

# Federal Retirement Thrift Investment Board – Thrift Savings Fund



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October 22, 2018



## Agenda

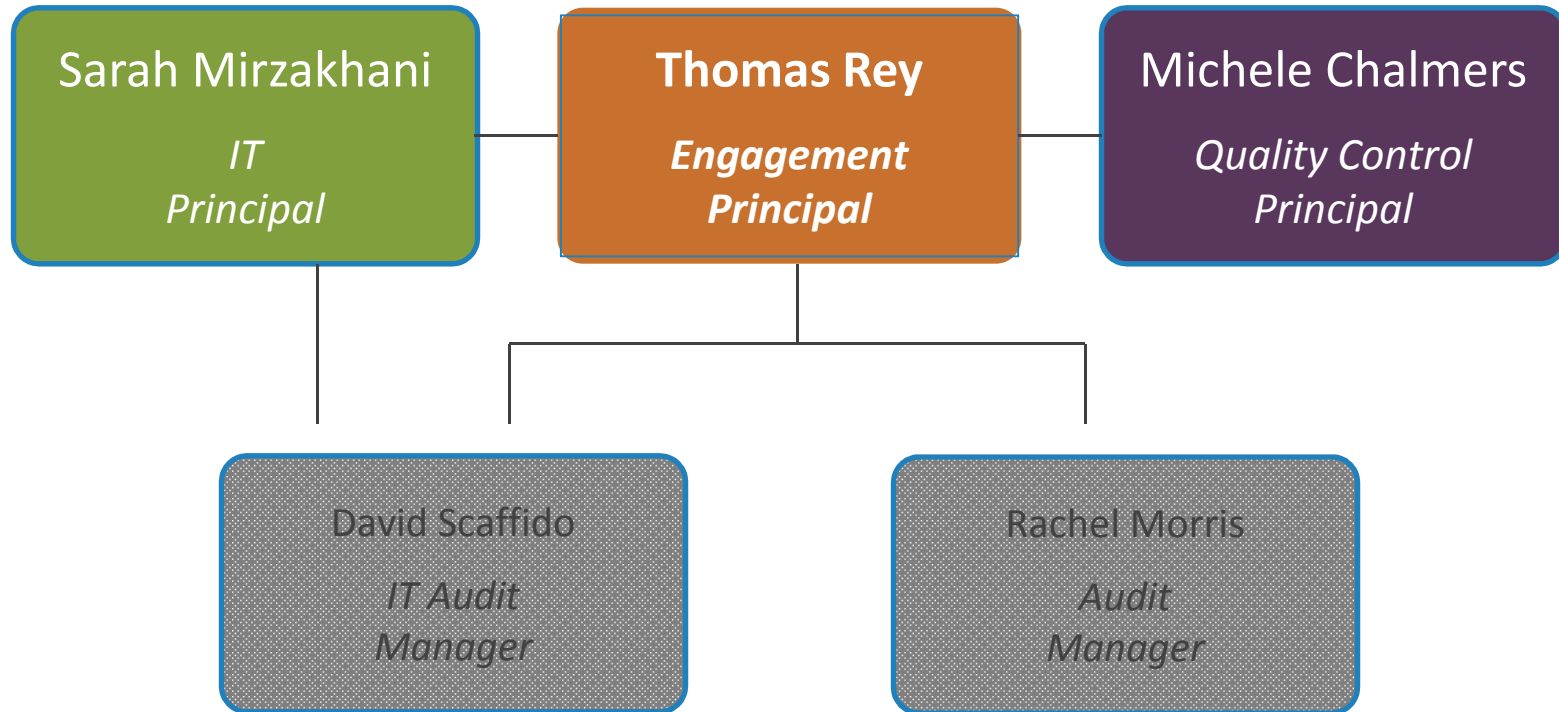
- June 30, 2018 Interim Review
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  - Engagement Team
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  - Timing of Work
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## June 30, 2018 Interim Review Engagement Team



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# June 30, 2018 Interim Review

## Scope of Services

- Review of financial statements of Thrift Savings Fund for the Six-Month Period Ended June 30, 2018
  - Conducted in accordance with standards generally accepted in the United States of America applicable to reviews of interim financial information
- Review is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America
  - Not expressing an opinion regarding the interim financial information



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## June 30, 2018 Interim Review

### Scope of Services (continued)

- Planned and performed review services to determine if any material modifications should be made to the June 30, 2018 interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America
  - ◇ Performed analyses of financial data, principally analytical procedures
  - ◇ Inquired as to changes in internal controls over financial reporting and general computer and application controls
  - ◇ Made inquiries of Agency and contractor personnel – those responsible for financial and accounting matters
  - ◇ Work performed at Agency Headquarters (Washington D.C.)



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# June 30, 2018 Interim Review Summary of Results

- Independent Auditors' Review Report
  - Not aware of any material modifications that should be made to the June 30, 2018 interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America
- No opinion on internal controls expressed
- As part of our review procedures, we updated our understanding of internal controls
  - We did not test operating effectiveness of the controls
  - We did not test any changes made to improve areas commented on in previous years



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## Status of Prior Year Findings- IT Review



## Status of Prior Recommendations

- As part of our review procedures, we updated our understanding of internal controls
  - We did not test operating effectiveness of the controls
  - We did not test any changes made to improve areas commented on in previous years
- We did update our understanding of status of prior recommendations (summarized in following table)



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## Summary – June 30, 2018 Interim Review

### Status of Prior Recommendations (continued)

Prior Comment/ Recommendation	Status per Discussions with Agency Personnel
2017-01 Unsupported Software	The Agency has removed the last Microsoft Server 2003 Operating System from the network. The Agency closed the finding in November 2017.
2017-02 Continuous Monitoring	The Agency has initiated and prioritized new rounds of Assessment and Authorization (A&A) activities in support of strengthening the overall enterprise security posture. The Agency awarded a new Security Support contract in September 2018 to provide additional support for A&A activities. Five A&A efforts are currently underway. Projected completion of reauthorization for all FRTIB systems is 2020.



## Summary – June 30, 2018 Interim Review

### Status of Prior Recommendations (continued)

Prior Comment/ Recommendation	Status per Discussions with Agency Personnel
2017-03 POA&M Remediation	The Agency has implemented a new POA&M process to ensure all new systems undergo full A&As to fully evaluate each system's control and documentation. The new POA&Ms will supersede older POA&Ms. POA&Ms will continually be reviewed on a quarterly basis by Information System Security Officers. Completion of closure efforts are projected for 2020.
2017-04 System Security Plans Updates	Security Plans for all FRTIB systems were updated and revised in August 2018. The Agency has initiated and prioritized new rounds of Assessment and Authorization (A&A) activities in support of strengthening the overall enterprise security posture. The Agency has awarded a new security support contract in September 2018 to provide additional support for A&A activities. Five A&A system are currently initiated. Projected completion of reauthorization for all FRTIB systems is 2020.
2017-05 Segregation of Duties	This finding will be addressed by the Separation of Duties Corrective Action Plan (CAP). The estimated completion date is June 2019.



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## Summary – June 30, 2018 Interim Review

### Status of Prior Recommendations (continued)

Prior Comment/ Recommendation	Status per Discussions with Agency Personnel
2017-06 Inactive Accounts	Scripts to automatically disable accounts after 90 consecutive days of inactivity have been developed and were implemented on September 21, 2018. The agency considers this issue closed.
2017-07 Audit Logging	<p>The Agency plans to develop procedures for the Security Operations Center level review and escalation of suspicious and unusual logs activity. The development phase is projected for March 29, 2019.</p> <p>The effort to address SAGE 300 requirements is stalled due to technical limitations of the application. SAGE 300 is not capable of sending logs to SPLUNK and a separate solution must be identified. The estimated closure of the issue is currently unknown.</p> <p>The work to ingest Savantage logs into SPLUNK is an on-going effort. A deployment release of Savantage from the development environment to the test environment occurred in September 2018. The estimated closure of the issue is currently unknown.</p>



## Summary – June 30, 2018 Interim Review

### Status of Prior Recommendations (continued)

Prior Comment/ Recommendation	Status per Discussions with Agency Personnel
2017-08 Interconnection Security Agreements	The Agency has documented interconnections through Interconnection Security Agreements (ISAs). The Agency is waiting for external organizations to sign 5 ISAs (out of a total of 69) in order to close the recommendation.
2017-09 Contingency Plans	The Disaster Recovery (DR) Risk Treatment Plan (RTP) has been finalized and approved by management. The DR RTP identifies gaps and provides continued effort and process in remediating and closing the gaps. The projected closure of the recommendation has not yet been established.



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## Summary – June 30, 2018 Interim Review

### Status of Prior Recommendations (continued)

Prior Comment/ Recommendation	Status per Discussions with Agency Personnel
2017-10 Disaster Recovery Testing	The Agency has updated the FRTIB Enterprise Risk Treatment Plan and the Disaster Recovery Merged Plan to align the scope and development of options for senior management decisions. Once management selects an option, the Disaster Recovery team will begin the implementation and testing phase to determine expected completion dates.
2017-11 Terminating System Access	The Agency established and approved an updated procedure for system access to be disabled within 24 hours as of February 2018. The Agency, with the support of contractors, has instituted a 24-hour Service Level Requirement (SLR) as a mechanism to enforce 24-hour disable action. The underlying issue is being addressed by the Access Control Monitoring CAP. The estimated completion date of the CAP is June 2019.



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## Summary – June 30, 2018 Interim Review

### Status of Prior Recommendations (continued)

Prior Comment/ Recommendation	Status per Discussions with Agency Personnel
2017-12 Account Review	<p>The Agency is addressing the remediation via a CAP. The CAP is expected to be completed by December 2018.</p> <p>The Agency has developed, documented, and implemented an annual user account review process for the SAGE 300 system. The most recent review was conducted in September 2018. The Agency considers this recommendation closed.</p>
2017-13 Password Settings	<p>The Agency has an approved interim password change policy to the Baseline Security Requirements as of January 24, 2018, correcting the deviations between the previous policy and the configuration settings for password age and failed logon attempts. As a result, the Agency considers this recommendation closed.</p>



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## Summary – June 30, 2018 Interim Review

### Status of Prior Recommendations (continued)

Prior Comment/ Recommendation	Status per Discussions with Agency Personnel
2017-14 Version Control	The Agency considers this recommendation closed. As of August 2018, 122 computers have the end user client version 2.1.0.4, two testing client computers utilized version 2.1.2.0, and 11 testing client computers are using version 2.1.3.1.
2017-15 Physical Control Primary Data Center	The cage enhancement project for the Pittsburgh Data Center and camera system with monitoring to hold all records for 90 days was completed on August 31, 2018. The Vienna Data Center is scheduled to have the cage and cameras completed by November 2018.



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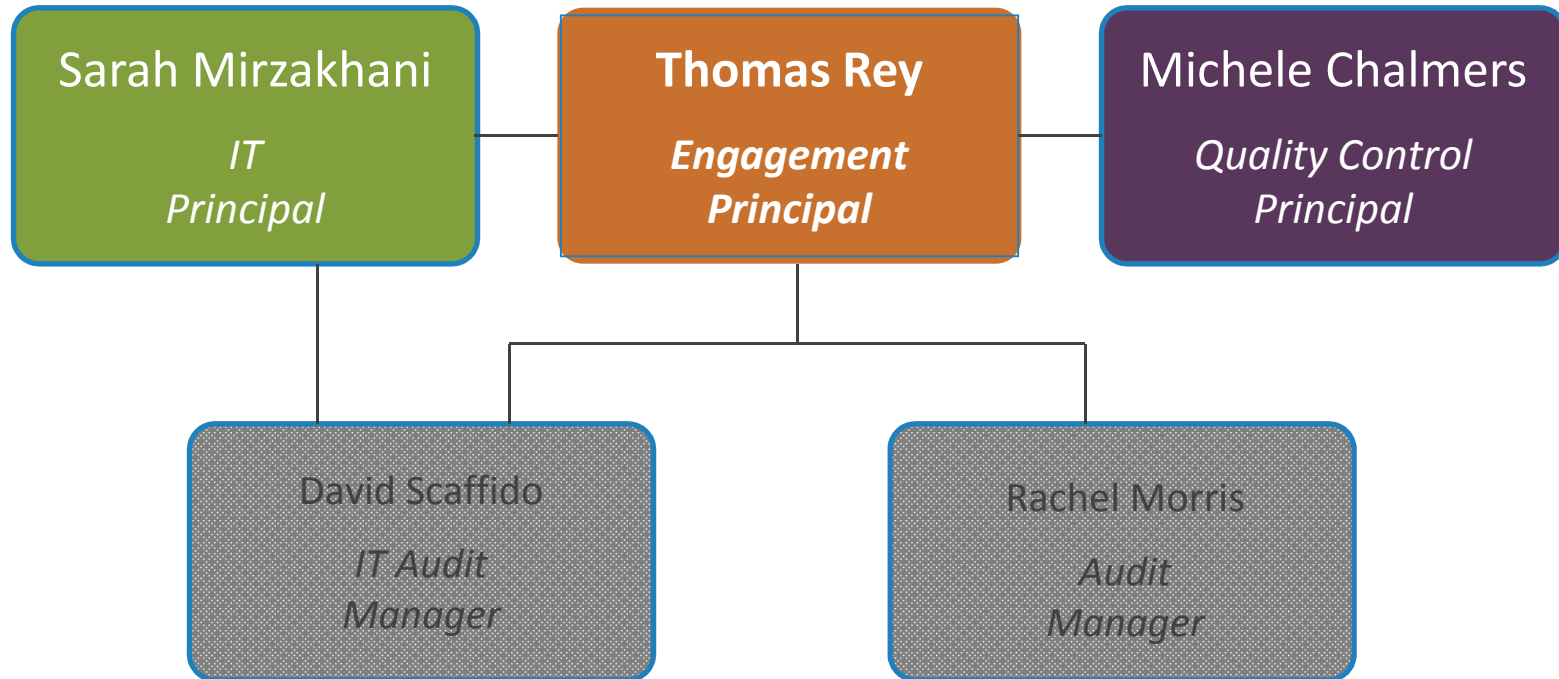
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## Year ending December 31, 2018 Audit Plan





# Audit Plan for Calendar Year 2018 Audit Engagement Team



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# Audit Plan for Calendar Year 2018 Audit

## Audit Contract

- Fifth year of 5-year audit contract

## Scope of Services

- Audit of the Thrift Savings Fund financial statements as of and for the year ended December 31, 2018
- Report on control deficiencies and other matters
- Written communications with the Board
- Ongoing consultation as needed



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# Audit Plan for Calendar Year 2018 Audit

## Scope of Services (continued)

- Auditor's responsibilities under U.S. Generally Accepted Auditing Standards (GAAS)
  - We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Federal Retirement Thrift Investment Board are presented fairly, in all material respects, in conformity with generally accepted accounting principles.
  - The audit of the financial statements does not relieve management or the Federal Retirement Thrift Investment Board of their responsibilities.
  - We are responsible for performing the audit in accordance with generally accepted auditing standards. The audit is designed to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement.
  - An audit includes consideration of internal control over financial reporting as a basis for designing appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting.
  - We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to the responsibilities of the Federal Retirement Thrift Investment Board in overseeing the financial reporting process. Auditing standards do not require us to design procedures to identify other matters to communicate with the Federal Retirement Thrift Investment Board. When applicable, we are responsible for communicating particular matters required by laws or regulations, by agreement with the entity or by additional requirements applicable to the engagement.



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# Audit Plan for Calendar Year 2018 Audit

## Timing of Work

Key Milestones	Date
Planning	November 2018
Understanding and testing of internal controls	November 2018
Substantive procedures and reporting	January 2019
Final audit reports	April 2019



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# Questions?



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