




Federal Retirement Thrift Investment Board

October 18, 2010



**Clifton
Gunderson LLP**
Certified Public Accountants & Consultants
COUNT ON INSIGHT®
www.cliftoncpa.com

Agenda

- **Introductions**
- **Summary - June 30, 2010 Review**
 - Scope of Services
 - Summary of Results
 - Status of Prior Recommendations
- **Year-End Audit Plan for CY 2010**
 - Engagement Team
 - Audit Contract
 - Scope of Services
 - Timing of Work
- **Questions and Comments**



Summary – June 30, 2010 Review Introductions

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



Summary – June 30, 2010 Review

Scope of Services

- Review of financial statements of Thrift Savings Fund for Six-Month Period Ended June 30, 2010
 - 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, 2010 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, 2010 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, 2010 Review

Summary of Results

- Independent Accountants' Review Report
 - Not aware of any material modifications that should be made to the June 30, 2010 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, 2010 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, 2010 Review

Status of Prior Recommendations

Prior Comment/ Recommendation	Status per Discussions with Agency Personnel
2009-1 Certification and Accreditation, Risk Assessment Process and Plans of Actions and Milestones (POA&Ms)	The Agency intends to initiate a risk assessment starting in Spring 2011.
2009-2 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 2010.

Summary – June 30, 2010 Review

Status of Prior Recommendations

Prior Comment/ Recommendation	Status per Discussions with Agency Personnel
2009-3 Background investigations	<p>The Agency has initiated and submitted background investigations to the Office of Personnel Management (OPM) for 88 current employees, of which 64 (73%) have been completed.</p> <p>The Agency has initiated background investigations for all employees which are expected to be completed by the end of calendar year 2010.</p> <p>The development of related policies and procedures is ongoing.</p>
2009-4 Change control policies and System Development Life Cycle Methodology	<p>The Agency expects to have recommended updates made to configuration management policies by the end of December 2010, as the Agency is still building the test and quality assurance environment activities and expanding the corresponding process workflow.</p>

Summary – June 30, 2010 Review

Status of Prior Recommendations

Prior Comment/ Recommendation	Status per Discussions with Agency Personnel
2009-5 Password Controls	The Agency is in the process of formalizing policies and procedures related to password controls, which once completed will be implemented during the Fall of 2010 through the Spring 2011 timeframe. Password policy settings will be incorporated within the baseline configurations for implementation.
2009-6 Baseline Security Configurations	Baseline configurations for Windows 2003, databases, and mainframe platforms are expected to be implemented during the Fall of 2010 through Spring 2011 timeframe. Configurations for the Linux and Cisco platforms are already in production.

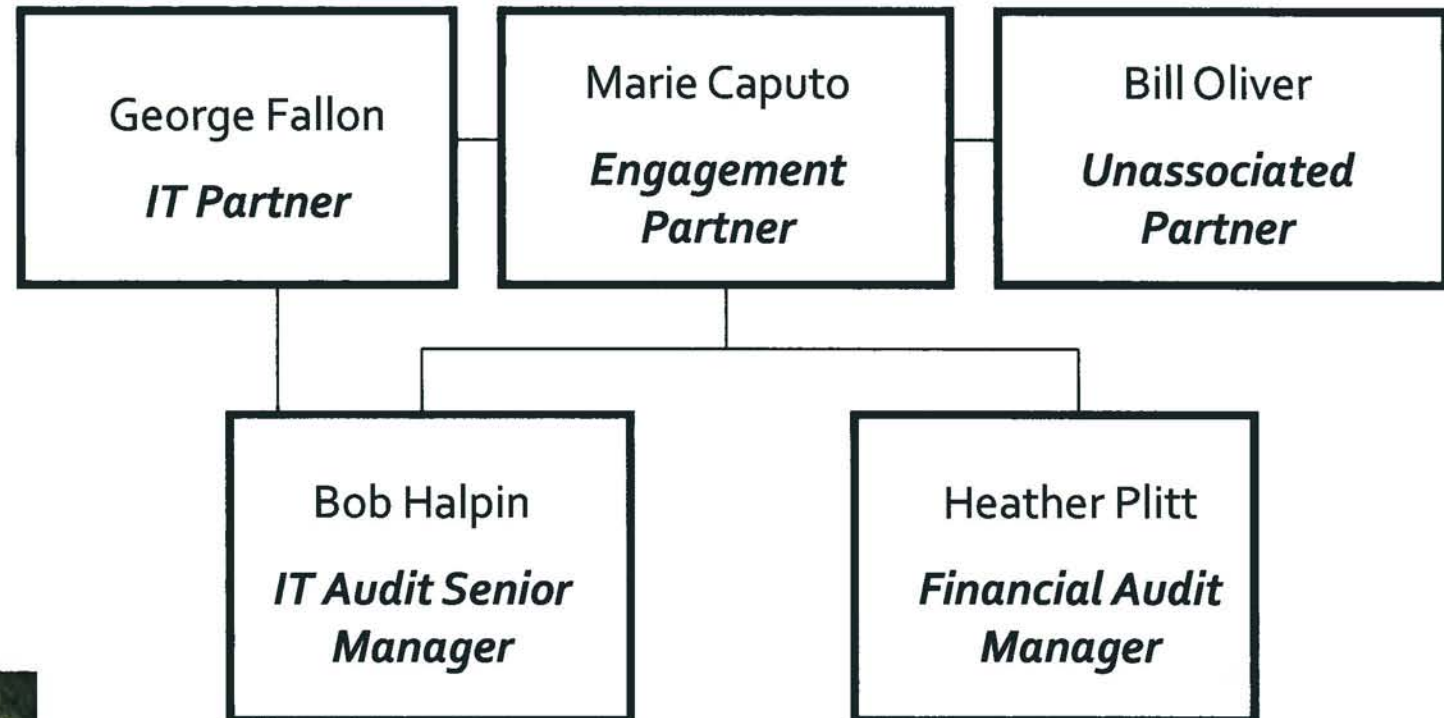


Audit Plan for 2010

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



Audit Plan for 2010 Engagement Team



Audit Plan for 2010

Audit Contract

- Third 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, 2010
- Report on control deficiencies and other matters
- Written communications with the Board
- Ongoing consultation as needed



Audit Plan for 2010

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 2010

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 2010

Timing of Work

KEY MILESTONES	DATE
Planning	October 2010
Understanding and testing of internal controls	November to December 2010
Substantive procedures	February to March 2011
Final audit reports	March 2011



Questions?



Clifton Gunderson LLP

Clifton Gunderson, ranked as one of the nation's largest certified public accounting and consulting firms, is a leader in providing audit and financial management solutions to government agencies. Founded in 1960, Clifton Gunderson has a staff of nearly 2,000 professionals serving clients from 45 offices across the country. Visit our website at www.cliftoncpa.com for more information.

