessary actions.</p>	

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3.0	LEADERSHIP			
	COMPLIANCE REQUIREMENTS	Yes	No	N/A
3.1	OGE has received an up-to-date designation from the agency head naming the DAEO. <i>See</i> 5 C.F.R. § 2638.107(a).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.2	OGE has received an up-to-date designation from the agency head naming the ADAEO. <i>See</i> 5 C.F.R. § 2638.107(a).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	COMMENTS			
	None			

4.0	PUBLIC FINANCIAL DISCLOSURE (OGE Form 278e, OGE Form 278-T)			
	COMPLIANCE REQUIREMENTS	Yes	No	N/A
	The agency has written policies and procedures in place governing: <i>See</i> 5 U.S.C. app. IV, § 402(d)(1).			
4.1	• Collection of public financial disclosure reports.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.2	• Review/evaluation of public financial disclosure reports.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.3	• Public availability of public financial disclosure reports.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.4	The agency can demonstrate that late filing fees are collected or, where appropriate, waivers are issued when public filers do not timely file financial disclosure reports.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.5	Public financial disclosure reports are securely maintained. <i>See</i> OGE/GOVT-1.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.6	Public financial disclosure reports are retained in accordance with the retention requirements. <i>See</i> 5 C.F.R. § 2634.603(g)(1).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.7	There is reasonable assurance that the lead human resources official or designee promptly (no later than 15 days after appointment) notifies the DAEO of all appointments to positions that require incumbents to file public financial disclosure reports. <i>See</i> 5 C.F.R. § 2638.105(a)(1).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.8	There is reasonable assurance that the lead human resources official or designee promptly (no later than 15 days after termination) notified the DAEO of terminations of employees in positions that require incumbents to file public financial disclosure reports. <i>See</i> 5 C.F.R. § 2638.105(a)(2).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	DATA ANALYSIS	%		
4.9	Percentage of sampled non-PAS new entrant reports filed timely. <i>See</i> 5 C.F.R. § 2634.201(b).	100%		
4.10	Percentage of sampled non-PAS annual reports filed timely. <i>See</i> 5 C.F.R. § 2634.201(a).	88%		
4.11	Percentage of sampled non-PAS termination reports filed timely. <i>See</i> 5 C.F.R. § 2634.201(e).	100%		
4.12	Percentage of sampled non-PAS public financial disclosure reports reviewed within 60 days of receipt. <i>See</i> 5 C.F.R. § 2634.605(a).	98%		
4.13	Percentage of sampled non-PAS public financial disclosure reports certified within 60 days of receipt. <i>See</i> 5 C.F.R. § 2634.605(a).	98%		
4.14	Percentage of sampled PAS annual reports filed timely. <i>See</i> 5 C.F.R. § 2634.201(a).	100%		
4.15	Percentage of sampled PAS termination reports filed timely. <i>See</i> 5 C.F.R. § 2634.201(e).	N/A		
4.16	Percentage of sampled PAS annual and termination reports reviewed within 60 days of receipt. <i>See</i> 5 C.F.R. § 2634.605(a).	100%		
4.17	Percentage of sampled PAS annual and termination reports certified within 60 days of receipt. <i>See</i> 5 C.F.R. § 2634.605(a).	100%		
	COMMENTS			
	4.15 No PAS official was required to file a termination report during the period covered by the inspection.			

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5.0 CONFIDENTIAL FINANCIAL DISCLOSURE				
	COMPLIANCE REQUIREMENTS	Yes	No	N/A
	The agency has written policies and procedures in place governing: <i>See</i> 5 U.S.C app. IV, § 402(d)(1).			
5.1	• Collection of confidential financial disclosure reports.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.2	• Review/evaluation of confidential financial disclosure reports.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.3	Confidential financial disclosure reports are securely maintained. <i>See</i> OGE/GOVT-2.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.4	Confidential financial disclosure reports are retained in accordance with the retention requirements. <i>See</i> 5 C.F.R. § 2634.604.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.5	The agency's OGE-approved alternative confidential financial disclosure system complies with plans approved by OGE. <i>See</i> 5 C.F.R. § 2634.905(a).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.6	There is reasonable assurance that the lead human resources official or designee promptly (no later than 15 days after appointment) notifies the DAEO of all appointments to positions that require incumbents to file confidential financial disclosure reports. <i>See</i> 5 C.F.R. § 2638.105(a)(1).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	DATA ANALYSIS	%		
5.7	Percentage of sampled confidential new entrant reports filed timely. <i>See</i> 5 C.F.R. § 2634.903(b).	88%		
5.8	Percentage of sampled confidential annual reports filed timely. <i>See</i> 5 C.F.R. § 2634.903(a).	88%		
5.9	Percentage of sampled reports reviewed within 60 days of receipt. <i>See</i> 5 C.F.R. § 2634.605(a).	99%		
5.10	Percentage of sampled confidential financial disclosure reports certified within 60 days of receipt. <i>See</i> 5 C.F.R. §§ 2634.605(a) and 2634.909(a).	99%		
	COMMENTS			
	None			

6.0 NOTICES TO PROSPECTIVE EMPLOYEES				
	COMPLIANCE REQUIREMENTS	Yes	No	N/A
	Written offers of employment for positions covered by the Standards of Conduct provide: <i>See</i> 5 C.F.R. § 2638.303.			
6.1	• A statement regarding the agency's commitment to government ethics.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.2	• Notice that the individual will be subject to the Standards of Conduct and the criminal conflict of interest statutes as an employee.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.3	• Contact information for an appropriate agency ethics office or an explanation of how to obtain additional information on applicable ethics requirements.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.4	• Where applicable, notice of the time frame for completing initial ethics training.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.5	• Where applicable, a statement regarding financial disclosure requirements and an explanation that new entrant reports must be filed within 30 days of appointment.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.6	The agency has established written procedures for issuing the notice to prospective employees. <i>See</i> 5 C.F.R. § 2638.303(c).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.7	The agency's written procedures are reviewed by the DAEO each year. <i>See</i> 5 C.F.R. § 2638.303(c).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.8	The agency can demonstrate that there is an effective process for ensuring all covered employees receive the required information with their written offer of employment. <i>See</i> 5 C.F.R. § 2638.303.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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None

7.0 NOTICES TO NEW SUPERVISORS**COMPLIANCE REQUIREMENTS****Yes****No****N/A**The agency must provide each employee upon initial appointment to a supervisory position with: *See 5 C.F.R. § 2638.306.*

7.1	• Contact information for the agency's ethics office.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.2	• The text of 5 C.F.R. § 2638.103.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.3	• A copy of, a hyperlink to, or the address of a Web site containing the Principles of Ethical Conduct.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.4	• Other information the DAEO deems necessary.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.5	The agency has established written procedures for supervisory ethics notices. <i>See 5 C.F.R. § 2638.306(d).</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.6	The agency's written procedures are reviewed by the DAEO each year. <i>See 5 C.F.R. § 2638.306(d).</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.7	The agency can demonstrate that there is an effective process for ensuring that new supervisors receive the required information within one year of appointment. <i>See 5 C.F.R. § 2638.306(b).</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

COMMENTS

None

8.0 INITIAL ETHICS TRAINING**COMPLIANCE REQUIREMENTS****Yes****No****N/A**Each new employee of the agency subject to the Standards of Conduct must complete initial ethics training. *See 5 C.F.R. § 2638.304.*

8.1	The training presentation(s) addressed concepts related to conflicts of interest, impartiality, misuse of position and gifts. <i>See 5 C.F.R. § 2638.304(e)(1).</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.2	The agency provided new employees with either the following written materials or written instruction for accessing them: The summary of the Standards of Conduct distributed by the Office of Government Ethics or an equivalent summary prepared by the agency; provisions of any supplemental agency regulation that the DAEO determines to be relevant or a summary of those provisions; such other written materials as the DAEO determines should be included; instructions for contacting the agency's ethics officials. <i>See 5 C.F.R. § 2638.304(e)(2).</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.3	The agency has established written procedures for initial ethics training. <i>See 5 C.F.R. § 2638.304(f).</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.4	The agency's written procedures are reviewed by the DAEO each year. <i>See 5 C.F.R. § 2638.304(f).</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DATA ANALYSIS**%**

8.5	Percentage of new employees who received initial ethics training. <i>See 5 C.F.R. § 2638.304.</i>	100%
8.6	Percentage of new employees who received initial ethics training within three months of appointment. <i>See 5 C.F.R. § 2638.304(b).</i>	100%

COMMENTS

None

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9.0 ANNUAL ETHICS TRAINING							
COMPLIANCE REQUIREMENTS				Yes	No	N/A	
	Each calendar year, public filers, confidential filers, and certain other employees must complete ethics training which meets specified requirements. <i>See</i> 5 C.F.R. §§ 2638.307 and 2638.308.						
9.1	The training presentation(s) addressed concepts related to financial conflicts of interest, impartiality, misuse of position and gifts. <i>See</i> 5 C.F.R. §§ 2638.307(e)(1) and 2638.308(f)(1).				<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.2	The agency provided employees with either the following written materials or written instruction for accessing them: The summary of the Standards of Conduct distributed by the Office of Government Ethics or an equivalent summary prepared by the agency; provisions of any supplemental agency regulation that the DAEO determines to be relevant or a summary of those provisions; such other written materials as the DAEO determines should be included; instructions for contacting the agency's ethics officials. <i>See</i> 5 C.F.R. § 2638.304(e)(2).				<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.3	The agency's annual ethics training complies with the formatting requirements for public filers, confidential filers, and certain other employees. <i>See</i> 5 C.F.R. §§ 2638.307(d) and 2638.308(e).				<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.4	The agency's program for annual ethics training complies with the tracking requirements for public filers, confidential filers, and certain other employees. <i>See</i> 5 C.F.R. §§ 2638.307(f) and 2638.308(g).				<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.5	The agency can demonstrate it has an effective process for ensuring covered public filers, other than those whose pay is set at Level I or Level II of the Executive Schedule, complete live annual ethics training at least once every two years. <i>See</i> 5 C.F.R. § 2638.308(e)(2).				<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DATA ANALYSIS					Training Format		
					Live	Interactive	
	Percentage of public filers who completed annual ethics training before the end of the calendar year. <i>See</i> 5 C.F.R. § 2638.308(a).						
9.6	• Executive Schedule Level I and Level II. <i>See</i> 5 C.F.R. § 2638.308(e)(1).				100%	N/A	
9.7	• Other PAS and Equivalent. <i>See</i> 5 C.F.R. § 2638.308(e)(2).				N/A	N/A	
9.8	• SES and Equivalent. <i>See</i> 5 C.F.R. § 2638.308(e)(3).				N/A	100%	
	Percentage of confidential filers and certain other employees who completed annual ethics training before the end of the calendar year. <i>See</i> 5 C.F.R. § 2638.307(a)(d).						
9.9	• Employees required to file an annual confidential financial disclosure report. <i>See</i> 5 C.F.R. § 2638.307(a)(1).				N/A	100%	
9.10	• Employees appointed by the President. <i>See</i> 5 C.F.R. § 2638.307(a)(2).				N/A	N/A	
9.11	• Employees of the Executive Office of the President. <i>See</i> 5 C.F.R. § 2638.307(a)(2).				N/A	N/A	
9.12	• Contracting officers described in 41 U.S.C. § 2101. <i>See</i> 5 C.F.R. § 2638.307(a)(3).				100%	N/A	
9.13	• Other employees designated by the head of the agency. <i>See</i> 5 C.F.R. § 2638.307(a)(4).				N/A	100%	
COMMENTS							
None							

10.0 ETHICS ADVICE AND COUNSELING							
COMPLIANCE REQUIREMENT				Yes	No	N/A	
10.1	Based on a sample collected by OGE, guidance provided by agency ethics officials to employees appears to be consistent with applicable laws and regulations. <i>See</i> 5 C.F.R. § 2638.104(c)(4).				<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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None

11.0 SPECIAL GOVERNMENT EMPLOYEES (SGE) SERVING ON ADVISORY COMMITTEES AND BOARDS**Confidential Financial Disclosure**

11.1	Number of SGEs serving on Advisory Committees and Boards.	0
	DATA ANALYSIS	%
11.2	Percentage of sampled confidential new entrant reports filed timely. <i>See</i> 5 C.F.R. § 2634.903(b).	N/A
11.3	Percentage of sampled reports reviewed within 60 days of receipt but not later than the SGE's first meeting. <i>See</i> 5 C.F.R. § 2634.605(a).	N/A
11.4	Percentage of sampled reports certified within 60 days of receipt. <i>See</i> 5 C.F.R. § 2634.605(a).	N/A

Ethics Training

	COMPLIANCE REQUIREMENTS	Yes	No	N/A
	Required ethics training must be provided to each SGE. <i>See</i> 5 C.F.R. §§ 2638.304 and 2638.307.			
11.5	The training presentation(s) addressed concepts related to conflicts of interest, impartiality, misuse of position and gifts. <i>See</i> 5 C.F.R. § 2638.304(e)(1).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11.6	The agency provided employees with either the following written materials or written instruction for accessing them: The summary of the Standards of Conduct distributed by the Office of Government Ethics or an equivalent summary prepared by the agency; provisions of any supplemental agency regulation that the DAEO determines to be relevant or a summary of those provisions; such other written materials as the DAEO determines should be included; instructions for contacting the agency's ethics officials. <i>See</i> 5 C.F.R. § 2638.304(e)(2).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	DATA ANALYSIS	%		
11.7	Percentage of SGEs who received initial ethics training. <i>See</i> 5 C.F.R. § 2638.304.	N/A		
11.8	Percentage of SGEs who received initial ethics training timely. <i>See</i> 5 C.F.R. § 2638.304(b)(2).	N/A		
11.9	Percentage of SGEs who received annual ethics training. <i>See</i> 5 C.F.R. § 2638.307(d)(2).	N/A		
	COMMENTS			
	The FRB does not have any SGEs.			

RECOMMENDATIONS

#	Element	RECOMMENDATION	Compliance Due
1	2.1	<u>RECOMMENDATION:</u> OGE appreciates FRB's collaborative spirit of partnership in implementing the most effective controls possible to prevent conflicts of interest. OGE recommends that FRB continue to engage with OGE's Ethics Law and Policy Branch to ensure the substantive provisions of the Federal Open Market Committee Policy are included in a jointly issued supplemental Standards of Conduct regulation.	