



# Federal Retirement Thrift Investment Board

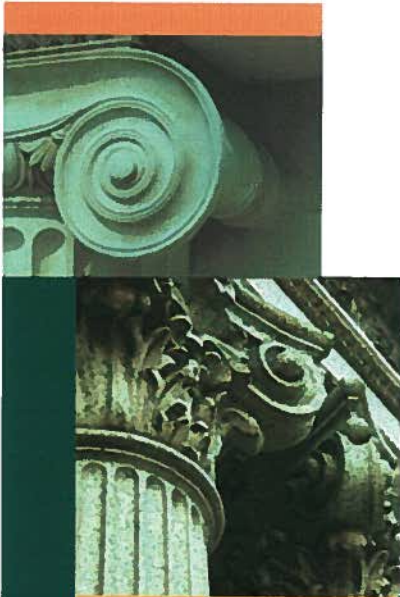
October 19, 2009



**Clifton  
Gunderson LLP**  
Certified Public Accountants & Consultants  
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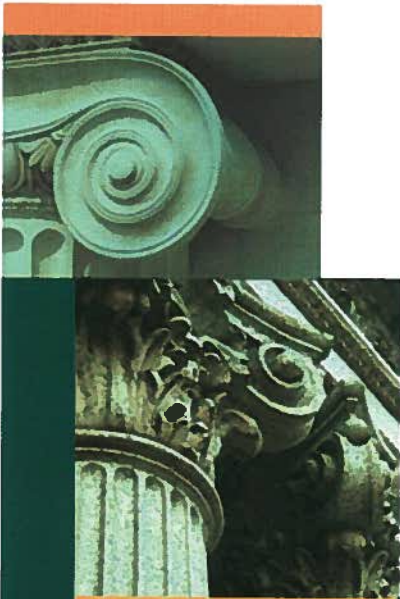
# Agenda

- **Introductions**
- **Summary - June 30, 2009 Review**
  - Scope of Services
  - Summary of Results
  - Status of Prior Recommendations
- **Year-End Audit Plan for CY 2009**
  - Engagement Team
  - Audit Contract
  - Scope of Services
  - Timing of Work
- **Questions and Comments**



# Summary – June 30, 2009 Review Introductions

- Marie Caputo → Audit Partner
- Bill Oliver → Quality Assurance Partner
- Bob Halpin → IT Senior Manager
- Heather Plitt → Financial Audit Manager

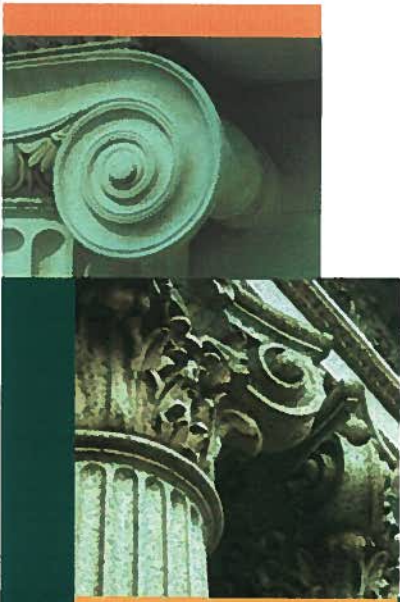




# Summary – June 30, 2009 Review

## Scope of Services

- Review of financial statements of Thrift Savings Fund for Six-Month Period Ended June 30, 2009
  - Conducted in accordance with Statements on Standards for Accounting and Review Services (SSARS) issued by the American Institute for Certified Public Accountants (AICPA)
  - Plan and perform review services to determine if any material modifications should be made to the June 30, 2009 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America
    - Performed analyses of financial data
    - Inquired as to changes in internal controls over financial reporting and general computer and application controls



# Summary – June 30, 2009 Review

## Scope of Services (cont'd)

- Review procedures performed
  - Made inquiries of Agency and contractor personnel – those responsible for financial and accounting matters
  - Work performed at Agency Headquarters (Washington D.C.)
- Review is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America
  - Not expressing an opinion regarding the financial statements taken as a whole



# Summary – June 30, 2009 Review

## Summary of Results

- Independent Accountants' Review Report
  - Not aware of any material modifications that should be made to the June 30, 2009 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America
- No opinion on internal controls expressed
- Updated Understanding of Status of Prior Recommendations



# Summary – June 30, 2009 Review

## Status of Prior Recommendations

- As part of our review procedures, we updated our understanding of internal controls
  - We did not test operating effectiveness of the controls
  - We did not test any changes made to improve areas commented on in previous years
- We did update our understanding of status of prior recommendations (summarized in following table)



# Summary – June 30, 2009 Review

## Status of Prior Recommendations

Prior Comment/ Recommendation	Status per Discussions with Agency Personnel
<b>2008-1</b> Certification and Accreditation, Risk Assessment Process and Plans of Actions and Milestones (POA&Ms)	The Agency is in the process of defining system boundaries which will identify major applications and general support systems for certification and accreditation efforts. This effort will include development of related components such as risk assessments and POA&Ms.
<b>2008-2</b> Formalization of Information Technology Policies and Procedures	The Agency is in the process of drafting IT policies and procedures with the majority expected to be finalized by December 2009.

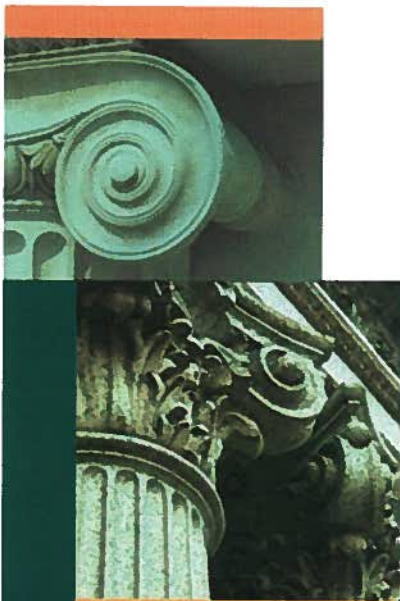




# Summary – June 30, 2009 Review

## Status of Prior Recommendations

Prior Comment/ Recommendation	Status per Discussions with Agency Personnel
<b>2008-3</b> Background investigations	The Agency has initiated background investigations (BI) for the Office of Finance staff with the Office of Personnel Management (OPM) and accomplished eleven background checks on current employees. The Agency now performs an initial background check based on fingerprints and FBI check before employees are able to start work at the FRTIB. The Agency anticipates background investigations to be completed for all employees during calendar year 2010.
<b>2008-4</b> Change control policies and System Development Life Cycle Methodology	The Agency expects to have recommended updates made to configuration management policies by the end of February 2010, as the Agency is still building the test and quality assurance environment activities and expanding the corresponding process workflow.



# Summary – June 30, 2009 Review

## Status of Prior Recommendations

Prior Comment/ Recommendation	Status per Discussions with Agency Personnel
2008-5 Password Controls	The Agency is in the process of formalizing SOPs related to password controls. Password settings on the Savantage system have been re-configured to be in synch with the Omni system and its corresponding security plan. The Agency is in the process of evaluating and modifying (as appropriate) password settings on other applications.
2008-6 Baseline Security Configurations	The Agency expects to have recommended updates made to configuration management policies by the end of February 2010, as the Agency is still building the test and quality assurance environment activities and expanding the corresponding process workflow.



# Summary – June 30, 2009 Review

## Status of Prior Recommendations

Prior Comment/ Recommendation	Status per Discussions with Agency Personnel
<b>2008-7</b> Disclosures required under FASB Statement No. 157	Required disclosures were presented in the December 31, 2008, and June 30, 2009 financial statements.
<b>2008-8</b> Review of SAS 70 Reports	The Agency has begun to formally document their reviews as part of their quarterly vendor analyses.
<b>2008-9</b> Response to OMB Circular A-123 Appendix A	The risk of improper investment valuation has been documented as critical risk within the Agency's risk assessment and internal controls program.



# Audit Plan for CY 2009

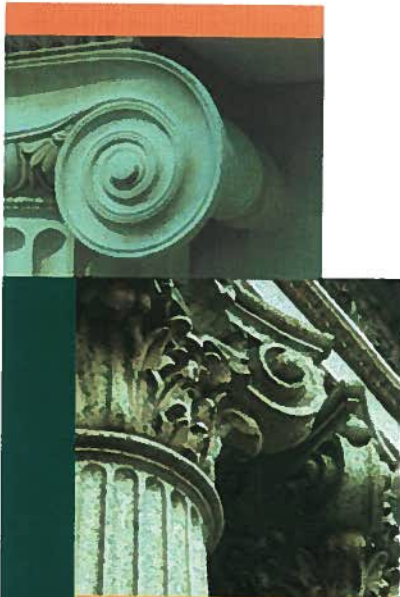
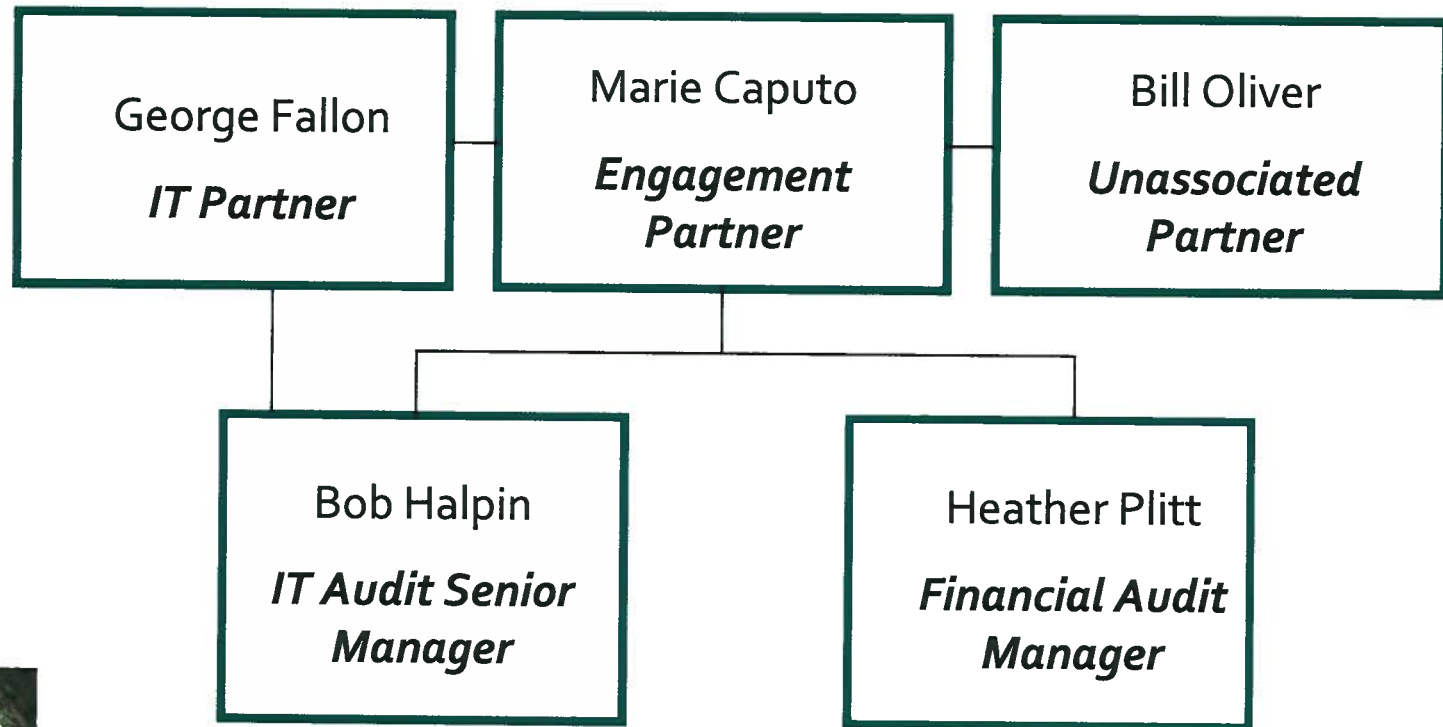
- Engagement Team
- Audit Contract
- Scope of Services
- Timing of Work





# Audit Plan for CY 2009

## Engagement Team



# Audit Plan for CY 2009

## Audit Contract

- Second year of 5-year audit contract

## Scope of Services

- Audit of the Thrift Savings Fund financial statements as of and for the year ended December 31, 2009
- Report on control deficiencies and other matters
- Written communications with the Board
- Ongoing consultation as needed



# Audit Plan for CY 2009

## Scope of Services (cont'd)

- Auditor's Responsibilities under Generally Accepted Auditing Standards
  - We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Federal Retirement Thrift Investment Board are presented fairly, in all material respects, in conformity with generally accepted accounting principles.
  - The audit of the financial statements does not relieve management or the Federal Retirement Thrift Investment Board of their responsibilities.
  - We are responsible for performing the audit in accordance with generally accepted auditing standards. The audit is designed to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement.



# Audit Plan for CY 2009

## Scope of Services (cont'd)

- Auditor's Responsibilities under Generally Accepted Auditing Standards
  - An audit includes consideration of internal control over financial reporting as a basis for designing appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting.
  - We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to the responsibilities of the Federal Retirement Thrift Investment Board in overseeing the financial reporting process. Auditing standards do not require us to design procedures to identify other matters to communicate with the Federal Retirement Thrift Investment Board. When applicable, we are responsible for communicating particular matters required by laws or regulations, by agreement with the entity or by additional requirements applicable to the engagement.





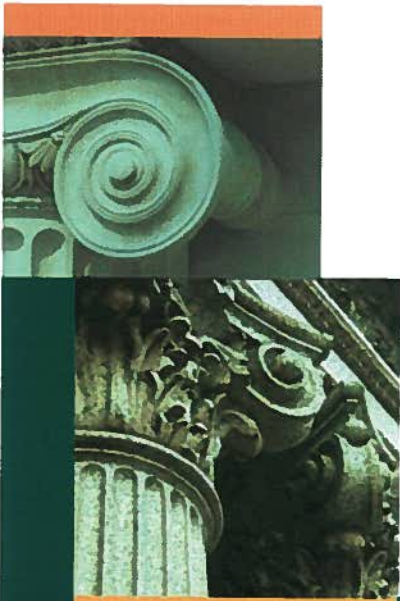
# Audit Plan for CY 2009

## Timing of Work

KEY MILESTONES	DATE
Planning	October 2009
Understanding and testing of internal controls	October to December 2009
Substantive procedures	February to March 2010
Final audit reports	March 2010



# Questions?



# Clifton Gunderson LLP

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