

# Open Recommendations Made to the Board of Governors of the Federal Reserve System



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We oversee the Board of Governors of the Federal Reserve System by conducting audits and evaluations of the Board's programs and operations and by making recommendations to improve economy, efficiency, and effectiveness.

Audits assess aspects of the economy, efficiency, and effectiveness of Board programs and operations and are conducted in accordance with *Government Auditing Standards*, which is issued by the comptroller general of the United States. Evaluations include program evaluations and statutorily mandated reviews of failed financial institutions supervised by the Board. Evaluations are generally focused on the effectiveness of specific programs or functions and are performed according to *Quality Standards for Inspection and Evaluation*, which is issued by the Council of the Inspectors General on Integrity and Efficiency.

Our audit and evaluation reports explain why we conducted the review and the issues we found that should be corrected or improved, and they contain specific recommendations for agency corrective action. Table 1 shows, as of September 30, 2023, the total number and status of recommendations we made to the Board by calendar year, beginning with the first year for which recommendations remain open; table 2 displays each open recommendation, organized by report. We recognize that some recommendations may require complex actions; therefore, our twice-yearly open recommendations reports to the Board include only public and nonpublic recommendations that have been open for more than 6 months. Given their sensitivity, the nonpublic recommendations are summarized.

**Table 1. Status of Recommendations for 2016–2023, as of September 30, 2023**

Status	2016	2017	2018	2019	2020	2021	2022	2023
Recommendations	40	41	57	22	43	23	30	47
Open	1	2	2	2	2	2	12	44 <sup>a</sup>
Closed	39	39	55	20	41	21	18	3
Public recommendations	30	41	37	22	43	23	28	35
Open	1	2	1	2	2	2	11	32 <sup>a</sup>
Closed	29	39	36	20	41	21	17	3
Nonpublic recommendations	10	0	20	0	0	0	2	12
Open	0	0	1	0	0	0	1	12
Closed	10	0	19	0	0	0	1	0

Note: Some reports are nonpublic because they contain sensitive information; therefore, the recommendations from these reports are also nonpublic.

<sup>a</sup> Only the recommendations that have been open for more than 6 months are reflected in the accompanying list of open recommendations.

This document provides a list of public and nonpublic recommendations we made to the Board that have been open for more than 6 months as of September 30, 2023, and their status. The status designations and their definitions are as follows:

- **Agency concurrence**—The Board stated that it plans to implement the recommendation.
- **Agency nonconcurrence**—The Board stated that it does not concur with the recommendation. We continue to believe the recommendation should be implemented and are working with the Board to reach a resolution.
- **Agency partial concurrence**—The Board stated that it does not agree with part of the recommendation. We continue to believe the recommendation should be fully implemented and are working with the Board to reach a resolution.
- **Agency action**—The Board reported that it has begun taking steps to implement the recommendation.
- **Partial implementation**—The Board reported that it has completed actions to close part of the recommendation and is taking steps to close the remaining aspects.
- **Verification in progress**—The Board reported that it has completed actions to fully close the recommendation. We are verifying that the actions address the recommendation.

For inquiries about the list of open recommendations, please contact [oig.media@frb.gov](mailto:oig.media@frb.gov) or 202-973-5043.

**Table 2. Board Recommendations Open for More Than 6 Months**

Report title	Issuance date	Recommendation	Recommendation status
<a href="#">2016 Audit of the Board's Information Security Program</a> 2016-IT-B-013	11/10/2016	1. Work with the chief operating officer to perform a risk assessment to determine which aspects of an insider threat program are applicable to other types of sensitive Board information and develop and implement an agencywide insider threat strategy for sensitive but unclassified Board information, as appropriate.	Agency action
<a href="#">The Board Can Enhance Its Cybersecurity Supervision Approach in the Areas of Third-Party Service Provider Oversight, Resource Management, and Information Sharing</a> 2017-IT-B-009	04/17/2017	1. Reiterate to financial institutions the requirement to notify their primary regulator of the existence of new service relationships, and develop a process to periodically reconcile and refresh the listing of multiregional data processing servicer firms and technology service providers.	Agency action
<a href="#">2017 Audit of the Board's Information Security Program</a> 2017-IT-B-018	10/31/2017	8. Develop, implement, and regularly update an information security continuous monitoring strategy that includes performance measures to gauge the effectiveness of related processes and provides agencywide security status.	Agency action
<a href="#">Security Control Review of the Board's Public Website</a> 2018-IT-B-008R	03/21/2018	7. The open recommendation relates to strengthening cybersecurity risk management processes.	Agency action
<a href="#">2018 Audit of the Board's Information Security Program</a> 2018-IT-B-017	10/31/2018	6. Develop and implement a process to assess the knowledge, skills, and abilities of Board staff with significant security responsibilities and establish plans to close identified gaps.	Agency action
<a href="#">2019 Audit of the Board's Information Security Program</a> 2019-IT-B-016	10/31/2019	5. Work with the Federal Reserve System to ensure that the data loss protection replacement solution a. functions consistently across the Board's technology platforms. b. supports rulesets that limit the exfiltration weaknesses we identified, to the extent practicable.	Agency action

Report title	Issuance date	Recommendation	Recommendation status
		6. Develop and implement a Boardwide process to incorporate the review of data loss protection logs into employee and contractor offboarding processes to identify any potential unauthorized data exfiltrations or access.	Agency action
<a href="#">The Board's Oversight of Its Designated Financial Market Utility Supervision Program Is Generally Effective, but Certain Program Aspects Can Be Improved</a>	03/18/2020	2. Define and document which parties at the division director and governor levels will have a role in reviewing and approving enforcement actions for designated financial market utilities.	Agency action
<a href="#">2020-FMIC-B-005</a>			
<a href="#">2020 Audit of the Board's Information Security Program</a>	11/02/2020	3. Ensure that the agency's continuous monitoring processes include the security control requirements for applicable network devices.	Agency action
<a href="#">2020-IT-B-020</a>			
<a href="#">The Board's Implementation of Enterprise Risk Management Continues to Evolve and Can Be Enhanced</a>	09/15/2021	1. Work with Board divisions to conduct an assessment of the current risk management practices and risk culture across the agency and use the results to inform the direction of the Board's enterprise risk management program.	Verification in progress
<a href="#">2021-IT-B-011</a>			
		2. Work with the administrative governor, as appropriate, to determine an optimal governance structure and associated reporting relationships for the agency's enterprise risk management program and update the Delegations of Administrative Authority accordingly.	Agency action
<a href="#">The Board Can Strengthen Inventory and Cybersecurity Life Cycle Processes for Cloud Systems</a>	03/23/2022	1. Ensure that the Cloud Resource Center's inventory of cloud projects in the configuration and production phases is comprehensive and periodically maintained.	Agency action
<a href="#">2022-IT-B-006</a>			
		2. Develop and implement a process to ensure that the Federal Risk and Authorization Management Program Program Management Office has an accurate inventory of Federal Risk and Authorization Management Program-approved cloud systems used by the Board.	Agency action

Report title	Issuance date	Recommendation	Recommendation status
		3. Ensure that the Board's information security continuous monitoring standards and associated procedures provide consistent guidance on continuous monitoring frequencies and associated documentation review requirements for cloud service providers.	Agency action
Testing Results for the Board's Software and License Asset Management Processes 2022-IT-B-008R	06/15/2022	1. The open recommendation relates to strengthening software asset management processes.	Agency action
2022 Audit of the Board's Information Security Program 2022-IT-B-013	09/30/2022	1. Ensure that risks are appropriately categorized and prioritized on the Board's cybersecurity risk register.	Agency action
The Board Can Enhance Certain Governance Processes Related to Reviewing and Approving Supervisory Proposals 2022-SR-B-017	12/07/2022	1. Develop, in consultation with the Board of Governors, a dashboard or similar tool for Board members that forecasts planned supervisory policy and guidance proposals. As part of this effort, assign responsibilities for maintaining and updating the dashboard or tool and establish a frequency for distributing the dashboard or tool.	Agency concurrence
		2. Update the Policy Issuance Processing Form template to provide guidance on how to document Board member and Board committee consultation on supervisory policy and guidance proposals.	Agency concurrence
		3. Issue internal guidance on the process for soliciting public comment on supervisory policy and guidance proposals that defines <ul style="list-style-type: none"> <li>a. the types of supervisory proposals that should be submitted for public comment.</li> <li>b. the options for soliciting public comment on a proposal.</li> <li>c. the factors that should be considered when determining whether to seek comment and, if the Board decides to solicit public comment on a supervisory proposal, which option to use.</li> <li>d. the approval process for whether and how to solicit public comment.</li> </ul>	Agency concurrence
		4. Update, in consultation with the Board of Governors, the director of the Division of Financial Stability, and the general counsel, the delegations of authority related to the stress testing program to clarify how actions should be delegated when there is no vice chair for supervision or Committee on Supervision and Regulation chair.	Agency concurrence

Report title	Issuance date	Recommendation	Recommendation status
		<p>5. Update, in consultation with the Board of Governors, the director of the Division of Supervision and Regulation, and the general counsel, the Committee on Supervision and Regulation charter to state how the committee should operate in the absence of a vice chair for supervision and a Committee on Supervision and Regulation chair, including specifying who is responsible for setting the strategic direction and priorities of the committee and developing committee meeting agendas.</p>	Agency concurrence
		<p>6. Update, in consultation with the Board of Governors, the Board Organization and Procedures policy to state who will fill the role of oversight governor for the Division of Supervision and Regulation if the Board chair has not appointed one.</p>	Agency concurrence
		<p>7. Establish a process to document Committee on Supervision and Regulation meetings, including describing what guidance or concurrence was provided to Board staff.</p>	Agency concurrence
<p><a href="#">The Board Can Enhance Enterprise Practices for Data Management Roles and Responsibilities</a></p> <p>2023-MO-B-001</p>	01/18/2023	<p>2. Develop and obtain Board Data Council approval for a Boardwide policy to facilitate the adoption of the finalized data management roles and responsibilities.</p>	Agency concurrence
		<p>3. Develop and provide training related to Boardwide data management roles and responsibilities to foster consistent messaging and expectations.</p>	Agency concurrence
		<p>4. Develop guidance for creating and managing data inventories, including roles and responsibilities and metadata standards.</p>	Agency concurrence