AUDIT STATUS / SECURITY & REMEDIATION STATUS

PRESENTED BY

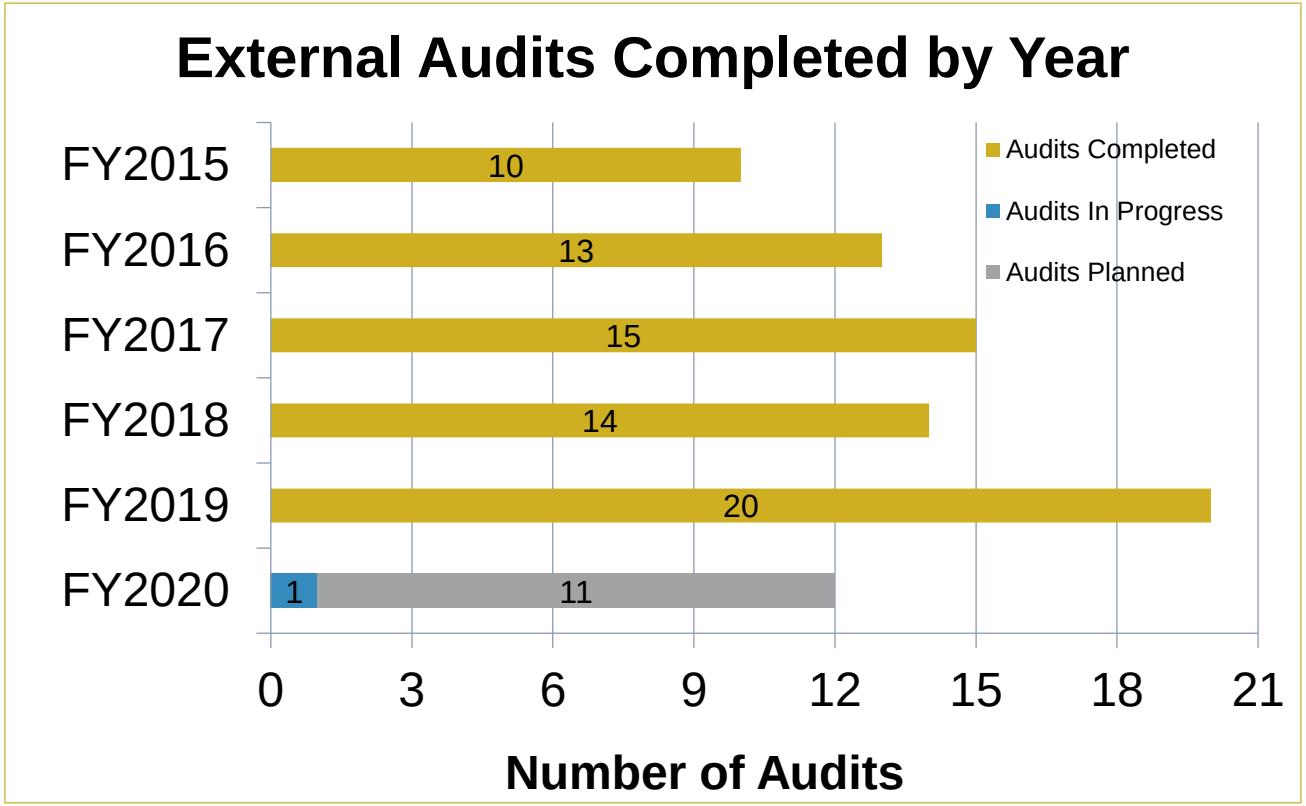
OFFICE OF ENTERPRISE RISK MANAGEMENT (OERM) and EXECUTIVE DIRECTOR

October 28, 2019

AGENDA

- **AUDIT STATUS**
- REMEDIATION STATUS

EXTERNAL AUDIT ACTIVITY (FY2015-2020)



EXTERNAL AUDIT ACTIVITY (FY2019-FY2020)

Audits Completed (FY2019)		Audits in Progress (FY2020)	Audits Planned (FY2020)
1. Account Maintenance (FY18)	11. Lifecycle Funds	1. FISMA (FY19)	1. Annuity Operations
2. Annuity Operations	12. Service Continuity Controls		2. Board's Staff
3. Certain Remote TSP Contractor Sites	13. Status of Prior Year Recommendations 3		3. Computer Access
4. Dallas Contact Center	14. Status of Prior Year Recommendations 4 and CAP Process		4. Insider Threat
5. IT Operations Management	15. System Enhancement and Software Change Controls		5. Investment Management Operations
6. Mainframe	16. TSP Operations at DFAS		6. Mainframe
7. Mobile Device Security	17. Mid-Year F/S Review (CY18)		7. Status of Prior Year Recommendations 2020
8. NDAA Post-Implementation Review	18. Mid-Year F/S Review (CY19)		8. Withdrawals
9. Participant Support	19. Annual F/S Audit (CY18)		9. Annual F/S Audit (CY19)
10. Participant Website	20. FISMA (FY18)		10. Mid-Year F/S Review (CY20)
			11. FISMA (FY20)

Auditor Legend
EBSA
CLA
Williams Adley

CORRECTIVE ACTION PLANS PROCESS AND THE STATUS DETERMINATION OF CERTAIN PRIOR YEAR RECOMMENDATIONS

Audit Objectives:

1. Determine whether the Agency implemented certain procedures to review and assert closure of Corrective Action Plans (CAPs) and related prior year recommendations
2. Determine the status of certain prior recommendations.

CORRECTIVE ACTION PLANS PROCESS AND THE STATUS DETERMINATION OF CERTAIN PRIOR YEAR RECOMMENDATIONS

Audit Scope Period: Testing performed as of April 18, 2019

Audit Report Date: September 6, 2019

Audit Results:

- 12 closed recommendations
- 12 new recommendations
- Note: Agency non-concurred on 8 recommendations
- Synopsis of open recommendation: Weakness in device patching and access credentials.

DALLAS CONTACT CENTER AUDIT

Audit Objectives:

- Determine whether the Agency:
  1. Communicated the TSP technical security requirements necessary to establish the Dallas Contact Center (DCC).
  2. Implemented certain procedures for tracking and monitoring DCC compliance with TSP technical security requirements
  3. Implemented certain procedures for security management, access controls, configuration management, segregations of duties, and continuity planning specific to the DCC.

DALLAS CONTACT CENTER AUDIT

Audit Scope Period: July 26, 2018 to May 31, 2019

Audit Report Date: September 6, 2019

Audit Results:

- 4 new recommendations
- Note: Agency non-concurred on 2 recommendations
- Synopsis of open recommendation: Untimely removal of DCC physical access and weakness in DCC vulnerability scanning.

IT OPERATIONS CONTROLS

Audit Objectives:

- Determine whether the Agency implemented certain procedures to:
  1. Support and maintain the overall IT operating environment and hardware operations
  2. Manage asset incidents, including identifying, tracking, responding to, and reporting incidents
  3. Schedule jobs and process batches
  4. Manage databases, including documenting data dictionaries and performing database integrity checks.
- Determine the status of prior year recommendations

IT OPERATIONS CONTROLS

Audit Scope Period: April 1, 2018 to April 30, 2019

Audit Report Date: August 30, 2019

Audit Results:

- 9 closed recommendations
- 15 new recommendations
- 15 open prior year recommendations
- Note: Agency non-concurred on 3 recommendations
- Synopsis of open recommendation: Weakness in job scheduling, database management, system interconnection controls, records management, IT Operations procedures, and asset inventory and unsupported systems within the environment.

SERVICE CONTINUITY CONTROLS

Audit Objectives:

- Determine whether the Agency implemented procedures to:
  1. Establish, document, and implement technology backup and recovery of data to an alternate processing facility
  2. Perform an annual continuity plan exercise and contingency plan test and incorporate the results and lessons learned into the respective continuity and contingency plans
  3. Regularly monitor and test primary and secondary backup technologies to confirm confidentiality, integrity, and accessibility of the data backed
- Determine the status of prior year recommendations

SERVICE CONTINUITY

Audit Scope Period: January 1, 2018 to March 31, 2019

Audit Report Date: August 22, 2019

Audit Results:

- 16 closed recommendations
- 13 new recommendations
- 20 open prior year recommendations
- Note: Agency non-concurred on 5 recommendations
- Synopsis of open recommendation: Lack of plans and procedures and weaknesses in separation of duties, system and application logs, restoration process, data center physical security, capacity management, and recovery plans.

TSP OPERATIONS AT THE DEFENSE FINANCE AND ACCOUNTING SERVICES (DFAS)

Audit Objectives:

- Determine whether the Agency implemented certain procedures to:
  1. Calculate and process active duty uniformed service member contributions and loan payments accurately and timely in accordance with the member's elections
  2. Prevent active duty member contributions for a period of six months after the member obtains a financial hardship in-service withdrawals
  3. Transmit active duty service member separation data to the TSP timely and accurately
  4. Properly characterize active duty uniformed service member TSP contributions as tax-deferred, tax-exempt, or Roth
  5. Process adjustments owed by the uniformed services, for active duty members, to the TSP
  6. Reconcile contributions for active duty members reported to the TSP to Treasury clearing accounts
- Test compliance of the DFAS TSP operations with select USC.
- Determine the status of prior EBSA open recommendations.

TSP OPERATIONS AT THE DEFENSE FINANCE AND ACCOUNTING SERVICES (DFAS)

Audit Scope Period: January 1, 2018 to December 31, 2018

Audit Report Date: September 19, 2019

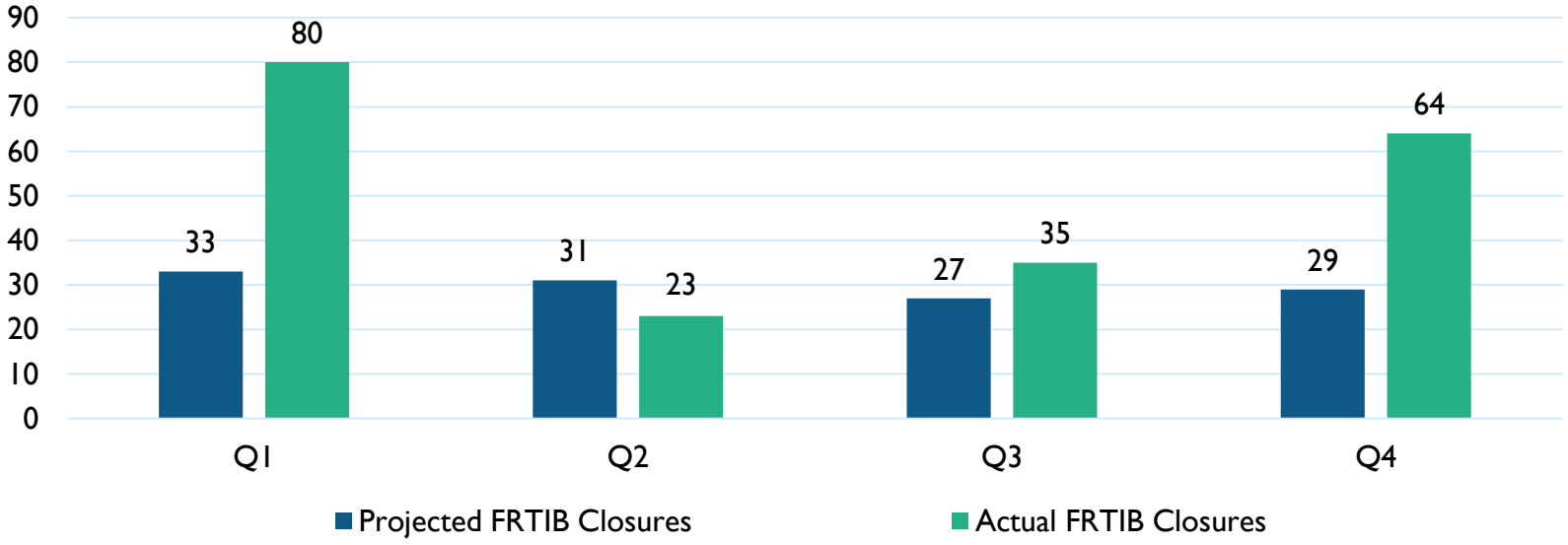
Audit Results:

- Please note that all recommendations apply to DFAS.
- 4 closed recommendations
- 1 new recommendation
- 1 open prior year recommendation
- Synopsis of open recommendation: Communication of transfers between Active Duty and Ready Reserve and untimely start of Agency automatic contributions.

AGENDA

- AUDIT STATUS
- **REMEDIATION STATUS**

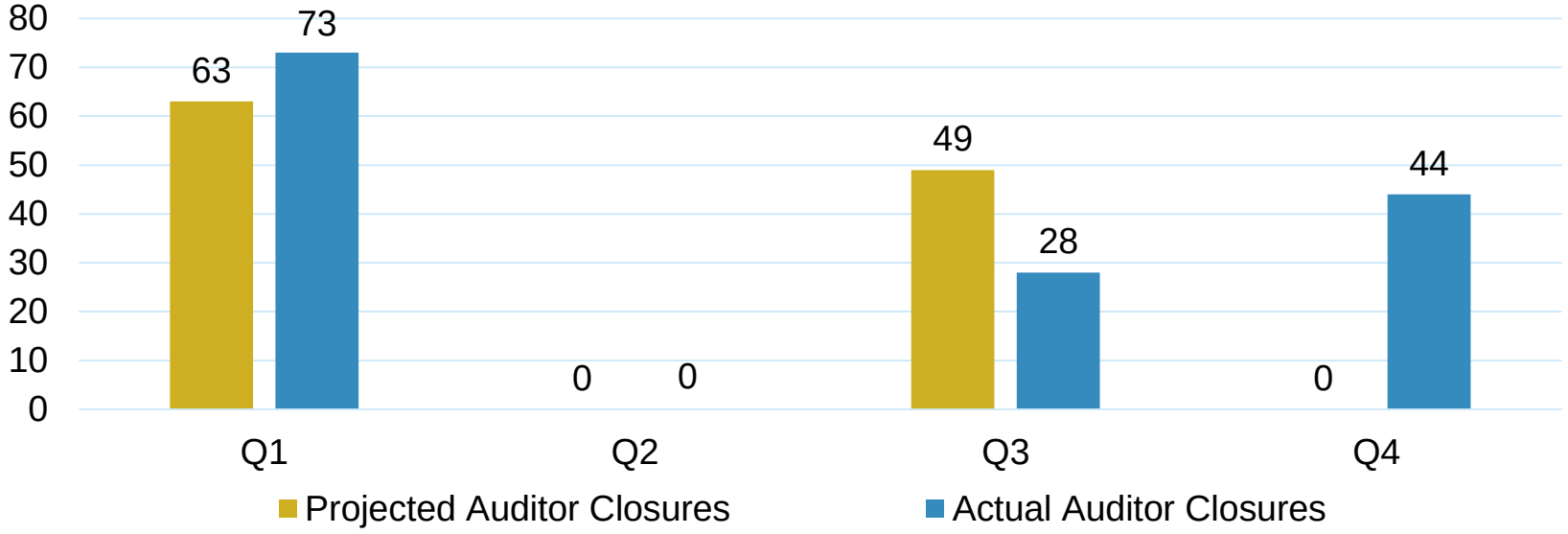
PROJECTED AND ACTUAL FRTIB CLOSURES



Our goal is to have at least 120 closures in FY2019. FY2019: 202 closures.

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

PROJECTED AND ACTUAL AUDITOR CLOSURES



Our goal is to have at least 65 closures in FY2019. FY2019: 145 closures.

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

OPEN AUDIT RECOMMENDATIONS FY2015 – FY2019

Auditor Activity	FY 2015	FY 2016	FY 2017	FY 2018	FY2019
Auditor Start	118*	183	274	415	418
Auditor Add	101	117	196	60	141
Auditor Closed	(36)	(26)	(55)	(57)	(145)
Auditor End	183	274	415	418	414

FRTIB Activity	FY 2015	FY 2016	FY 2017	FY 2018	FY2019
FRTIB Start	53	116	247	346	341
Auditor Add	101	117	196	60	141
FRTIB Closed	(38)	14	(97)	(65)	(205)
FRTIB Closed Reversal					3
FRTIB End	116	247	346	341	280

* OERM verified all Auditor Activity to the audit reports. The FY2015 Auditor Start was reduced by 1 based on the review.

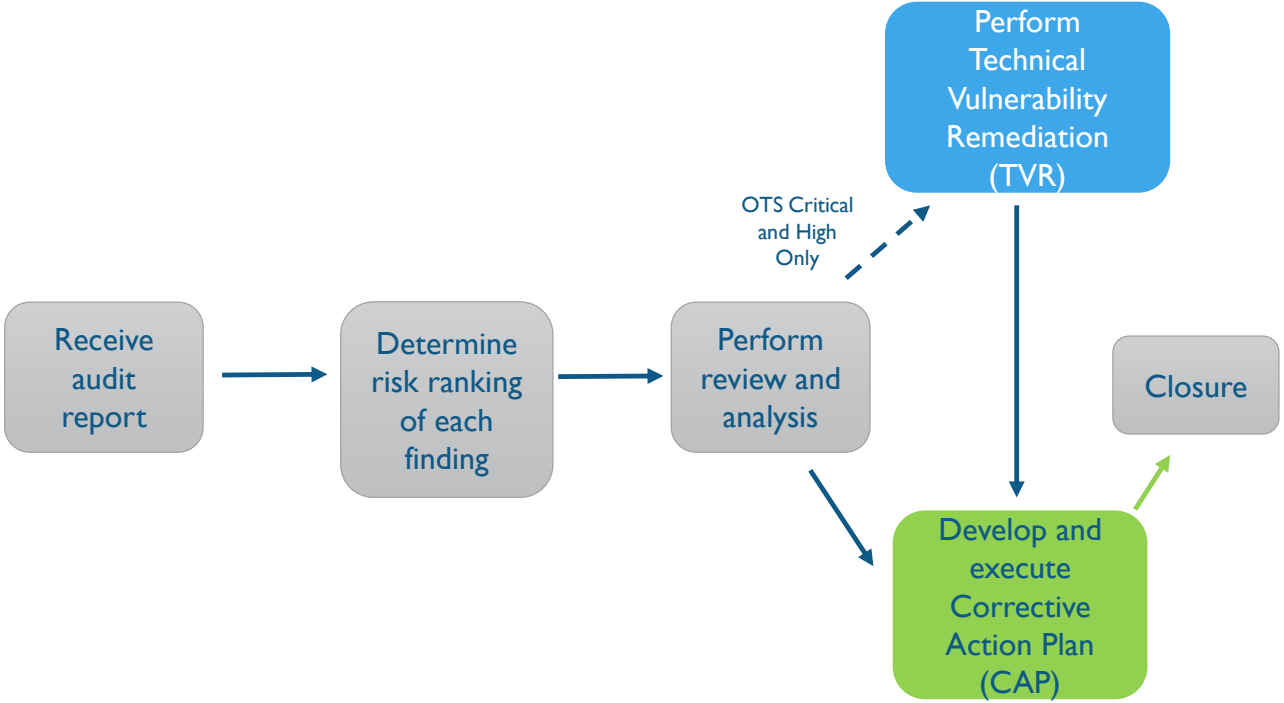
Includes: Dept. of Labor (EBSA), Financial Statement Audit, GAO, FISMA and 2015/2016 External Assessment

OPEN AUDIT RECOMMENDATIONS BY YEAR (as of 09/30/2019)

Calendar Year	Open Recommendations	%
2007	2	1%
2008	0	0%
2009	0	0%
2010	0	0%
2011	4	1%
2012	0	0%
2013	23	8%
2014	26	9%
2015	37	13%
2016	83	30%
2017	16	6%
2018	46	16%
2019	43	15%
Total	**280**	**100%**

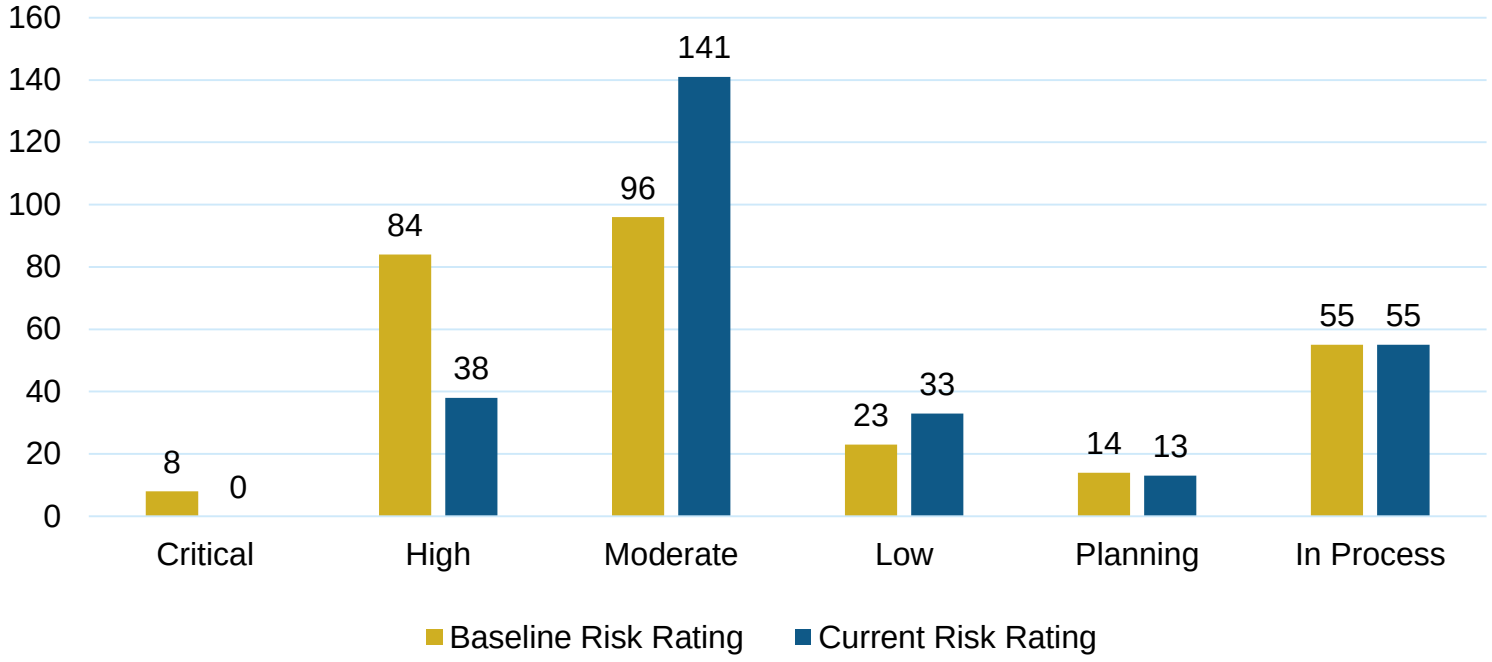
Includes: Dept. of Labor (EBSA), Financial Statement Audit, GAO, FISMA and 2015/2016 External Assessment

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



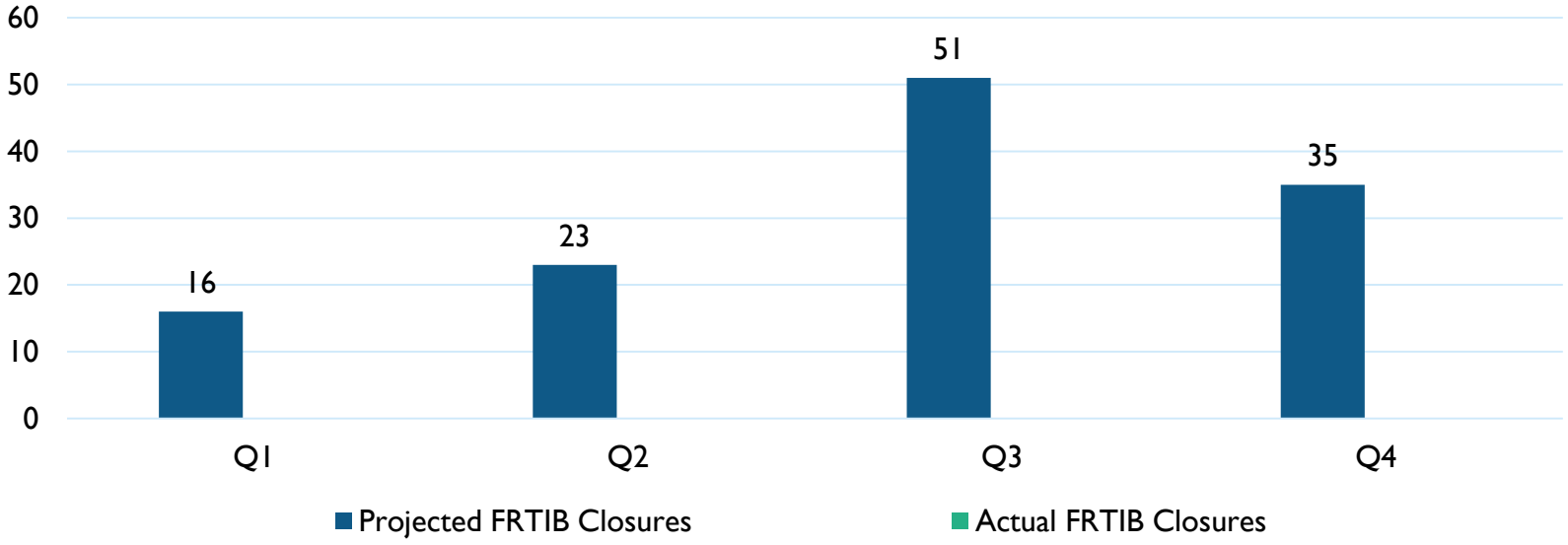
**All findings stored and managed in AuditNow case management repository*

OPEN RECOMMENDATIONS BY RISK RATING (as of 09/30/2019)



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

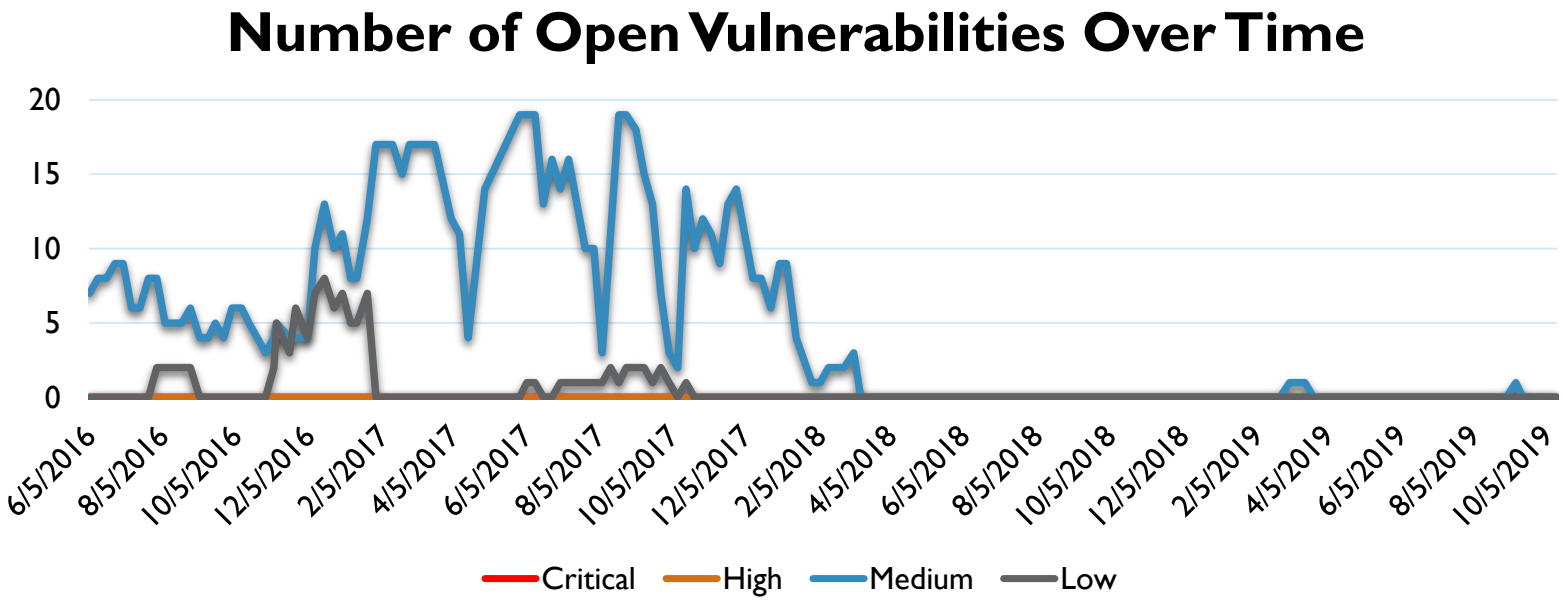
FY2020 PROJECTED AND ACTUAL FRTIB CLOSURES



Our goal is to have at least 125 closures in FY2020.

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

FRTIB NCATS PERFORMANCE



Note: FRTIB has never had any Critical or High vulnerabilities