

# AUDIT STATUS / SECURITY & REMEDATION STATUS

PRESENTED BY

OFFICE OF ENTERPRISE RISK MANAGEMENT (OERM)

and

EXECUTIVE DIRECTOR

*October 22, 2018*



tsp4gov@

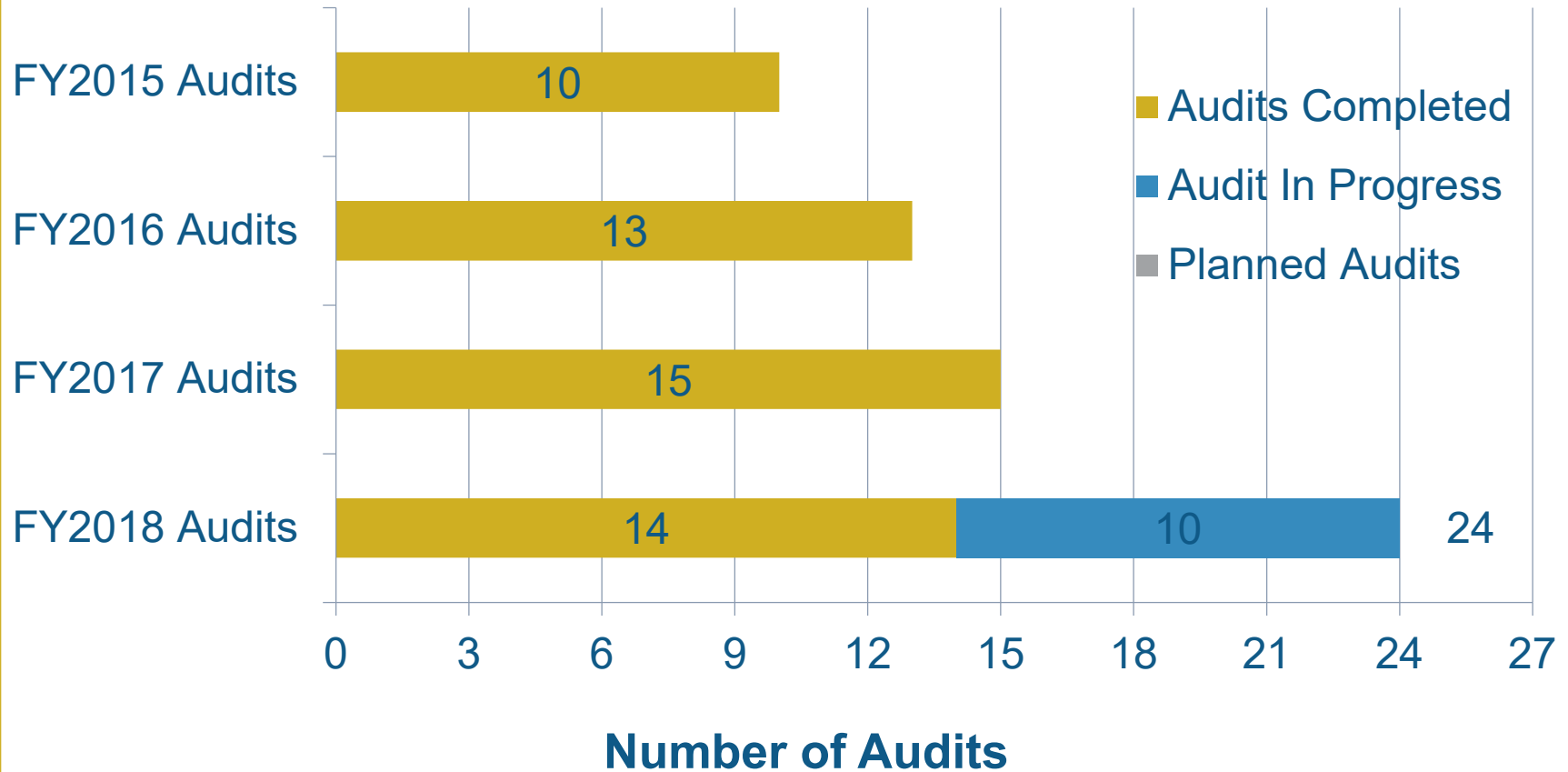


# AGENDA

- **AUDIT STATUS**
- **SECURITY & REMEDIATION STATUS**

# EXTERNAL AUDIT ACTIVITY (FY2015-2018)

External Audits by Year



# EXTERNAL AUDIT ACTIVITY (FY2017-2018)

Audits Completed (FY17)	Audits Completed (FY18)	Audits in Progress (FY18)
<ol style="list-style-type: none"> <li>1. Annuity Process</li> <li>2. Computer Access</li> <li>3. Investment Operations (BTC) (FY16)</li> <li>4. Lifecycle Funds</li> <li>5. Loans</li> <li>6. Mainframe</li> <li>7. Mobile Device Security</li> <li>8. NDAA Pre-Implementation Review Phase #1</li> <li>9. NFC</li> <li>10. Participant Support</li> <li>11. Review of Prior Year Audit Recommendations 1</li> <li>12. Service Continuity</li> <li>13. Mid-Year F/S Review (CY16)</li> <li>14. Annual F/S Audit (CY16)</li> <li>15. FISMA (FY16)</li> </ol>	<ol style="list-style-type: none"> <li>1. Account Maintenance (FY17)</li> <li>2. Agency Operations</li> <li>3. Computer Access</li> <li>4. Defending Public Safety Employees Retirement Act</li> <li>5. G Fund Investment Operations</li> <li>6. Insider Threat</li> <li>7. Investment Operations (BTC) (FY17)</li> <li>8. Loans</li> <li>9. NDAA Pre-Implementation Review Phase #2</li> <li>10. Review of Prior Year Audit Recommendations 2</li> <li>11. Withdrawals</li> <li>12. Mid-Year F/S Review (CY17)</li> <li>13. Annual F/S Audit (CY17)</li> <li>14. FISMA (FY17)</li> </ol> <p>Reports presented to Board during this meeting.</p>	<ol style="list-style-type: none"> <li>1. Account Maintenance (FY18)</li> <li>2. Annuity Process</li> <li>3. Certain Remote TSP Contractor Sites</li> <li>4. Mainframe</li> <li>5. Mobile Device Security</li> <li>6. NDAA Post-Implementation Review</li> <li>7. Review of Prior Year Audit Recommendations 3</li> <li>8. Participant Support</li> <li>9. Mid-Year F/S Review (CY18)</li> <li>10. FISMA (FY18)</li> </ol>

**Auditor Legend**  
DOL/KPMG  
CLA  
Other

# G FUND INVESTMENT OPERATIONS AUDIT

- **Audit Objectives:**

- Determine if Treasury implemented certain procedures to (1) accurately calculate the G Fund interest rate and interest earned on G Fund investments; (2) accurately summarize and report G Fund investments and related earnings to the Agency; (3) promptly notify Congress and the Agency when a debt issuance suspension is necessary and when the suspension period ends; and (4) promptly and accurately restore the G Fund upon expiration of a debt issuance suspension period to the state it would have been in had the suspension not occurred.
- Determine if the Agency implemented certain procedures to promptly and accurately report to Treasury daily G Fund investments that would have been invested or redeemed during debt issuance suspension periods.
- Test compliance of the TSP G Fund investment operations with select USC sections.

- **Audit Scope Period:** January 1, 2017 to December 31, 2017

- **Audit Report Date:** April 24, 2018

- **Audit Results:**

- No new recommendations.
- No prior year recommendations.



# INSIDER THREAT CONTROLS AUDIT

- **Audit Objectives:**

- Determine whether the Agency implemented certain controls to prevent, monitor, and detect insider threats to Thrift Savings Plan (TSP) systems and data by Agency personnel and contractors.
- Perform limited social engineering procedures to test for the existence of insider threat controls.

- **Audit Scope Period:** October 1, 2016 to September 30, 2017

- **Audit Report Date:** March 12, 2018

- **Audit Results:**

- Two new recommendations.
- No prior year recommendations. First time audit.
- Synopsis of Open Findings: Lack of insider threat program and lack of procedures to monitor suspicious behavior.

# LOANS PROCESS AUDIT

- **Audit Objectives:**

- Determine whether the Agency implemented certain procedures to (1) process TSP loan transactions promptly and accurately in individual participant accounts and in the appropriate investment fund(s); (2) disburse TSP loans in accordance with regulations and participant authorizations; (3) limit participation in the TSP loan program to participants who meet eligibility criteria; and (4) accurately record loan activity in the TSP accounting records.
- Test compliance of the TSP loans process with select USC and CFR sections.
- Determine the status of prior EBSA open recommendations.

- **Audit Scope Period:** October 1, 2016 to December 31, 2017

- **Audit Report Date:** March 12, 2018

- **Audit Results:**

- One new recommendation. [Note: Agency non-concurred with the recommendation]
- One prior year recommendation was closed. One prior year recommendation was partially implemented and remains open. One prior year recommendation was not implemented and remains open.
- Synopsis of Open Findings: Spousal consent verification process weakness; TSP Service Bureau performance monitoring weaknesses; Weakness in the processing of participants returning from military non-pay status



# OPEN AUDIT RECOMMENDATIONS

## FY2014 - 2018

### Auditor Activity

Auditor Activity	FY2014	FY 2015	FY 2016	FY 2017	FY 2018
Auditor Start	92	119	184	275	416
Auditor Add	62	101	117	196	60
Auditor Closed	35	36	26	55	57
Auditor End	119	184	275	416	419

### FRTIB Activity

FRTIB Activity	FY2014	FY 2015	FY 2016	FY 2017	FY 2018
FRTIB Start	35	53	116	247	346
Auditor Add	62	101	117	196	60
FRTIB Closed	44	38	-14	97	65
FRTIB End	53	116	247	346	341

Includes: Dept. of Labor (EBSA), Financial Statement Audit, GAO, FISMA and 2015/2016 External Assessment



# OPEN AUDIT RECOMMENDATIONS BY YEAR

(as of 09/30/2018)

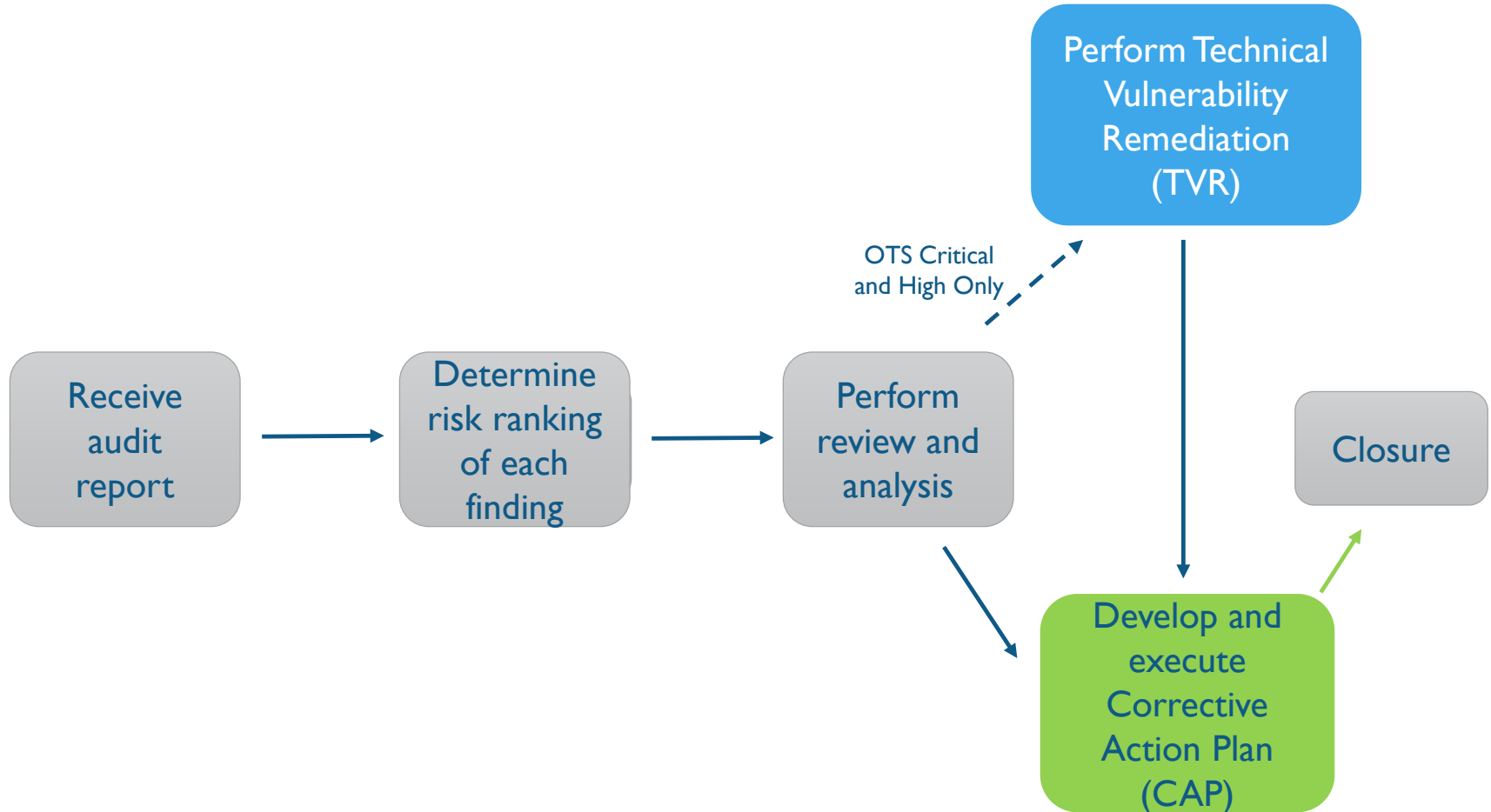
Year	Open Recommendations	%
2007	2	1%
2008	1	0%
2009	0	0%
2010	0	0%
2011	7	2%
2012	1	0%
2013	28	8%
2014	32	9%
2015	76	22%
2016	150	44%
2017	38	11%
2018	6	2%
<b>Total</b>	<b>341</b>	<b>100%</b>

Includes: Dept. of Labor (EBSA), Financial Statement Audit, GAO, FISMA and 2015/2016 External Assessment

# AGENDA

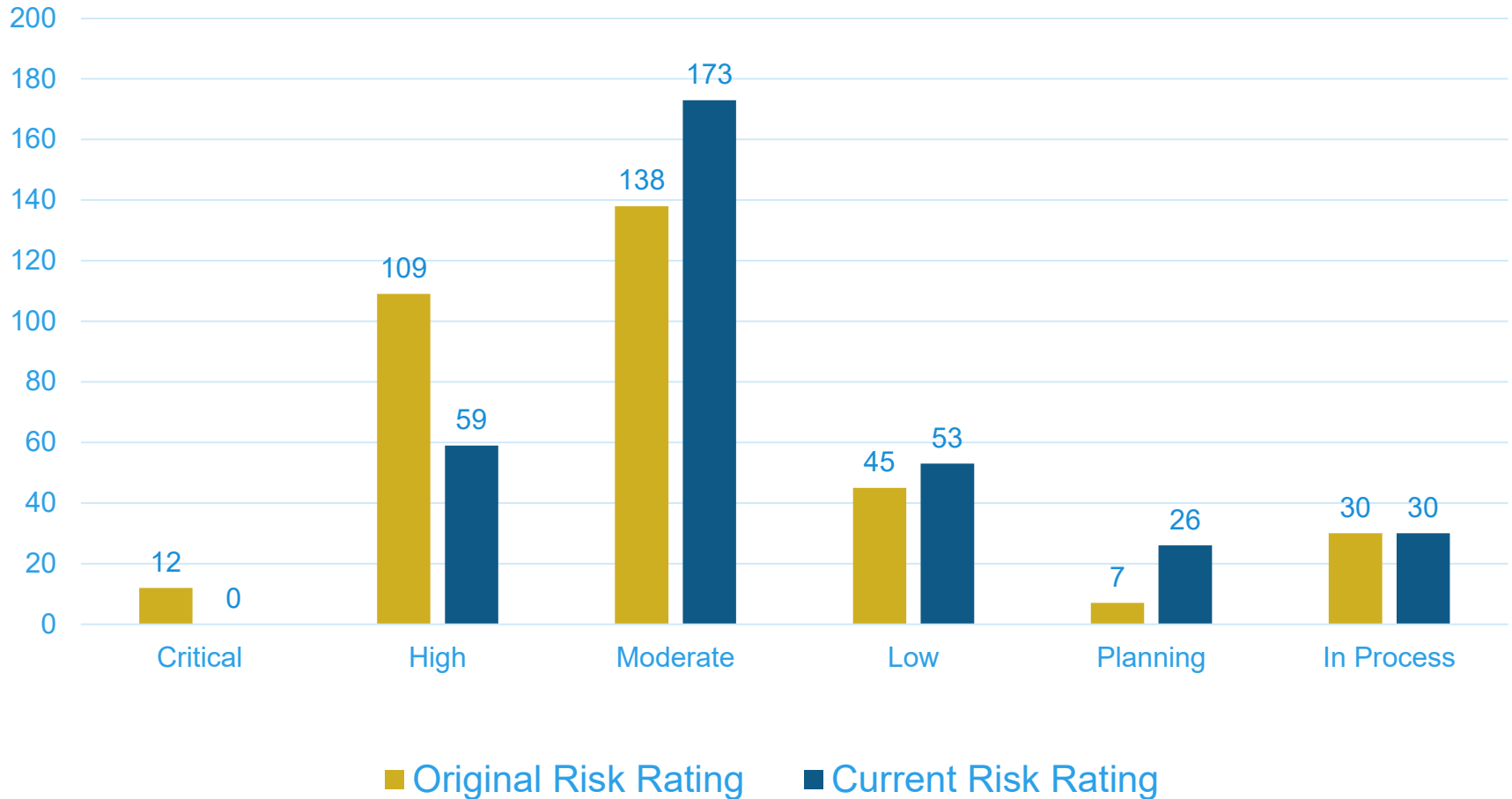
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# WE USE A RISK-BASED APPROACH TO ADDRESS AUDIT FINDINGS\*



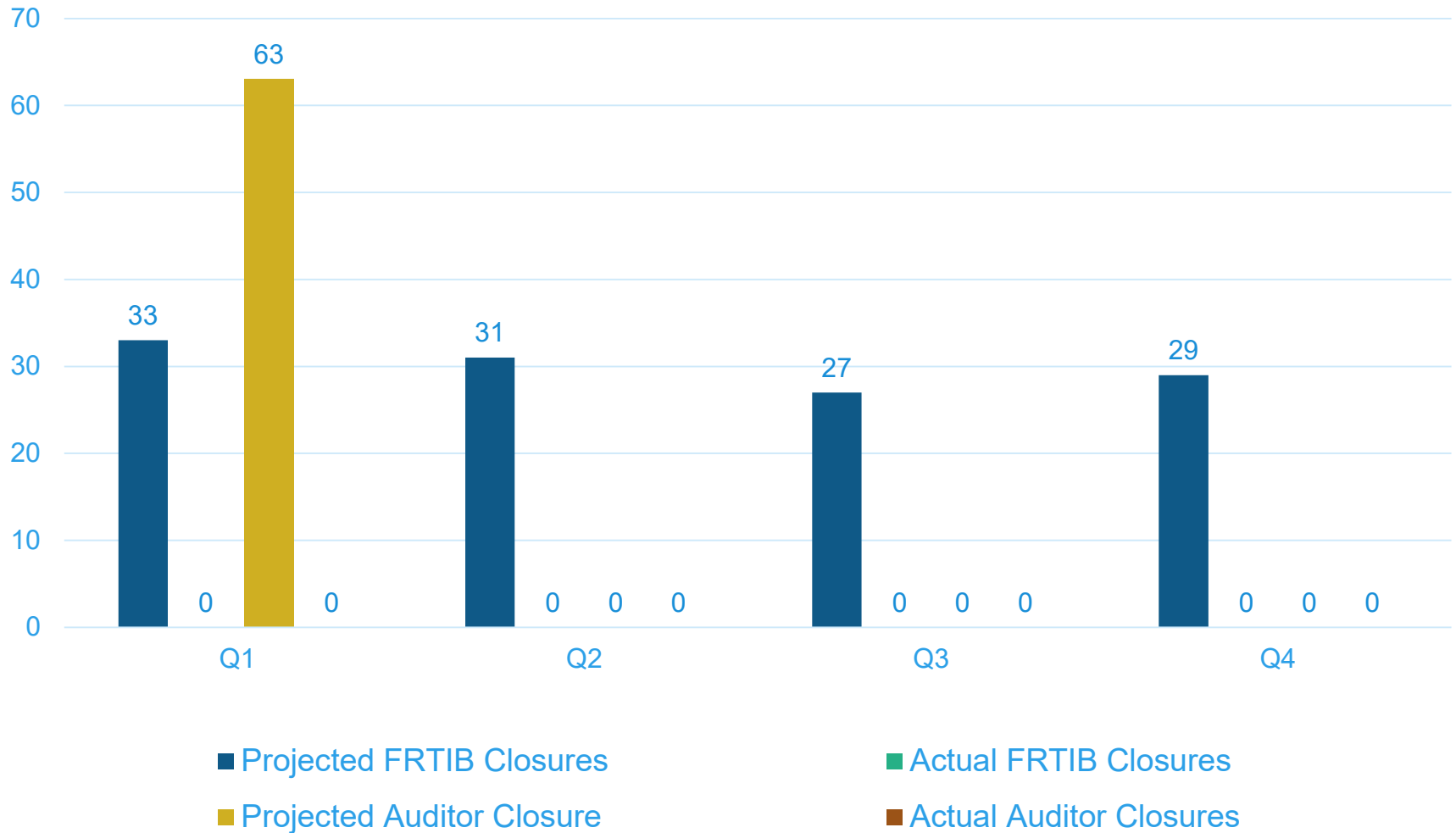
*\*All findings stored and managed in AuditNow case management repository*

# THIS APPROACH HAS ENABLED US TO METHODICALLY REDUCE OPERATIONAL RISK\*



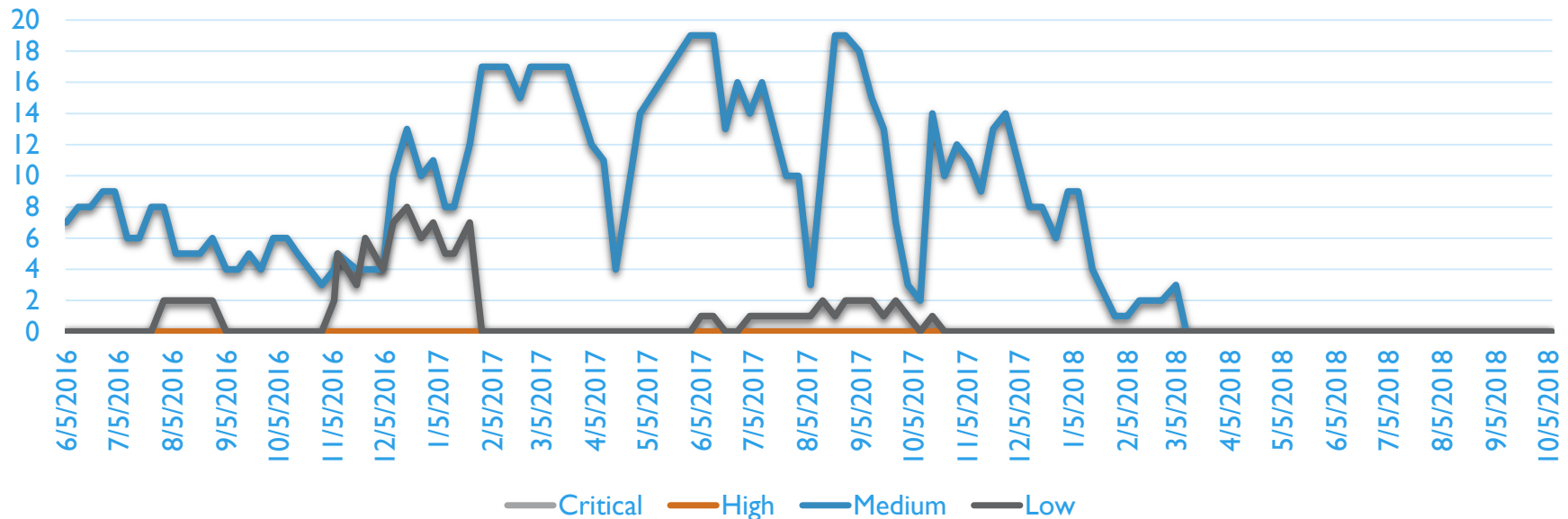
*\*As of 9/30/2018*

# OUR GOAL IS TO CLOSE AT LEAST 120 AUDIT FINDINGS IN FY2019



# FRTIB's NCATS PERFORMANCE CONTINUES TO IMPROVE—NO FINDINGS SINCE LATE MARCH

## Number of Open Vulnerabilities Over Time

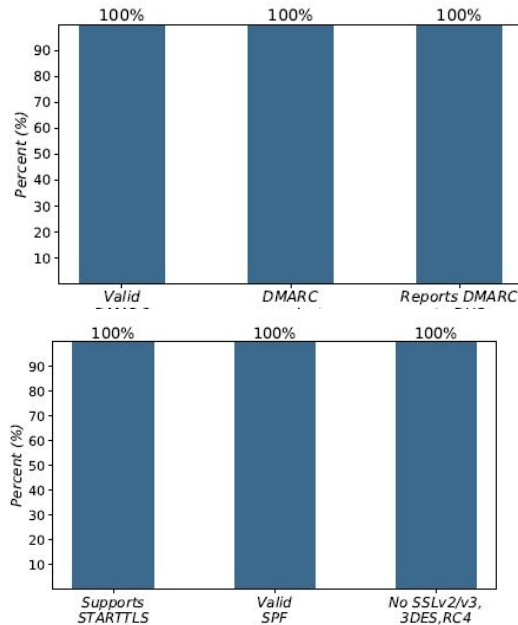


Note: FRTIB has never had any Critical or High vulnerabilities

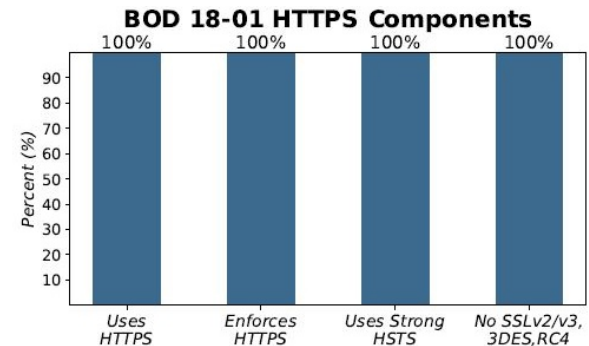
# FRTIB IS ALSO 100% COMPLIANT WITH DHS' BINDING OPERATIONAL DIRECTIVE 18-01\*

- Completed all DHS BOD 18-01 efforts in June 2018
- Only 3 other federal agencies are 100% compliant (SEC, SSS, and OGE)

## Email security



## Web security



*\*NCATS services expanded to include BOD compliance—expected to continue as new BODs are issued*

