



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

May 23, 2017

Employee Benefits Security Administration Performance Audit of the Thrift Savings Plan  
Account Maintenance Process dated September 22, 2016

**Audit Scope Period:**

January 1, 2015 through January 31, 2016

**Audit Objectives:**

- Determine if the Agency implemented certain procedures to: (1) accurately reflect in participant accounts contributions as elected by participants, daily valuation, and fund balances; (2) process TSP contributions, breakage, adjustments, interfund transfers, forfeitures, and forfeiture restorations promptly and accurately in individual participant accounts and in the appropriate investment fund(s); (3) accurately record account maintenance activity in the TSP accounting records; and (4) segregate and prevent contributions and transfers to beneficiary participant accounts.
- Test compliance of the TSP account maintenance process with 5 USC 8432(a), 8432(d), 8432(t), 8432(g)(1), 8432(g)(2), 8432(g)(4), 8438, 8439(a)(1), 8439(d), 8474(b)(5), and 8474(c)(8) (hereinafter referred to as FERSA), and 5 CFR 1600.18, 1600.20, 1600.23(a), 1600.23(c), 1600.23(d), 1600.31, 1600.32, 1601.12, 1601.22, 1601.33, 1603.2(c), 1603.2(d), 1605.2, 1605.12, 1605.21(b), 1645.2, 1645.5, 1650.16, 1651.19(b), and 1651.19(n) (hereinafter referred to as Agency Regulations).
- Determine the status of the prior EBSA TSP open recommendation reported in *Performance Audit of Thrift Savings Plan Account Maintenance Process as of March 13, 2014*.

## **Audit Results:**

KPMG concluded that for the period January 1, 2015 through January 31, 2016, the Agency implemented certain procedures to (1) accurately reflect in participant accounts contributions as elected by participants, daily valuation, and fund balances; (2) process TSP contributions, breakage, adjustments, interfund transfers, forfeitures, and forfeiture restorations promptly and accurately in individual participant accounts and in the appropriate investment fund(s); (3) accurately record account maintenance activity in the TSP accounting records; and (4) segregate and prevent contributions and transfers to beneficiary participant accounts. As a result of KPMG's compliance testing, KPMG did not identify any instances of noncompliance with FERSA or Agency Regulations in the TSP account maintenance process.

KPMG presented one new recommendation related to the account maintenance process:

1. Lack of certain formal procedures and system documentation. (Other Control)<sup>1</sup>

KPMG also reviewed one prior EBSA recommendation related to the TSP account maintenance process to determine their current status. That recommendation has been implemented and closed:

1. Lack of certain written policies and procedures over interfund transfers documentation. (Other Control)<sup>1</sup>

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<sup>1</sup> Other control recommendations address procedures or processes that are less significant than fundamental controls.