U.S. Department of Labor
Employee Benefits Security Administration

Fiscal Year 2015 Thrift Savings Plan
Fiduciary Oversight Program

Presentation
to the
Federal Retirement Thrift Investment Board
April 20, 2015

Department of Labor

Employee Benefits Security Administration
TSP Fiduciary Oversight Program
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Employee Benefits Security Administration
TSP Fiduciary Oversight Program
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I. Scope of TSP Performance Audits

	Plan 2015	2014	2013	2012	2011
IT-Related Audits					
1. System Enhancements and Software Change Controls	FS	–	FS	–	–
2. IT Operations Management/Mainframe	FS	SP	FS	–	–
3. Computer Access and Technical Security Controls	FS	–	LS	–	LS
4. Technical Security Vulnerability Assessment	SP	–	SP	–	SP(1)
5. Service Continuity Controls	FS	–	FS	–	–
6. Participant Website Controls	SP	–	SP	–	–
Process Audits					
7. Participant Support/Call Center Operations	FS	–	–	FS	–
8. Loan Operations	FS	–	–	–	–
9. Account Maintenance	FS	–	FS	–	–
10. Withdrawals	FS	–	–	–	FS
11. L Fund Operations	FS	–	FS	–	–

(1) Reported as part of the Computer Access Controls report

FS = Full Scope   LS = Limited Scope   SP = Special Project

I. Scope of TSP Performance Audits (continued)

Other TSP Activities	Plan 2015	2014	2013	2012	2011
1. Treasury "G" Fund Investment Operations	FS	–	–	–	–
2. Investment Management Operations ("F", "C", "S" and "I" Funds)	FS	–	FS	–	FS
3. Annuity Operations	FS	–	–	–	FS
4. The Board's Staff	FS	SP(2)(3)	–	FS	–
5. CIA's OIG TSP Audit	FS	–	–	–	–

(2) Benchmarking analyses of processes and internal controls over contributions, withdrawals, loans, and investment management

(3) Follow-up on certain prior year recommendations identified as closed by the Agency

FS = Full Scope   SP = Special Project

I. Scope of TSP Performance Audits (continued)

	Plan 2015	2014	2013*	2012	2011	2010 and Prior
Uniformed Services						
1. U.S. Marine Corps	–	–	–	–	–	FS
2. U.S. Army	–	–	–	–	–	FS
Federal Agencies						
3. Administrative Office of the U.S. Courts	–	–	–	–	–	R/LS
4. Army - Aberdeen Proving Ground	–	–	–	–	–	LS
5. Army - Defense Personnel Center	–	–	–	–	–	FS
6. Army - Fort Meade	–	–	–	–	–	LS
7. Army - Fort Myers	–	–	–	–	–	R/FS
8. Bolling Air Force Base	–	–	–	–	–	FS
9. Defense Logistics Agency	–	–	–	–	–	FS
10. Department of Agriculture - NFC	–	–	–	–	–	R/FS
11. Department of Agriculture - Farm Service Agency	–	–	–	–	–	FS
12. Department of the Army - Corps of Engineers	–	–	–	–	–	R/FS
13. Department of Commerce	–	–	–	–	–	R/FS
14. Department of Energy	–	–	–	–	–	R/FS
15. Department of Health and Human Services	–	–	–	–	–	LS
16. Department of Housing and Urban Development	–	–	–	–	–	R/FS
17. Department of Interior – Denver	–	–	–	–	–	R/FS
18. Department of Interior – Interior Business Center	–	FS	–	–	–	–
19. Department of Justice	–	–	–	–	–	R/ LS
20. Department of Labor	–	–	–	–	–	R
21. Department of State	–	–	–	–	–	R/FS
22. Department of Transportation - Oklahoma	–	–	–	–	–	R/FS

FS = Full Scope   LS = Limited Scope   R = Follow-up Review

I. Scope of TSP Performance Audits (continued)

Federal Agencies (continued)	Plan 2015	2014*	2013*	2012	2011	2010 and Prior
23. Department of the Treasury (includes IRS)	–	–	–	–	–	FS
24. Department of Veterans Affairs	–	–	–	–	–	R/FS
25. DFAS (as Uniformed Services Payroll Service Provider)	–	–	FS	–	–	–
26. DFAS - Charleston and Army - Ft. Monmouth	–	–	–	–	–	FS
27. DFAS - Columbus and Defense Logistics Agency	–	–	–	–	–	FS
28. DFAS - Denver and North Island Naval Air Station	–	–	–	–	–	R/FS
29. DFAS - Pensacola and Naval Sea System Command	–	–	–	–	–	FS
30. Environmental Protection Agency	–	–	–	–	–	FS
31. Federal Bureau of Investigation	–	–	–	–	–	FS
32. Federal Deposit Insurance Corporation	–	–	–	–	–	FS
33. General Services Administration	–	–	–	–	–	R/FS
34. Government Accountability Office	–	–	–	–	–	FS
35. House of Representatives	–	–	–	–	–	R
36. Kelly Air Force Base - San Antonio	–	–	–	–	–	R/FS
37. National Aeronautics and Space Administration	–	–	–	–	–	FS
38. National Security Agency	–	–	–	–	–	LS
39. Naval Publications and Forms Center	–	–	–	–	–	R/ LS
40. Naval Research Laboratory	–	–	–	–	–	R/FS
41. Naval - Supply Center, Norfolk	–	–	–	–	–	R/ LS
42. Navy - Atlantic Fleet	–	–	–	–	–	LS
43. Navy - Norfolk Naval Shipyard	–	–	–	–	–	R/ LS
44. Navy Regional Finance Center	–	–	–	–	–	R/FS
45. Nuclear Regulatory Commission	–	–	–	–	–	FS
46. Postal Service	–	–	–	–	–	R/FS

FS = Full Scope   LS = Limited Scope   R = Follow-up Review

* During the 2013 performance audit of the TSP Roth option communications, we selected and conducted procedures at the U.S. Army, U.S. Coast Guard, National Aeronautics and Space Administration, and the Departments of Agriculture, Health and Human Services, Justice, Transportation, Treasury, and Veterans Affairs.

II. Tentative Schedule of Fiscal Year 2015 TSP Audits

2015 Performance Audits in Progress

	Work Began	FRTIB Exit
IT–Related		
Computer Access and Security Controls	Jan-15	Apr-15
Process		
Loan Operations	Jan-15	May-15
Other TSP Activities		
Treasury "G" Fund Investment Operations	Feb-15	May-15
Annuity Operations	Mar 15	May-15
Investment Management Operations	Apr-15	Jun-15
("F", "C", "S" and "I" Funds)		

II. Tentative Schedule of Fiscal Year 2015 TSP Audits (continued)

2015 Performance Audits to be Started

	Work Begins	FRTIB Exit
IT-Related		
Technical Security Vulnerability Assessment	Apr-15	Jun-15
System Enhancements and Software Change Controls	Jul-15	Sep-15
IT Operations Management	Sep-15	Nov-15
Participant Website Controls	Nov-15	Jan-16
Service Continuity Controls	Jan-16	Mar-16
Process		
Participant Support/Call Center Operations	May-15	Jul-15
L Fund Operations	May-15	Jul-15
The Board's Staff	Jun-15	Aug-15
Account Maintenance	Jul-15	Sep-15
Withdrawals	Sep-15	Feb-16
Other TSP Activities		
CIA's OIG TSP Audit	May-15	Jun-15

III. Highlights of Overall Assessment: May 2014 – April 2015

Summary of All 2014 Audits

- Number of audits under 2014 task orders: 4 (3 related to the Agency)
- Instances of material non-compliance with FERSA: 0
- Number of closed Agency recommendations: 12
- Number of new Agency recommendations: 7
- Number of non-Agency recommendations: 1

Audit	Fundamental	Other
Status of Prior Year Recommendations *(Final)*	0	0
Status of Prior Year Recommendations No. 2 *(Final)*	0	0
Mainframe Configuration *(Draft)*	6	1
Interior Business Center*(Draft)*	0	1
Total	6	2

III. Highlights of Overall Assessment: May 2014 – April 2015 (continued)

Selected 2014 Audits

Status of Certain Thrift Savings Plan Prior Year Recommendations No. 1

- EBSA tracks status of recommendations at recommendation level
  - 17 recommendations evaluated
  - 5 recommendations implemented and closed:
    - 2 related to Participant Support/Call Center Operations;
    - 2 related to the Board's Staff; and
    - 1 related to Withdrawals.
- Agency tracks status at sub-recommendation level
  - 22 prior EBSA TSP recommendations and sub-recommendations evaluated:
    - 18 recommendations and sub-recommendations have been implemented and closed.
    - 3 recommendations have been partially implemented and remain open.
    - 1 recommendation has not been implemented and remains open.

III. Highlights of Overall Assessment: May 2014 – April 2015 (continued)

Selected 2014 Audits (continued)

Status of Certain Thrift Savings Plan Prior Year Recommendations No. 2

- EBSA tracks status of recommendations at recommendation level
  - 14 recommendations evaluated
  - 7 recommendations implemented and closed:
    - 3 related to Participant Support/Call Center Operations;
    - 1 related to the Board's Staff;
    - 1 related to Withdrawals;
    - 1 related to Loans Operations; and
    - 1 related to Project Management Practices.
- Agency tracks status at sub-recommendation level
  - 18 prior EBSA TSP recommendations and sub-recommendations evaluated:
    - 17 recommendations and sub-recommendations have been implemented and closed.
    - 1 sub-recommendation has not been implemented and remains open.

III. Highlights of Overall Assessment: May 2014 – April 2015 (continued)

Selected 2014 Audits (continued)

Mainframe Configuration Controls (Draft Findings)

- The Agency implemented certain procedures to:

    1. Establish and monitor controls over the mainframe configuration settings at the Multiple Virtual Storage (MVS) operating system level, including primary central processing unit (CPU), direct access storage drive hard drives (DASD), logical partitions (LPARs), and other associated central and peripheral areas;

    2. Establish and monitor access administration and configuration settings of data in production datasets and implement controls for dataset copies in development, test, and quality assurance environments, and

    3. Establish controls that may detect data exfiltration into non-mainframe environments.

- We present seven new recommendations related to the TSP mainframe configuration controls, six addressing fundamental controls and one addressing other controls.

IV. Summary of Areas Addressed by Recent Fundamental Control Recommendations

Mainframe Configuration Controls

- Configuration baseline controls;

- Mainframe security controls;

- Separation of duties and monitoring controls;

- Access termination and recertification controls; and

- General documentation controls.

V. Summary of Open Recommendations

IT-Related Audits	Fundamental Controls	Other Controls	Total	# Open Originating Prior to 2014
1. Service Continuity Controls (5)	7	1	8	8
2. System Enhancements and Software Change Controls (5)	4	1	5	5
3. IT Operations Management/Mainframe (5)	11	2	13	6
4. Computer Access and Security Controls (5)	11	1	12	12
5. Technical Security Vulnerability Assessment (5)	4	--	4	4
6. Participant Website Controls (5)	2	1	3	3

V. Summary of Open Recommendations (continued)

Process Audits	Fundamental Controls	Other Controls	Total	# Open Originating Prior to 2014
7. Account Maintenance (5)	--	1	1	1
8. Participant Support/ Call Center Operations (4)	10	1	11	11
9. Withdrawals (3)	4	1	5	5
10. Loan Operations (1)	1	--	1	1
11. L Fund Operations	--	--	--	--

V. Summary of Open Recommendations (continued)

Other TSP Audits	Fundamental Controls	Other Controls	Total	# Open Originating Prior to 2014
1. Treasury "G" Fund Investment Operations	--	--	--	--
2. Investment Manager Operations ("F", "C", "S" and "I" Funds)	--	--	--	--
3. Annuity Operations (2)	1	--	1	1
4. Board Staff Operations (4)	1	--	1	1
Total Recommendations	56	9	65	58

(1) The most recent report was 2009.　　(2) The most recent report was 2010.　　(3) The most recent report was 2011.

(4) The most recent report was 2012.　　(5) The most recent report was 2013.

VI. Future EBSA Initiatives

As funding permits:

- Complete all audit areas of the TSP Fiduciary Oversight Program at least once every three years.

- Conduct follow-up assessments based on results of the 2014 benchmarking special project.

Supplemental Information

A. Overview of the EBSA TSP Fiduciary Oversight Program

1. EBSA's TSP Fiduciary Oversight Responsibility

The Thrift Saving Plan (TSP) was authorized by Congress under the Federal Employees' Retirement System Act of 1986 (FERSA) (Public Law 99-335).

The Employee Benefits Security Administration (EBSA), through the statutory reference to the Secretary of Labor [5 USC 8477(g)], is responsible for establishing a program to carry out audits to determine the level of compliance with the requirements of FERSA relating to fiduciary responsibilities and prohibited activities of fiduciaries.

A. Overview of the EBSA TSP Fiduciary Oversight Program (continued)

2. EBSA's Approach to the TSP Fiduciary Oversight Program

EBSA's TSP audit procedures are designed to comply with *Government Auditing Standards*, published by the U.S. Government Accountability Office (GAO), for conducting the following audits:

- Performance audits, including assessments of program effectiveness, economy, and efficiency; internal control; compliance; and prospective analyses; and

- Financial-related audits, including reviews of certain financial information

A. Overview of the EBSA TSP Fiduciary Oversight Program (continued)

3. EBSA's TSP Fiduciary Oversight Program

EBSA's Program is designed to determine whether:

- The fiduciaries are acquiring, protecting, and using TSP resources economically, efficiently, and solely in the interest of TSP participants and beneficiaries;

- The fiduciaries have complied with FERSA and other applicable laws and regulations;

- The TSP program activities, functions, and organization are cost effective and efficient; and

- EBSA's previous TSP recommendations have been adequately acted upon.

A. Overview of the EBSA TSP Fiduciary Oversight Program (continued)

4. Other Benefits

Besides discharging the Secretary of Labor's statutory responsibilities for a TSP audit program, the EBSA TSP Fiduciary Oversight Program provides the following benefits to TSP participants and beneficiaries:

- Certain audit assurances that their retirement assets are properly protected; and
- Potential opportunities for future cost savings through implementation of EBSA-identified enhancements to TSP system operations.

B. Examples of TSP Information Obtained for Each Audit

- Prior audit reports

- Organization charts

- Position descriptions

- Flowcharts

- Policies and procedures documents

- Relevant contracts

- Descriptions of support systems

- Identification of key TSP control points

- EBSA, Federal Retirement Thrift Investment Board members, and Agency management concerns

C. Uses of TSP Information Obtained for Each Audit

- Test internal controls
- Test TSP transactions and activities for compliance with applicable laws, regulations, and contracts
- Address EBSA, Federal Retirement Thrift Investment Board, and Agency concerns, as practicable
- Update EBSA's TSP Fiduciary Oversight Program Manual

D. Audit and Report Process for Each TSP Performance Audit

- Preliminary planning meeting(s)
- Entrance conference
- Completion of field work
- Agency's initial review of pre-exit conference draft report (or sections thereof)
- Exit conference
- Agency's 30 day technical review period of draft report
- Preliminary final report, forwarded to the Executive Director for formal written response to DOL EBSA
- Final report including the Executive Director's formal written response to DOL EBSA
- The Executive Director's presentation of report and formal written response to DOL EBSA at scheduled meetings of the Board
- Summarized final report forwarded to DOL Deputy Assistant Secretary for Program Operations for appropriate further action, if necessary
- DOL's and contractors' presentation of significant findings and recommendations and current year's TSP audit plan annually at a scheduled Board meeting