Executive Summary:

Opportunities Exist to Achieve Operational Efficiencies in the Board's Management of Information Technology Services

Purpose

Our audit objective was to determine how information technology (IT) services are managed across the divisions of the Board of Governors of the Federal Reserve System (Board) and identify areas where operational efficiencies could be achieved.

Background

The Board relies on a variety of IT services to accomplish its mission. The Board has developed a strategic framework for 2012–2015 that highlights as key priorities the achievement of operational efficiencies and the reduction of costs. In support of these strategic priorities, the Board recently completed a survey of the scope and costs of IT services performed by individual divisions.

Findings

We identified three challenges that could hinder the Board's ability to achieve operational efficiencies and cost savings in its management of IT services. First, we found that Board divisions do not track costs for IT services in a consistent manner. Second, we found that over half of Board divisions perform their own applications development and help-desk activities, often utilizing differing processes, procedures, and tools. Third, we found that the Board has not completed actions to define IT standards, services, and technologies currently in use across Board divisions; those needed to meet future goals and objectives; and a plan to transition to the future state. A key contributing cause of our findings is the Board's decentralized governance structure for managing IT services.

Recommendations

To assist the Board in achieving operational efficiencies in its management of IT services, we recommend that the Director of the Division of Information Technology (Division of IT) work with the Chief Operating Officer and the Division of Financial Management to identify and define specific cost centers for IT in consultation with Board divisions and implement a consistent process to account for and track costs for IT services across Board divisions. We also recommend that the Director of the Division of IT implement across Board divisions a common systems development life cycle policy and associated procedures. Finally, we suggest that the Director of the Division of IT work with Board divisions to identify IT standards, services, and technologies currently in use across Board divisions and those needed to meet future strategic goals and objectives, and then define a transition plan. The Director of the Division of IT concurred with our recommendations and outlined actions that have been taken or will be implemented to address our recommendations.