



Executive Summary:

Audit of the Board's Data Center Relocation

2014-IT-B-002

February 7, 2014

Purpose

The Board of Governors of the Federal Reserve System (Board) has undertaken a project to relocate its data center from the Board's Martin Building in Washington, DC, to the Baltimore Branch of the Federal Reserve Bank of Richmond (FRB Richmond). Given the magnitude and significance of the project, we plan to monitor it as the project continues through 2015. The objective of this initial audit was to obtain information and gain an understanding of the project's scope, cost, and schedule. We plan to issue subsequent reports at key future dates.

Background

The Board's data center relocation is a major element of the third theme in the Board's *Strategic Framework 2012–15*. The data center currently resides in the Board's Martin Building, which the Board plans to completely renovate. The multiyear data center project is composed of four overlapping phases, with completion scheduled for December 2015. The Board approved an overall budget of \$201.5 million for the project and established a high-level timeline for the project. Further, FRB Richmond has designated a project manager to oversee the design and build-out of the data center, and the Board has designated several key individuals and teams to monitor and provide input into key decisions.

Findings

Overall, we observed that the Board is following a structured approach to planning the relocation of the data center, and Board staff is actively engaged in the planning and decisionmaking for the project. The Board has executed a memorandum of understanding with FRB Richmond for the construction of the new data center and is maintaining a project management team and oversight group to monitor progress and risks.

We identified two areas for which additional actions by the Board are needed to keep the project progressing to meet requirements and schedule. First, the Board has not reevaluated the overall funding for relocating the data center since initially approving the consultant's cost projection of \$201.5 million as the overall budget for the project. This figure was an initial estimate of project costs based on rough order of magnitude pricing used to analyze alternatives rather than a detailed budget for the project. Since the initial estimate, design changes have occurred. Second, the construction phase of the data center relocation project has an aggressive schedule with several identified risk areas that may impact the Martin Building renovation schedule.

Recommendations

We recommend that the Director of the Division of Information Technology reevaluate the data center relocation budget, taking into consideration the design changes that have occurred, and implement a process for updating the budget as additional cost information is available. Further, the updated budget should clearly separate build-out and operations expenses to allow for separate tracking and monitoring through the duration of the project. We also recommend that the Director of the Division of Information Technology continue to closely monitor data center relocation project schedule risks and identify and analyze possible approaches for responding to potential delays that could affect the Martin Building renovation project. In her response to our draft report, the Director of the Division of Information Technology agreed with our recommendations and outlined actions that have been taken, are underway, and are planned to address our recommendations.

Access the full report: <http://www.federalreserve.gov/oig/files/Board-Data-Center-Relocation-Feb2014.pdf>

For more information, contact the OIG at 202-973-5000 or visit <http://www.federalreserve.gov/oig>.