



Employee Benefits Security Administration

**Performance Audit of the Thrift Savings Plan
Insider Threat Controls**

March 12, 2018

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EXECUTIVE SUMMARY

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

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As part of the U.S. Department of Labor Employee Benefits Security Administration (EBSA) Fiduciary Oversight Program, we conducted a performance audit of the Thrift Savings Plan (TSP) insider threat controls. Our fieldwork was performed from September 11, 2017 through December 20, 2017, primarily at the Federal Retirement Thrift Investment Board's Staff's (Agency) headquarters in Washington, DC. Our scope period for testing was October 1, 2016 through September 30, 2017.

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' *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 Special Publication 800-53, Revision 4, *Security and Privacy Controls for Federal Information Systems and Organizations*.

The objectives of our audit over the TSP insider threat controls were to:

- Determine whether the Agency implemented certain controls to prevent, monitor, and detect insider threats to Thrift Savings Plan (TSP) systems and data by Agency personnel and contractors; and

- Perform limited social engineering procedures to test for the existence of insider threat controls.

However, based on Agency management's privacy concerns, we were not granted access to certain facilities by the Agency. As such, we were not able to meet the second audit objective listed above. This situation was discussed promptly with EBSA, and EBSA directed us to complete the audit with the first audit objective only.

We present two new findings and recommendations related to insider threat controls, 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. The recommendations are intended to strengthen insider threat 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 one of our two audit objectives. We conclude that for the period October 1, 2016 through September 30, 2017, the Agency had not implemented certain controls to prevent, monitor, and detect insider threats to TSP systems and data by Agency personnel and contractors. We noted internal control weaknesses in all areas of TSP insider threat controls within our audit objective.

The Agency's responses to the recommendations, including the Executive Director's formal reply, are included as an appendix within the report (Appendix A). The Agency concurred with all recommendations.

This performance audit did not constitute an audit of the TSP's financial statements in accordance with *Government Auditing Standards*. 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

¹ *Government Auditing Standards* section 6.04 defines significance in the context of a 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 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

March 12, 2018

II. OBJECTIVE, 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 Thrift Savings Plan (TSP) insider threat control controls.

The objectives of our audit over the TSP insider threat controls were to:

- Determine whether the Federal Retirement Thrift Investment Board's Staff (Agency) implemented certain controls to prevent, monitor, and detect insider threats to TSP systems and data by Agency personnel and contractors; and
- Perform limited social engineering procedures to test for the existence of insider threat controls.

However, based on Agency management's privacy concerns, we were not granted access to certain facilities by the Agency. As such, we were not able to meet the second audit objective listed above. This situation was discussed promptly with EBSA, and EBSA directed us to complete the audit with the first audit objective only.

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 October 1, 2016 through September 30, 2017. 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 to develop a collective understanding of the activities and controls associated with the applications, processes, and personnel involved with the prevention and detection of insider threats. Arranging 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 to achieve our audit objectives:

- Conducted interviews; and
- Collected and inspected auditee-provided documentation and evidence.

We conducted these test procedures at the Agency's headquarters in Washington, DC. In Appendix B, we identify the key documentation provided by Agency personnel that we reviewed during our performance audit.

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.

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