



Executive Summary:

The Board Can Better Coordinate Its Contingency Planning and Continuity of Operations Program

2014-IT-B-018

October 30, 2014

Purpose

Our objectives were to evaluate the contingency planning and continuity of operations program (COOP) of the Board of Governors of the Federal Reserve System (Board) to ensure that the Board's contingency planning and COOP provide a coordinated strategy involving plans, procedures, and technical measures that enable the recovery of information systems, operations, and data after a disruption. In addition, we reviewed COOP-related costs in an effort to identify potential cost savings.

Background

The purpose of the Board's COOP is to ensure the continuous operation of critical missions and essential functions in any emergency. It implements emergency management policy, identifies emergency management responsibilities, and specifies procedures for the development and implementation of timely emergency responses. The COOP is vital to the Board's ability to resume operations in the event of a disaster.

The Management Division's Intelligence Coordination and Continuity Programs Unit (ICCP) manages the Board's COOP, which entails coordination with all of the Board's divisions in the development of their division-specific COOPs and combining those COOPs with the Board's enterprise-level COOP. In addition, the ICCP also coordinates the leasing of the alternate work site in conjunction with the Space Planning unit. (During our audit, in January 2014 the ICCP was reorganized and renamed the Intelligence and Resiliency Program)

Findings

Overall, we found that the Board has developed a strategy and taken a number of actions to ensure the continuous operation of critical missions and essential functions in any emergency. The Board has developed a COOP that implements emergency management policy, identifies emergency management responsibilities, and specifies procedures for the development and implementation of timely emergency responses. The Board also has dedicated COOP personnel and secured a well-equipped alternate work site.

Our audit identified areas in which the Board could improve its program in order to better ensure the timely recovery of Mission-essential Functions and systems. Specifically, we identified that the Board's ability to perform its mission during an emergency may be affected by (1) the lack of centralized governance for the Board's COOP and (2) several critical components that are missing from the Board's COOP. We also identified three areas for management consideration related to lodging of relocated Board staff, accounting for COOP-related costs, and analyzing leasing costs for the Board's contingency site.

Recommendations

Our report includes four recommendations that focus on strengthening the Board's ability to perform its Mission-essential Functions during an emergency. We recommend that the Director of the Management Division develop strategies to implement across the Board's divisions all the necessary aspects of the Board's COOP. We also recommend that the Director develop a Test, Training, and Exercise program; a reconstitution plan; and a devolution plan for the Board's COOP, in accordance with the guidance provided in Federal Continuity Directive 1.

We further recommend that the Director perform a comprehensive Business Process Analysis to identify and prioritize all the inputs and outputs that are necessary to perform the Board's Mission-essential Functions and ensure that the Board's COOP plans correctly reflect all activities, inputs and outputs, and systems that are required for the Board to resume its Mission-essential Functions. We also include matters for management consideration related to living space and COOP-related costs.

In its response to our draft report, management outlined actions that have been or will be taken to address our recommendations.