



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD  
77K Street, NE Washington, DC 20002

August 27, 2019

**Employee Benefits Security Administration - Performance Audit of Thrift Savings Plan  
Lifecycle Funds Process**

**Audit Report Date:**

June 14, 2019

**Audit Scope Period:**

January 1, 2018 through December 31 2018

**Audit Objectives:**

- Determine whether the Agency implemented certain procedures to:
  1. Rebalance the L Funds on a daily basis to reflect the fund's target allocation for the current quarter.
  2. Adjust the asset allocations of the L Funds each quarter based on each fund's prescribed time horizon.
  3. Review the assumptions of the L Funds at least annually to determine whether any changes to the allocations are warranted.
  4. Conduct the most current assumptions review in accordance with the terms of the contract between the Agency and the vendor.
  5. Accurately calculate the published ratio of administrative expenses per \$1,000 of account balance in the L Funds.
  6. 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, as identified in the vendor's annual review as of September 2018, were consistent with industry benchmarks.
- Test compliance of the TSP account maintenance process with 5 CFR 1604.40.
- Determine the status of prior EBSA open recommendations.

**Audit Results:**

EBSA concluded that for the period January 1, 2018 through December 31 2018, the Agency implemented certain procedures to:

1. Rebalance the L Funds on a daily basis to reflect the fund's target allocation for the current quarter.
2. Adjust the asset allocations of the L Funds each quarter based on each fund's prescribed time horizon.

3. Review the assumptions of the L Funds at least annually to determine whether any changes to the allocations are warranted.
4. Conduct the most current assumptions review in accordance with the terms of the contract between the Agency and the vendor.
5. Accurately calculate the published ratio of administrative expenses per \$1,000 of account balance in the L Funds.
6. Verify that the published asset allocations for each L Fund agree to the actual asset allocation.

In addition:

1. EBSA determined that the current assumptions used to develop the L Funds' allocations, as identified in the vendor's annual review as of September 2018, were consistent with industry benchmarks.
2. EBSA not identify any instances of noncompliance with 5 CFR 1601.40.

EBSA closed 14 prior year recommendations and presented 1 new recommendation. The open recommendation noted service accounts were not properly identified.