



H.R. 459 – “Audit the Fed” FACT SHEET

- **The Committee on Oversight and Government Reform [reported the bill on June 27 on a bipartisan, unanimous, voice vote.](#)**
- **H.R. 459 would allow GAO to conduct a full audit of the Fed**
 - H.R. 459 would remove four restrictions on GAO audits of the Federal Reserve that pertain to monetary policy, allowing for full Fed transparency.
 - Currently the GAO cannot audit:
 - Transactions for or with foreign central banks, governments, and international organizations (e.g. IMF).
 - Deliberations, decisions, or actions on monetary policy matters.
 - Federal Open Market Committee transactions.
 - Discussions or communications of the Fed related to the above. *[Source: 31 U.S.C. 714(b)]*
- **H.R. 459 would require a one-time audit to be completed by GAO and a report submitted to Congress within 12 months of enactment**
 - Additional audits can be performed in future without restrictions on what GAO can examine.
- **The Fed should be accountable to Congress, which has delegated to the Fed its constitutional authority to regulate the money supply, but Congress is prohibited under current law from looking into how the Fed manages that authority.**
 - Since the 2008 financial crisis, **the Fed has tripled its balance sheet to \$3 trillion, equivalent to 20% of the economy,**

through an unprecedented series of bailouts and economic interventions.

- **The Fed lent out nearly \$16 trillion** over the course of the financial crisis—more than the size of the entire economy. *[Sources: Federal Reserve Statistical Release, H.4.1; GAO Report GAO-11-696]*
- These policy choices by the Fed affect every American and therefore Congress, as the people’s elected representatives, has a responsibility to review them.
- **Facts on bipartisan support for H.R. 459**
 - 320 cosponsors in the 111th Congress – every Republican plus over 140 Democrats.
 - More than 35 Democratic cosponsors in the 112th Congress.

MYTHS vs. FACTS

MYTH: The Fed is already audited

- Some limited audits of various Fed actions have been conducted, but its monetary policy operations, emergency lending, and operations with foreign central banks have never been audited.
- The Fed's financial statements are audited annually, but its balance sheet is not, since GAO is prohibited from auditing monetary policy operations and lending to central banks on the balance sheet.

MYTH: The Fed is already transparent

- The Fed has made great strides but is still not fully transparent.
- Monetary policy operations and agreements with foreign central banks make up the bulk of its operations, but are exempt from audit.
 - As GAO said in the 1970s with regards to restrictions on auditing monetary policy: “We do not see how we can satisfactorily audit the Federal Reserve System without authority to examine the largest single category of financial transactions and assets that it has.”

[Source: GAO testimony before House Committee on Government Operations, Subcommittee on Commerce, Consumer, and Monetary Affairs, March 2, 1977]

MYTH: H.R. 459 will harm the Fed's independence

- The Fed will remain independent in setting monetary policy under H.R. 459, but it will no longer be independent of congressional oversight.

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