

AUDIT REPORTING ACTIVITY SUMMARY

PRESENTED BY OFFICE OF ENTERPRISE RISK MANAGEMENT
(OERM)
June 26, 2017



Thrift Savings Plan

FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
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Annuity Operations (MetLife)

- Audit Objectives:
 - Determine whether the Agency implemented certain procedures to process annuity payments and payments to beneficiaries promptly and accurately; provide the annuity options prescribed under FERSA; perform due diligence reviews of the annuity vendor's financial condition and evaluated the financial stability of the annuity vendor at time of contract award and in subsequent years as prescribed under FERSA.
 - Test compliance of the TSP annuity process with FERSA.
 - Determine the status of prior EBSA TSP open recommendations.
- Audit Scope Period: January 1, 2015 to December 31, 2015
- Audit Report Date: February 3, 2017
- Audit Results:
 - Three New Recommendations/No Reissued Recommendations
 - One Recommendation Closed
 - Synopsis of Findings: Classification of Taxable Amounts and New Annuitant Payment Calculations



NFC Operations

- Audit Objectives:
 - Determine whether NFC implemented procedures to calculate and process contributions and loan contributions in accordance with the employees' elections; prevent employee contributions for six months after the employee obtains a financial hardship in-service withdrawal; properly characterize contributions as tax-deferred or Roth; process adjustments owed by federal agencies to the TSP; reconcile contributions reported to the TSP to the US Department of Treasury clearing accounts; and make TSP information available timely to NFC employees.
 - Test compliance of NFC's TSP operations with FERSA.
 - Determine the status of prior EBSA TSP open recommendations.
- Audit Scope Period: January 1, 2015 to February 29, 2016
- Audit Report Date: March 17, 2017
- Audit Results:
 - No New Recommendations/One Reissued Recommendation
 - Three Recommendations Closed
 - Synopsis of Findings: Procedure Implementation



Lifecycle Funds Process

- Audit Objectives:
 - Determine if the Agency had implemented certain procedures to rebalance the L Funds on a daily basis to reflect the fund's target allocation for the current quarter; adjust the asset allocations of the L Funds each quarter based on each fund's prescribed time horizon; review the assumptions of the L Funds at least annually to determine whether any changes to the allocations are warranted; conduct the most current assumptions review in accordance with contract terms; accurately calculate the published ratio of the administrative expenses per \$1,000 of account balance in the L Funds; and verify that the published asset allocations for each L Fund agree to the actual asset allocation.
 - Determine if the assumptions used to develop the L Funds' allocations were consistent with industry benchmarks.
 - Test compliance of the TSP L Funds process with FERSA.
 - Determine the status of the prior EBSA TSP open recommendation.
- Audit Scope Period: April 1, 2015 to September 30, 2016
- Audit Report Date: April 14, 2017
- Audit Results:
 - Four New Recommendations/One Reissued Recommendations
 - No Recommendations Closed
 - Synopsis of Findings: Account Management, Outdated Application Language, Configuration Management, and Contract Management



Loans Process

- Audit Objectives:
 - Determine whether the Agency implemented certain procedures to process TSP loan transactions promptly and accurately in individual participant accounts and in the appropriate investment funds; disburse TSP loans in accordance with regulations and participant authorizations; limit participation in the TSP loan program to participants who meet eligibility criteria; and accurately record loan activity in the TSP accounting records.
 - Test compliance of the TSP loans process with FERSA.
- Audit Scope Period: October 1, 2015 to September 30, 2016
- Audit Report Date: May 9, 2017
- Audit Results:
 - Three New Recommendations/No Reissued Recommendations
 - No Prior Year Recommendations Were Present for Follow-up
 - Synopsis of Findings: Contactor Performance Monitoring, Policies, and Monitoring Changes in Loan Status



Participant Support Operations

- Audit Objectives:
 - Determine whether the Agency implemented certain procedures to provide timely and accurate information to participants concerning the TSP, including their statement of account activity; prepare quarterly statements for participants that reflected the activity for the period; prepare annual statements for participants that summarized all transactions made during the previous calendar year by transaction type; respond to participants' and Congressional inquiries in an accurate and timely manner; enforce physical and logical access controls at the call centers; enforce caller authentication and privacy controls at the call centers; and monitor the call centers' contractors to ensure they are in compliance with the terms of the contracts.
 - Test compliance with FERSA and Agency regulations.
 - Determine the status of prior EBSA TSP open recommendations.
- Audit Scope Period: January 1, 2016 to December 31, 2016
- Audit Report Date: May 4, 2017
- Audit Results:
 - Six New Recommendations/Fourteen Reissued Recommendations
 - Eight Recommendations Closed
 - Synopsis of Findings: Access Controls, Configuration Management, Contractor Management, Training Weaknesses, A&A Documentation, and Written Policies and Procedures



National Defense Authorization Act Pre-Implementation Controls

- Audit Objectives:
 - Determine whether the Agency is developing security and capacity planning controls for the setup, transfer, and ongoing recordkeeping of contributions related to upcoming changes required by the NDAA.
- Audit Scope Period: January 1, 2016 to December 31, 2016
- Audit Report Date: May 11, 2017
- Audit Results:
 - Two New Recommendations/No Reissued Recommendations
 - No Prior Year Recommendations Were Present for Follow-up
 - Synopsis of Findings: Capacity Planning Study and Project Timelines



Service Continuity Controls

- Audit Objectives:
 - Determine whether the Agency implemented certain procedures to establish, document, and implement technology backup and recovery of data to an alternate processing facility; perform an annual continuity plan exercise and contingency plan test, and incorporate the results and lessons learned into the respective continuity and contingency plans; and regularly monitor and test primary and secondary backup technologies to confirm confidentiality, integrity, and availability of the data backed up.
 - Determine the status of prior EBSA TSP open recommendations.
- Audit Scope Period: January 1, 2015 to March 31, 2016
- Audit Report Date: January 31, 2017
- Audit Results:
 - Seven New Recommendations/Seven Reissued Recommendations
 - One Recommendation Closed
 - Synopsis of Findings: Contingency and Recovery Planning, Segregation of Duties, Access Control, Contract Management, Policies and Procedures



Mobile Device Security and Governance Controls

- Audit Objectives:
 - Determine whether management had developed a mobile device security and governance program, management established controls for tracking and monitoring mobile devices, and management established controls for configuring, updating, and removing mobile devices from the TSP network.
- Audit Scope Period: October 1, 2015 to September 30, 2016
- Audit Report Date: May 8, 2017
- Audit Results:
 - Eleven New Recommendations/No Reissued Recommendations
 - First Audit - No Prior Year Recommendations Were Present for Follow-up
 - Synopsis of Findings: Governance Structure, Access Controls, Device Approval, Device Configuration Management, Device Monitoring, Vulnerability Management, and Policies and Procedures



Computer Access and Security Controls

- Audit Objectives:
 - Determine whether security management controls had been established, documented, and implemented for in-scope systems; physical and logical access controls had been established, documented, and enforced for in-scope systems; and privacy controls had been established, documented, and enforced to protect TSP data.
 - Determine the status of prior EBSA TSP open recommendations.
- Audit Scope Period: October 1, 2015 to September 30, 2016
- Audit Report Date: May 3, 2017
- Audit Results:
 - Eleven New Recommendations/Thirteen Reissued Recommendations
 - Three Recommendations Closed
 - Synopsis of Findings: Access Controls, Training Weaknesses, A&A Documentation, Configuration Management, Contractor Management, and Policies and Procedures

