

Federal Retirement Thrift Investment Board – Thrift Savings Fund

2015 Audit

April 18, 2016

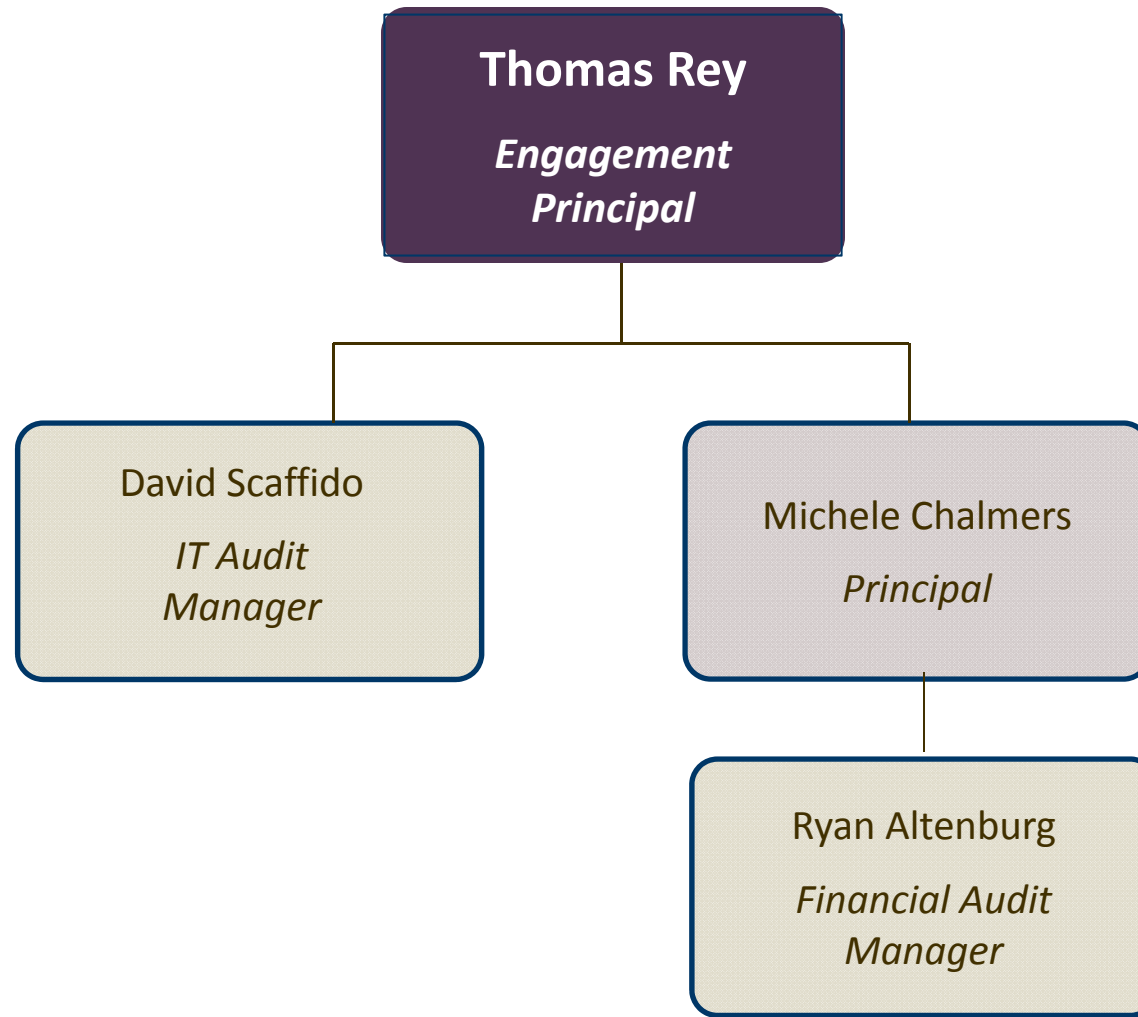


cliftonlarsonallen.com

Thomas Rey, Principal



Engagement Team



2015 Audit Scope

- The audit was conducted in accordance with U.S. Generally Accepted Auditing Standards (GAAS)
 - 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.
 - 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.

2015 Audit Results

- Independent Auditors' Report - Unmodified "clean" opinion that the financial statements are presented fairly, in all material respects in conformity U.S. Generally Accepted Accounting Principles (GAAP)
- Letter on internal control over financial reporting (not an opinion on internal control)
 - No material weaknesses were identified
 - Reported two significant deficiencies
 - Reported other matters
- Letter to the Board providing required communications with those charged with governance

2015 Letter on Internal Control Over Financial Reporting

- Two significant deficiencies
 - Security Program
 - ◇ System authorizations and Continuous Monitoring
 - ◇ Plans of Action and Milestones
 - Configuration Management
 - ◇ Unsupported Operating Systems
- Nine other control related matters
 - ◇ Access Control
 - Segregation of duties
 - Logging and monitoring of user system activity
 - Monitoring and review of user activity on applications
 - ◇ Configuration Management
 - Change control testing
 - ◇ Continuity Planning
 - Business Continuity and Disaster Recovery Plans
 - ◇ Security Program
 - System security plans
 - Interconnection security agreements
 - ◇ Participant Transaction Level Reporting
 - ◇ Oversight of Contractor (SERCO)

Other Communications

- Auditors' responsibility under US Generally Accepted Auditing Standards
- Accounting Policies – One new accounting policy
 - The Fund adopted Part II of the FASB Accounting Standards Update (ASU) 2015-12, *(Part II) Plan Investment Disclosures*
- Management judgments and accounting estimates
 - Valuation of investments
- Financial statement disclosures are neutral, consistent, and clear
- No audit adjustments and no uncorrected audit adjustments above our trivial threshold were noted

Other Communications

- Management was very cooperative and professional during the audit process
 - No disagreements with management
 - Management did not consult with other accountants on the application of GAAP or GAAS
 - No major issues were discussed with management prior to retention
- Management Representations

June 30, 2016 Review

- Review of the Thrift Savings Fund financial statements as of and for the six months ended June 30, 2016
- Work to be performed during August 2016
- Reports to be issued:
 - Draft to management – by September 15, 2016
 - Final – by September 30, 2016
- Presentation of the results at the October Board meeting

Questions?