



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
77K Street, NE Washington, DC 20002

May 24, 2017

Employee Benefits Security Administration Performance Audit of Thrift Savings Plan
Investment Management Operations dated January 31, 2017

Audit Scope Period:

April 1, 2015 through March 31, 2016

Audit Objectives:

- Determine whether BTC implemented certain procedures to (1) promptly and accurately deposit TSP investments in the authorized investment funds; (2) properly summarize and report TSP investment transactions, including investment management fees relating to TSP investments funds, to the Federal Retirement Thrift Investment Board's (Board) Staff (Agency); (3) accurately report the daily yield on each investment fund, less authorized management fees, to the Agency; (4) invest index investment funds in a portfolio that matched the indices selected by the Board; (5) vote proxies of the C, S, and I fund investments in accordance with BTC's stated guidelines; and (6) accurately and timely process TSP investment transactions.
- Test compliance of BTC's TSP investment management operations with USC Chapter 5 Sections 8438(b), 8438(c), and 8477(c)(2) (hereinafter referred to as FERSA), CFR Title 29, Part 2509.08-2 (hereinafter referred to as Federal Regulations), Individual Prohibited Transaction Exemptions (IPTE) 92-11, 2013-05, and 2012-09, and Prohibited Transaction Class Exemptions 2002-12 and 2006-16 in the TSP F, C, S, and I Funds investment management operations (hereinafter referred to as Prohibited Transaction Exemptions).

Audit Results:

KPMG determined that for the period January 1, 2015 through December 31, 2015, BTC implemented certain procedures to (1) promptly and accurately deposit TSP investments in the authorized investment funds; (2) properly summarize and report TSP investment transactions, including investment management fees relating to the TSP investment funds, to the Agency; (3) accurately report the daily yield on each investment fund, less authorized management fees, to the Agency; (4) invest index investment funds in a portfolio that matched the indices selected by the Board; (5) vote proxies of the C, S, and I fund investments in accordance with BTC's stated guidelines; and (6) accurately and timely process TSP investment transactions. As a result of KPMG's compliance testing, KPMG did not identify any instances of noncompliance with FERSA, Federal Regulations, or Prohibited Transaction Exemptions in BTC's TSP investment management operations.

KPMG noted no prior recommendations and this audit produced no new recommendations.