



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

May 23, 2017

Employee Benefits Security Administration Performance Audit of Certain Thrift Savings Plan Policies and Procedures of the Federal Retirement Thrift Investment Board Administrative Staff dated September 22, 2016

Audit Scope Period:

January 1, 2015 through December 31, 2015

Audit Objectives:

- Determine if the Agency implemented certain procedures to: (1) monitor the authorization and reasonableness of administrative expenses; (2) process newly hired employees and separating employees; (3) identify risks to the entity through an internal audit division or other mechanisms; (4) procure goods and services in accordance with federal regulations; (5) maintain a code of conduct for the procurement function; (6) monitor the receipt of services; (7) accurately record investment activity in the accounting records; (8) calculate the daily value of each fund's investments based on the net yield of the investments, less authorized administrative expenses, commissions, and fees; (9) monitor investment operations and prescribe regulations over the authorization of administrative expenses for investment management activities; and (10) monitor investment results and maintain policies to provide retirement benefits to participants and beneficiaries in accordance with federal law;
- Test compliance with 5 USC 8439(a)(3), 5 USC 8472, 5 USC 8473(a), 5 USC 8474(b)(5), 5 USC 8475, 5 USC 8477(b), 5 USC 8477(c) (hereinafter referred to as FERSA), and 5 CFR, Parts 2634.201 and 2638.705 (hereinafter referred to as Agency Regulations); and
- Determine the status of the prior EBSA TSP open recommendation reported in the *Performance Audit of Certain Thrift Savings Plan Policies and Procedures of the Federal Retirement Thrift Investment Board Administrative Staff, September 27, 2012*.

Audit Results:

KPMG concluded that for the period January 1, 2015 through December 31, 2015, the Agency implemented certain procedures to (1) monitor the authorization and reasonableness of administrative expenses; (2) process newly hired employees and separating employees; (3) identify risks to the entity through an internal audit division or other mechanisms; (4) procure goods and services in accordance with federal regulations; (5) maintain a code of conduct for the procurement function; (6) monitor the receipt of services; (7) accurately record investment activity in the accounting records; (8) calculate the daily value of each fund's investments based on the net yield of the investments, less authorized administrative expenses, commissions, and fees; (9) monitor investment operations and prescribe regulations over the authorization of administrative expenses for investment management activities; and (10) monitor investment results and maintain policies to provide retirement benefits to participants and beneficiaries in accordance with federal law. As a result of KPMG's compliance testing, KPMG did not identify any instances of noncompliance with FERSA or Agency Regulations.

KPMG presented two new recommendations related to controls over the procurement process:

1. Weaknesses in assessing personal conflicts of interest in the procurement process and retaining certificates of procurement officials. (Fundamental Control)¹
2. Lack of certain formal policies and procedures. (Other Control)

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

1. Insufficient justification of sole source contracts and improper application of Federal Acquisition Regulation. (Fundamental Control)

¹ Fundamental control recommendations address significant procedures or processes that have been designed and operate to reduce the risk that material intentional or unintentional processing errors could occur without timely detection or that assets are inadequately safeguarded against loss. Other control recommendations address procedures or processes that are less significant than fundamental controls.