



Office of Inspector General

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

MEMORANDUM

DATE: December 11, 2023

TO: Winona H. Varnon
Director, Division of Management
Board of Governors of the Federal Reserve System

FROM: Michael VanHuysen 
Associate Inspector General for Audits and Evaluations

SUBJECT: OIG Memorandum Report 2023-MO-B-019R: *Results of Scoping of the Evaluation of the Board's Intelligence Programs*

Executive Summary

We initiated this evaluation in October 2022 to assess the Board of Governors of the Federal Reserve System intelligence programs' (BIP) control environment for its core business processes—including intelligence gathering, review, and dissemination; information security oversight (ISO); and insider threat program administration—to identify potential opportunities for improvement. We are issuing this memorandum report to communicate our findings and recommendations based on the results of our scoping, in part because the absence of formalized BIP policies, procedures, and documented processes limits our ability to conduct a broader assessment of the control environment.

As part of our scoping efforts, we found that the Executive Intelligence Oversight Group (EIOG) does not maintain foundational governance documents defining its purpose, roles, and responsibilities. In addition, we found that the BIP (1) has not established measurable performance objectives, (2) has not established Board-specific policies and procedures documenting the roles and responsibilities for two of its three core functions, and (3) can enhance one of its core functions with additional training. We made recommendations to address these issues.

We believe that the Board should establish foundational programmatic documentation for the BIP, such as charters, policies, and procedures, before we can fully assess the BIP's control environment. In its response to our draft report, the Board generally concurs with our recommendations and outlines actions that will be taken to address them. We intend to monitor the Board's progress in implementing our recommendations and will assess the need to conduct further evaluations in the future.

Given the sensitivity of the information in our review, this report is restricted.