



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

October 28, 2019

Employee Benefits Security Administration - Performance Audit of Certain Thrift Savings Plan Operations at the Defense Finance and Accounting Service (DFAS)

Audit Report Date:

September 19, 2019

Audit Scope Period:

January 1, 2018 to December 31, 2018

Audit Objectives:

- Determine whether DFAS 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.

Audit Results:

EBSA concluded that for the period January 1, 2018 to December 31, 2018 DFAS 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

EBSA closed 4 prior year recommendations, presented 1 new recommendation and left open 1 prior year recommendation. All of the recommendations apply to DFAS.

The open recommendations noted issues with communication of transfers between Active Duty and Ready Reserve and untimely start of Agency automatic contributions.