



Employee Benefits Security Administration

Performance Audit over the Decommissioning of Legacy Thrift Savings Plan (TSP) Systems

June 21, 2024

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
EXECUTIVE SUMMARY.....	i
I. BACKGROUND OF THE TSP AND DECOMMISSIONING OF LEGACY SYSTEMS.....	I.1
A. The Thrift Savings Plan.....	I.1
B. TSP System	I.1
C. Decommissioning of Legacy TSP Systems Overview	I.2
II. OBJECTIVES, SCOPE, AND METHODOLOGY	II.1
A. Objectives.....	II.1
B. Scope and Methodology.....	II.1
III. FINDINGS AND RECOMMENDATIONS.....	III.1
A. Introduction.....	III.1
B. 2024 Findings and Recommendations.....	III.2
C. Summary of Open Recommendations.....	III.6
 <u>Appendices</u>	
A. Agency’s Response.....	A.1
B. Key Documentation and Reports Reviewed	B.1

EXECUTIVE SUMMARY

Members of the Federal Retirement Thrift Investment Board
Washington, D.C.

Michael Auerbach
Chief Accountant
U.S. Department of Labor, Employee Benefits Security Administration
Washington, D.C.

As part of the U.S. Department of Labor Employee Benefits Security Administration (EBSA) Fiduciary Oversight Program, we conducted a performance audit of the security controls for the decommissioning of legacy Thrift Savings Plan (TSP) systems. Our audit was performed remotely from December 21, 2023, through April 12, 2024, in coordination with personnel primarily from the Federal Retirement Thrift Investment Board's Staff (Agency) headquarters in Washington, D.C. Our scope period for testing was as of November 30, 2023.

We conducted this performance audit in accordance with the performance audit standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the American Institute of Certified Public Accountants' (AICPA) *Standards for Consulting Services*. *Government Auditing Standards* require that we plan and perform the audit to obtain sufficient, appropriate audit evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives. Criteria used for this audit are defined in EBSA's *Thrift Savings Plan Fiduciary Oversight Program*, which includes the National Institute of Standards and Technology (NIST) Special Publication 800-53, Revision 5, *Security and Privacy Controls for Federal Information Systems and Organizations*.

The objectives of our performance audit over the decommissioning of legacy TSP systems were to determine whether the Agency implemented certain procedures related to the legacy TSP system to: (1) manage and track the decommissioning and disposal of legacy hardware; and (2) sanitize hardware prior to disposal to protect participant information.

We present two new findings and related recommendations, both of which address fundamental controls. Fundamental control recommendations address significant¹ procedures or processes that have been designed and operate to reduce the risk that material intentional or unintentional processing errors could occur without timely detection or that assets are inadequately safeguarded against loss. These recommendations are intended to strengthen TSP decommissioning security controls. The Agency should review and consider these recommendations for timely implementation. Section III.B presents the details that support the current year findings and recommendations.

Based upon the performance audit procedures conducted and the results obtained, we have met our audit objectives. We conclude that as of November 30, 2023, the Agency implemented certain procedures related to the legacy TSP system to: (1) manage and track the decommissioning and disposal of legacy hardware; and (2) sanitize hardware prior to disposal to protect participant information. However, as indicated above, we noted internal control weaknesses in certain areas of TSP decommissioning security controls within our audit objectives.

The Agency's responses to the recommendations are included as an appendix within the report (Appendix A). The Agency concurred with both recommendations.

This performance audit did not constitute an audit of the TSP's financial statements, or an attestation engagement as defined by *Government Auditing Standards* and the AICPA standards for attestation engagements. KPMG was not engaged to and did not render an opinion on the Agency's internal controls over financial reporting or over financial management systems. KPMG cautions that projecting the results of this audit to future periods is subject to the risks that controls may become inadequate because of changes in conditions or because compliance with controls may deteriorate.

While we understand that this report may be used to make the results of our performance audit available to the public in accordance with *Government Auditing Standards*, this report is intended for the information and use of the U.S. Department of Labor Employee Benefits Security

¹ *Government Auditing Standards* section 8.15 defines significance in the context of a performance audit.

Administration, Members of the Federal Retirement Thrift Investment Board, and Agency management. The report is not intended to be, and should not be, used by anyone other than these specified parties.

KPMG LLP

June 21, 2024

II. OBJECTIVES, SCOPE, AND METHODOLOGY

A. Objectives

The U.S. Department of Labor Employee Benefits Security Administration (EBSA) engaged KPMG LLP (KPMG) to conduct a performance audit of the security controls for the decommissioning of legacy Thrift Savings Plan (TSP) systems at the Federal Retirement Thrift Investment Board's Staff (Agency).

The objectives of this performance audit were to determine whether the Agency implemented certain procedures related to the legacy TSP system to: (1) manage and track the decommissioning and disposal of legacy hardware; and (2) sanitize hardware prior to disposal to protect participant information.

B. Scope and Methodology

We conducted this performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and the American Institute of Certified Public Accountants' *Standards for Consulting Services*, using EBSA's *Thrift Savings Plan Fiduciary Oversight Program*. Our scope period for testing was as of November 30, 2023. We performed the audit in four phases: (1) planning, (2) arranging for the engagement with the Agency, (3) testing and interviewing, and (4) report writing.

The planning phase was designed to assist team members in developing a collective understanding of the activities and controls associated with the applications, processes, and personnel involved with the TSP legacy system decommissioning project, which included ■ sites. Arranging for the engagement included contacting the Agency and agreeing on the timing of detailed testing procedures.

During the testing and interviewing phase, we performed the following procedures related to decommissioning of TSP legacy systems to achieve our audit objectives:

- Conducted interviews;
- Collected and inspected auditee-provided documentation and evidence;
- Inspected policies and procedures that established the requirements for media protection, destruction, and sanitization;

- Tested a non-statistical sample of decommissioned sites as of November 30, 2023, to determine whether site assets were reviewed and approved for sanitization through destruction or purging; and
- Tested a non-statistical sample of assets from a selection of decommissioned sites as of November 30, 2023, to determine whether hardware assets were sanitized appropriately based on the security categorization of the asset.

We conducted these test procedures remotely in coordination with personnel primarily from the Agency’s headquarters in Washington, D.C. Appendix B lists the key documentation and reports provided by Agency personnel that we reviewed during our performance audit. Because we used non-statistically determined sample sizes in our sampling procedures, our results are applicable to the samples we tested and were not extrapolated to the population.

Criteria used for this engagement are defined in EBSA’s *Thrift Savings Plan Fiduciary Oversight Program*, which includes National Institute of Standards and Technology Special Publication 800-53, Revision 5, *Security and Privacy Controls for Federal Information Systems and Organizations*.

The report writing phase entailed drafting a preliminary report, conducting an exit conference, providing a formal draft report to the Agency for comment, and preparing and issuing the final report.

**This report contains Sensitive Information
and will not be posted.**