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FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

Thrift Savings Plan
CY 2007 Audit

April 21, 2008

Audit • Tax • Consulting • Financial Advisory •

Agenda

- Introductions
- Summary of 2007 Audit
 - Scope of Services
 - Summary of Results
 - Required Auditor Communications
 - Other Matters
- Review Plan for 2008 Midyear Review
 - Scope of Services
 - Client Service Team
 - Timing and Reports for 2008 Midyear Review
- Questions and Comments

Introductions

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|-------------------|---|-----------------------------|
| • Melissa Krause | ➡ | • Audit Partner |
| • Dennis Duquette | ➡ | • ERS Director |
| • John Rueger | ➡ | • Audit Senior |
| • Kevin Monroe | ➡ | • Quality Assurance Partner |

Summary of 2007 Audit

- **Scope of Services**

- Audit of 2007 financial statements of Thrift Savings Fund
 - Conducted in accordance with Generally Accepted Auditing Standards (“GAAS”)
 - Plan and perform audit to obtain reasonable assurance about whether financial statements are free of material misstatement
 - Consider internal control over financial reporting and management’s process to assess and manage risks
 - Process to assess risk of material misstatement of financial statements
 - Form basis for designing and performing appropriate and effective audit procedures
 - Not for purpose of expressing an opinion on effectiveness of Fund’s internal control over financial reporting
 - Work performed at Agency Headquarters (Washington), SI International (Fair Oaks), Switch & Data (Pittsburgh) and SunGard (Birmingham)

Summary of 2007 Audit (continued)

- **Scope of Services**

- Review of general computer and application controls
 - Work performed at Board Headquarters & SI International (Washington), and at Switch & Data (Pittsburgh)
 - Review of Barclays, US Bank, and US Treasury Bureau of Public Debt (BPD) Service Auditors' Reports (i.e., SAS 70 reports) and performed testing of "user controls" at Agency
- Regulatory compliance review
- Review of DOL Reports

Summary of 2007 Audit

(continued)

- **Summary of Results**

- Independent Auditors' Report – unqualified opinion; fair presentation of statements in accordance with Generally Accepted Accounting Principles ("GAAP"), in all material respects
- No opinion on internal controls expressed
- Report to Management Concerning Control-Related Matters
 - No material weaknesses in internal control noted
 - Control deficiencies, including observations and recommendations
- Required Communication With Those Charged With Governance
 - Board's financial reporting oversight role
 - Previous communication provided overview of scope and planning
 - Communication of results of audit

Summary of 2007 Audit

(continued)

- **Report to Management Concerning Control-Related Matters**
 - Information Technology Controls
 - Information Security – User Access Administration
 - Change Management
 - Operational Matters
 - Reconciliation of Fund Balances

Summary of 2007 Audit

(continued)

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- **Required Auditor Communications**
 - Our responsibility under auditing standards generally accepted in the United States
 - Consideration of internal control
 - Accounting Estimates
 - Contributions receivable, asset lives, investment fair values
 - Uncorrected Misstatements
 - No uncorrected misstatements or disclosure items passed
 - Significant accounting policies
 - Note 2
 - Other information in the annual audit report

Summary of 2007 Audit

(continued)

- **Required Auditor Communications**
 - Disagreements with management
 - None
 - Consultation with other accountants
 - None
 - Major issues discussed with management prior to retention
 - Routine discussions
 - Difficulties encountered in performing the audit
 - Full cooperation and access

Review Plan for CY 2008 Midyear

- Audit Contract
- Scope of Services
- Client Service Team
- Timing and Reports for 2008 Midyear

Review Plan for CY 2008 Midyear

Audit Contract

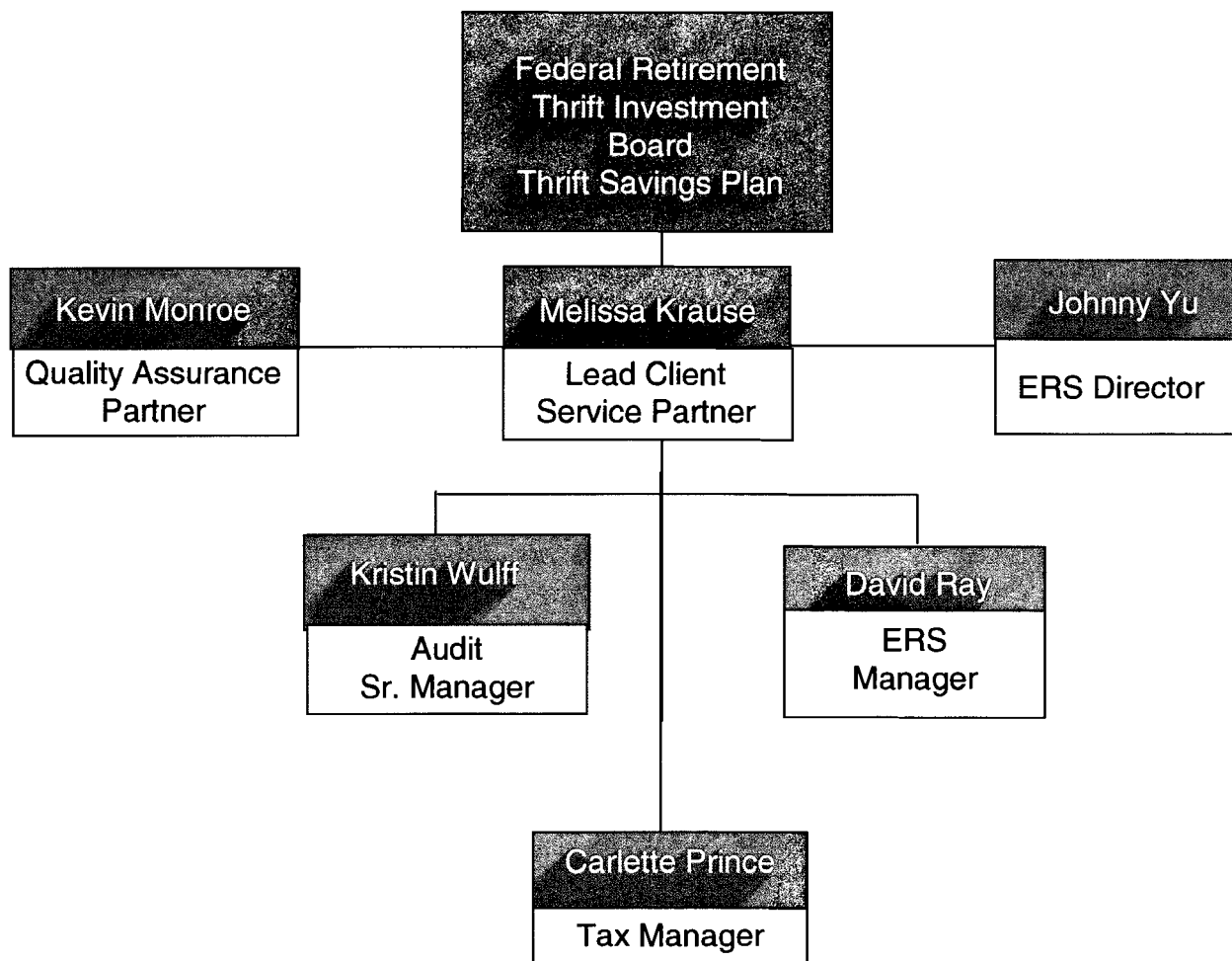
- Final Option Period of 5-year Audit Contract

Scope of Services

- Review of the Interim Financial Statements Thrift Savings Fund as of June 30, 2008
- Required auditor communications
 - Overview of scope and planning
 - Results of review
- Ongoing consultation as needed

Review Plan for CY 2008 (continued)

Client Service Team



Review Plan for CY 2008 (continued)

Timing and Reports for CY 2008

- Review of June 30 statements (*July – August 2008*)
- Final Reports – *October 2008*
 - Review Report
 - Other Required Communications

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