



## Office of Inspector General

Board of Governors of the Federal Reserve System  
Bureau of Consumer Financial Protection

Executive Summary, 2022-IT-B-006, March 23, 2022

# The Board Can Strengthen Inventory and Cybersecurity Life Cycle Processes for Cloud Systems

## Findings

Overall, we found that the Board of Governors of the Federal Reserve System has established an information systems security life cycle that consists of several steps intended to ensure that cybersecurity risks for all systems, including those that are cloud based, are adequately managed. However, we found that the Board's security life cycle processes are not consistently implemented for select cloud systems across the agency.

Specifically, we found that while the Board has established the Cloud Resource Center to provide a central location for agency staff to obtain information on cloud policies and technologies in use, the inventory of cloud systems maintained by the Cloud Resource Center is incomplete. We also found that the Board had not developed a process to ensure that the Federal Risk and Authorization Management Program (FedRAMP) Project Management Office has an accurate inventory of the FedRAMP-approved systems used by the Board.

Further, we identified opportunities to ensure that the Board's cybersecurity life cycle processes are consistently implemented in the areas of assessment and authorization and monitoring for select cloud systems.

## Recommendations

This report includes three recommendations designed to strengthen the Board's cloud system inventory and cybersecurity life cycle processes. In addition, we identified three matters for management consideration related to retroactive architectural reviews of early adopted cloud systems, obtaining awareness of cloud service providers' supply chain partners, and ensuring consistent tracking of costs for cloud computing systems. In its response to our draft report, the Board concurs with our recommendations and notes that the agency has made progress in addressing them. Further, the response states that the agency will provide plans of action and milestones to address our recommendations. We will continue to monitor the Board's progress in addressing these recommendations as part of future reviews.

## Purpose

The Federal Information Security Modernization Act of 2014 requires that we perform an annual independent evaluation of the Board's information security program and practices, including testing the effectiveness of security controls for select information systems. Our specific objective was to evaluate the effectiveness of the Board's life cycle processes for ensuring that cybersecurity risks are adequately managed for cloud systems in use.

## Background

The Board is increasingly using internet-based computing services (commonly referred to as *cloud services* or *cloud technologies*) to perform its mission and to meet its information technology needs. The Board has developed a cloud strategy that emphasizes solutions that support business capabilities and opportunities for the efficient execution of the Board's mission. Specifically, the strategy states that the Board seeks to embrace cloud services to create opportunities for people to be more productive; processes to be more flexible; and information to be accessed, integrated, and analyzed more effectively.