



Employee Benefits Security Administration

Performance Audit of Certain Thrift Savings Plan Policies and Procedures of the Federal Retirement Thrift Investment Board Administrative Staff

July 18, 2025

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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) plan administration, procurement, and investment management policies and procedures of the Federal Retirement Thrift Investment Board Administrative Staff (Agency). Our fieldwork was performed remotely from February 26, 2025, through May 2, 2025, in coordination with personnel primarily from the Federal Retirement Thrift Investment Board Staff's (Agency) headquarters in Washington, D.C. Our scope period for testing was January 1, 2024, through December 31, 2024.

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 the EBSA's *Thrift Savings Plan Fiduciary Oversight Program*, which includes United States Code (USC) Title 5, Chapter 84 and the Code of Federal Regulations (CFR) Title 5, Chapter VI.

The objectives of our audit over the TSP policies and procedures of the Agency were to:

- Determine whether the Agency implemented certain procedures to (1) maintain standards of conduct and provide ethics training; (2) establish an organizational structure with defined roles and responsibilities and delegated authority; and to provide for succession planning; (3) process newly hired employees and separating employees; (4) identify risks to the entity and

monitor response to risks through development, implementation, and evaluation of internal control processes; (5) establish and monitor an annual budget; (6) procure goods and services in accordance with federal regulations; (7) monitor the reasonableness of administrative expenses; (8) maintain standards of conduct specific to the procurement function; (9) monitor the receipt of goods and services, and authorize expenses; (10) accurately record investment activity in the accounting records; (11) calculate the daily value of each fund's investments based on the net yield of the investments, less authorized administrative expenses and fees; and (12) monitor investment operations and results and maintain policies to provide retirement benefits to participants and beneficiaries in accordance with federal law; and

- Test compliance of the TSP plan administration, procurement, and investment management processes with 5 USC 8437(c)-(d), 8438(b)-(c), 8438(f), 8439(a)(3), 8439(b)(2)-(3), 8472(e), 8472(f)(1)-(3), 8472(i), 8473(a)-(b), 8474(a)(2), 8474(b)(6), 8476(a)-(c), 8477, and 8478(a)-(e) (hereinafter referred to as FERSA); 5 CFR 1315.4(b), 1315.4(f)-(g), 1645.2, 1645.3, 1645.5, 1645.6, 2634.201, 2634.605, 2634.903, 2635.101, 2638.301, 2638.304, 2638.307, 2638.307(e)(2)(i), and 2638.308 (hereinafter referred to as Agency regulations); and Federal Acquisition Regulation (FAR) 4.803(a)(26)(i), 5.203, 6.101, 6.208(b), 6.3, 6.303-1, 6.303-2, 6.304, 8.405-3, 9.504, 11.002, 13, 13.303-3(a)(1), 13.303-5(a), 13.501, 15.101-1(c), 15.101-2, 15.204-1, 15.208(b)(1), 15.303, 15.304(c)-(d), 15.305(a), 15.404-1, 16.1, 18.001, 28, 37.102, and 52.213-4 (hereinafter referred to as Agency regulations).

We present four new findings and four related recommendations, of which three address fundamental controls and one addresses “other” controls. Fundamental control findings and 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. Other control findings and recommendations address procedures or processes that are less significant than fundamental controls. These recommendations are intended to strengthen the TSP processes. The Agency should review and consider these recommendations for timely implementation. Section III.C 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 for the period January 1, 2024, through December 31, 2024, the Agency implemented certain procedures to (1) maintain standards of conduct and

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

AGENCY'S RESPONSE, CONTINUED

Recommendation Name: Enhanced Controls for Sole Source Justification Review

2025 - 02 Recommendation

The Agency should enhance existing policies and procedures to ensure that sufficient controls are in place to validate Contracting Officer reviews of the sole source justification occur prior to the start of negotiations, and all supporting documentation to support the sole source justification is retained to provide an accurate audit trail.

Agency Response:

The Agency concurs with the recommendation. The Employee Benefits Security Administration audit findings, along with other relevant audit findings, will be presented to the operational contracting staff to ensure awareness and corrective action where necessary. During this fiscal year, COs will receive training on the importance of approving and signing justifications prior to the start of negotiations, as well as on the inclusion of fair and reasonable price determinations for sole source contracts within those justifications. Furthermore, the Contracting Standard Operating Procedures will be revised to require that COs review and approve sole source justifications before negotiations begin.

Finding Title: [REDACTED]**Condition**

[REDACTED]

Recommendation Name: [REDACTED]**2025 – 03 Recommendation**

[REDACTED]

Agency Response:

[REDACTED]

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 Benefit 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

July 18, 2025

I. BACKGROUND OF THE TSP AND THE TSP ADMINISTRATIVE OPERATIONS

A. The Thrift Savings Plan

Public Law 99-335, the Federal Employees' Retirement System Act of 1986 (FERSA), as amended, established the Thrift Savings Plan (TSP). The TSP is the basic component of the Federal Employees' Retirement System (FERS) and the Blended Retirement System (BRS), and provides a Federal (and, in certain cases, State) income tax deferral on employee contributions and related earnings. The TSP is available to Federal and Postal employees, members of the uniformed services, and members of Congress and certain Congressional employees. The TSP began accepting contributions on April 1, 1987, and as of December 31, 2024, had approximately \$963 billion in assets and approximately 7.2 million participants².

The FERSA established the Federal Retirement Thrift Investment Board (the Board) and the position of Executive Director. The Executive Director manages the TSP for its participants and beneficiaries. The Federal Retirement Thrift Investment Board's Staff (Agency) is responsible for administering TSP operations.

B. Overview of the TSP Administrative Operations³

The Agency assists the Executive Director in managing the daily operations of the TSP. In addition to other activities, this management includes arranging for the investment of participant account balances held in the Thrift Savings Fund (TSF) in accordance with participant selections; procuring resources needed for the administration of the TSP program; and managing the accounting and budget functions of the TSP.

The Agency relies upon private sector providers to perform certain fundamental TSP operations. Several organizations currently provide significant services for the Agency [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

² Source: Minutes of the Federal Retirement Thrift Investment Board meeting held on January 28, 2025, posted on www.frtib.gov.

³ Sources: *Summary of the Thrift Savings Plan*, March 2025; and Agency Policies and Procedures related to Plan Administration, Procurement, and Investment Management.

Furthermore, the Board is responsible for reviewing and approving the Agency's budget. The budgeting process begins in early April for the subsequent fiscal year. The offices are asked to submit budget information to the Agency's Budget and Agreements Division. The Agency's Budget and Agreements Division compiles all of the offices' budget information and submits a consolidated budget justification draft to the Executive Director for approval. The budget justification draft includes percentage changes between the proposed budget and the prior year approved budget. Once the Executive Director is satisfied with the contents of the proposed budget, the Executive Director submits it to the Board for approval with an attached memorandum describing the basis for certain assumptions made about financial needs in the upcoming year. The Board's budget vote generally occurs at the August Board meeting in the preceding fiscal year.

I.2

The Agency is responsible for disseminating the organizational chart to all employees. The organizational chart is updated monthly and is available for all employees to access. The Executive Director determines the need for reorganizations, and any such reorganizations are communicated to impacted employees.

The Office of General Counsel (OGC) is required to ensure that all Agency employees and Board members comply with relevant ethics trainings required by the Code of Federal Regulations (CFR). This requirement extends to new hires, active employees, and Board members. OGC is also responsible for communicating the government-wide ethical standards of conduct codified in the CFR to employees as applicable.

The Office of Resource Management (ORM) supports and manages human resources and administrative activities for the Agency in accordance with Office of Personnel Management (OPM) regulations and other applicable federal regulations. These activities include the personnel vetting and onboarding process for new hires, and the offboarding process for separating employees.

The Office of Planning and Risk (OPR) is responsible for overseeing the Agency's Enterprise Risk Management (ERM) program, which includes conducting an annual Enterprise Risk Assessment; updating the Agency Risk Appetite Statement; and maturing the ERM program to further integrate existing Agency processes and practices. The Enterprise Risk Assessment is approved by the Executive Director, and Risk Treatment Plans are subsequently developed if any identified risks must be mitigated to an acceptable level. OPR also provides support and guidance to Agency offices as they design, implement, operate, and assess the internal control system. Specifically, OPR's Enterprise Risk and Internal Controls (ERIC) Division evaluates the overall Agency internal control system effectiveness and identifies key controls for testing. In addition, the ERIC Division develops a fraud risk assessment plan at least once every two years, which is designed to identify and evaluate fraud risk factors and possible fraud schemes at the Agency level.

The Internal Audit Division is responsible for monitoring the effectiveness and efficiency of the Agency's processes and internal control environment to ensure safeguarding of assets and compliance with financial, legal, and regulatory requirements, as well as internal operating policies. The Internal Audit Division completes an annual audit plan, which is reviewed and approved by the Executive Director and the Board members.

2. Procurement Process

The Agency generally follows the Federal Acquisition Regulation (FAR) throughout its procurement process. In certain situations where the Agency does not follow the FAR, the Thrift Federal Acquisition Supplement (T-FAS) is used. The Agency uses the [REDACTED] system to manage its procurement process. This system is used to process purchase requisitions, solicitations, awards, and vendor invoices.

Items that are less than or equal to \$15,000 can be procured by the purchasing officer with an Agency-issued credit card. However, if the amount is greater than \$15,000, price comparisons must be made and the lowest cost selected. The Simplified Acquisition Threshold (SAT) is \$250,000, and procurements under this threshold will generally be accomplished through abbreviated contracting procedures and documents. Purchases of amounts greater than \$250,000 are subject to competitive bidding, unless the Agency grants and can justify issuing a “sole source” contract, a Federal Supply Schedule (FSS)/Governmentwide Acquisition Contract (GWAC), or a Blanket Purchase Agreement (BPA). For all procurements, regardless of dollar value, a purchase requisition must be submitted in [REDACTED] and proper approvals received prior to the procurement of goods or services.

When submitting a purchase requisition in [REDACTED] the Program Office requesting the purchase must complete the Procurement Requirements (PR) Package Checklist, regardless of dollar value. The Program Office communicates with the Acquisition Management Division (AMD) to determine which items are mandatory for the PR package. Certain documents such as the Market Research Report, Statement of Work (SOW), Performance Work Statement, Statement of Objectives, Independent Government Cost Estimate (IGCE), Acquisition Plan, Sole Source Justification, and Contracting Officer’s Representative (COR) nomination form may be required as part of the PR package, depending on the characteristics of the purchase requisition.

Once the purchase requisition is authorized, AMD begins the solicitation process where the solicitation is created and posted, along with other documentation such as the SOW and clauses. When AMD receives questions from interested vendors that require updates to the solicitation documentation, AMD will post an amendment to the solicitation with their responses. After AMD receives quotes from the interested vendors, AMD begins the evaluation and negotiation phase of the procurement. A Technical Evaluation Team (TET) may be convened to evaluate the vendor proposals according to the established criteria. The TET prepares a memo to recommend a vendor for the award. Additionally, the Acquisition Liaison Team prepares a price analysis report for the

proposals received. For certain procurements, a source selection authority memo may be prepared to summarize the information and to document how the Contracting Officer determined which vendor was ultimately selected to receive the award.

Once a decision has been made as to which vendor will be awarded the procurement, the award document will be created in the system. [REDACTED] allows the creation of different award document types, such as a Standalone Contract, Indefinite Delivery Contract, BPA, BPA Call Order, Purchase Order, and Delivery/Task Order. The award document type is chosen based on the nature of the requirement, the scope of work, the anticipated duration, and overall procurement strategy. After the contract has been executed, the responsibility to monitor contracts is given to the COR who has been nominated for a specific contract. Paper records and equivalent electronic data records are maintained at the Agency's offices at least as long as provided for in the FAR.

3. Disbursement Process

The Agency purchases items in accordance with its internal purchasing guidelines for administrative expenses. These guidelines follow the FAR and are described above in the Procurement Process section. The Executive Director has contracted with the Department of the Interior's Interior Business Center (IBC) to process the Agency's disbursements for administrative expenses. The IBC is responsible for certifying invoices, processing Agency disbursements via the U.S. Treasury, and sending a monthly report of disbursements to the Agency's Office of the Chief Financial Officer (OCFO).

Vendors are instructed to submit invoices via the [REDACTED]. When invoices are submitted in [REDACTED] the OCFO Financial Specialist receives an email notification. The Financial Specialist then uploads the invoice from IPP into the contract's supporting documents folder in [REDACTED] to create the invoice record. The COR assigned to the contract then reviews the accuracy of the invoice and verifies the legitimacy of the expense in [REDACTED]. If billing discrepancies are identified, the COR notifies the vendor that additional documentation or a new invoice must be submitted. Once the COR has accepted the invoice in [REDACTED] it transmits the acceptance to IBC. IBC prepares a File Transfer Protocol (FTP) file indicating the vendor and payment amount. The file is sent to the U.S. Treasury for disbursement of checks or Electronic Funds Transfer (EFT) payments to the vendor, while also updating IBC's payment system. IBC processes vendor payments for accepted invoices on a daily basis. OCFO receives the Daily Treasury Report from IBC, which is subsequently used for Agency accounting and recordkeeping.

The invoice information from IPP and the COR's acceptance of the invoice in [REDACTED] are both interfaced with [REDACTED] [REDACTED] [REDACTED]. Additionally, IBC posts the invoice disbursement information to [REDACTED]. On a daily basis, an OCFO Accountant pulls the payment data from [REDACTED] and posts the information into the [REDACTED] system. IBC also sends a monthly report to the OCFO Accountant summarizing all disbursements made through the U.S. Treasury and recorded to [REDACTED]. The Accountant then completes the monthly disbursements reconciliation and reconciles the disbursements between the U.S. Treasury report, [REDACTED] report, and [REDACTED] reporting.

4. Investment Management Process

FERSA prescribed the investment alternatives that shall be established by the Board for the TSP: the Government Securities Investment Fund (G Fund), the Fixed Income Index Investment Fund (F Fund), the Common Stock Index Investment Fund (C Fund), the Small Capitalization Stock Index Investment Fund (S Fund), and the International Stock Index Investment Fund (I Fund). The F, C, S, and I Funds are currently managed by an investment manager. An investment manager is an external asset manager for the TSP Fund(s) and will herein be referred to as "Asset Manager" to be consistent with Agency internal documentation. The Asset Manager is responsible for the investment and custody of the separate accounts in which the TSP Funds are invested. The Executive Director is responsible for selecting major indices to which the earnings of the F, C, S, and I Funds should closely track. The Executive Director is also responsible for investing TSP funds according to participants' elections and managing the G Fund.

Participants may also choose to invest their contributions in the Lifecycle Funds (L Funds), which are invested according to a professionally designed mix of stocks, bonds, and Government securities (F, C, S, I, and G Funds) and are based on participants' "time horizons" (i.e., when the participants will need their money after they retire from the Federal service). The Agency manages the L Funds.

Furthermore, the Agency is responsible for verifying that the Asset Managers, BlackRock and State Street, are performing proxy voting in accordance with their respective organization's proxy guidelines.

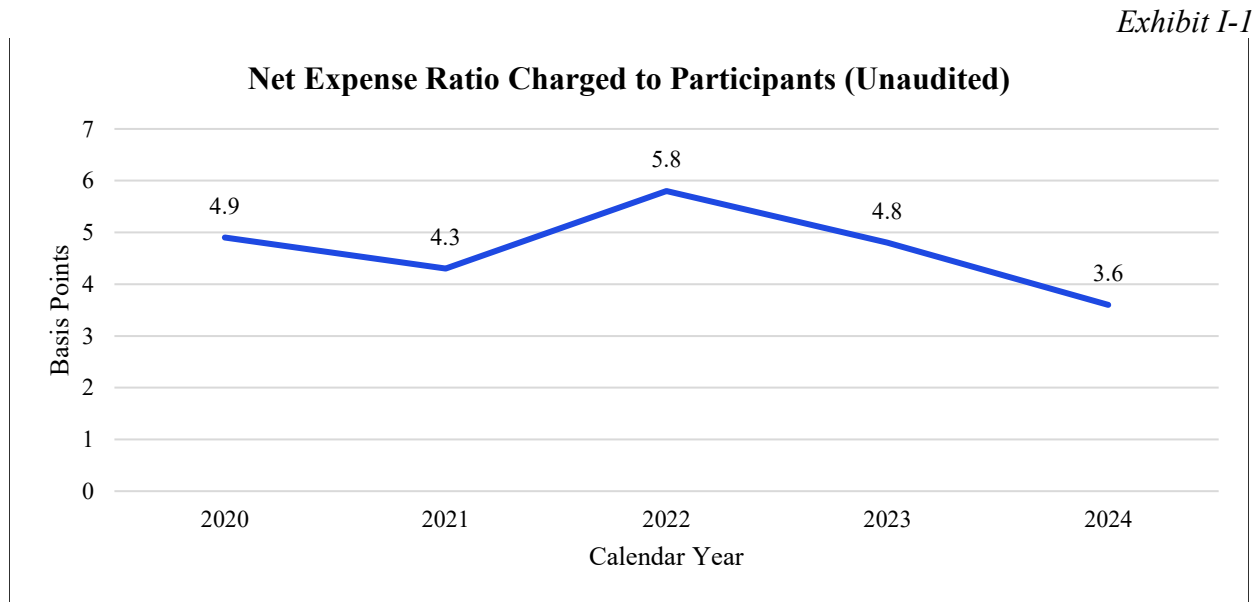
In June 2022, the TSP began offering the Mutual Fund Window (MFW). The MFW is managed by an outside vendor and the investment decisions are made by participants. The Board is not responsible for the investment strategies or monitoring of the MFW.

5. █████ System

█████ is an investment management system that calculates the daily balance for all of the investment funds (G, F, C, S, and I). Additionally, the █████ system is responsible for the cash flow calculation for each of the five core funds, showing fund level inflows and outflows such as contributions, loan repayment, withdrawals, loan disbursements, rebalancing, and interfund transfers including MFW transfers, as well as other items such as administrative expenses. The █████ system is used by the OCFO's team to perform daily reconciliations and to load transactions aggregated for each fund to yield the TSP investment amount that will be transmitted to the Asset Managers or the U.S. Treasury.

C. TSP Administrative Operations Statistics

Exhibit I-1 presents the net expense ratio charged to TSP participants during calendar years 2020 through 2024⁴. In calendar year 2024, participants were charged 3.6 basis points for the net expense ratio, which equated to 36 cents for every \$1,000 invested.



⁴ Source: Minutes of the Federal Retirement Thrift Investment Board meetings held on January 26, 2021; January 24, 2022; January 24, 2023; January 23, 2024; and January 28, 2025, posted on www.frtib.gov.

II. OBJECTIVES, SCOPE, AND METHODOLOGY

A. Objectives

The U.S. Department of Labor Employee Benefits Security Administration (EBSA) engaged KPMG LLP to conduct a performance audit of the Thrift Savings Plan (TSP) plan administration, procurement, and investment management policies and procedures of the Federal Retirement Thrift Investment Board (the Board) Administrative Staff (Agency).

The objectives of our audit over the TSP processes were to:

- Determine whether the Agency implemented certain procedures to (1) maintain standards of conduct and provide ethics training; (2) establish an organizational structure with defined roles and responsibilities and delegated authority; and to provide for succession planning; (3) process newly hired employees and separating employees; (4) identify risks to the entity and monitor response to risks through development, implementation, and evaluation of internal control processes; (5) establish and monitor an annual budget; (6) procure goods and services in accordance with federal regulations; (7) monitor the reasonableness of administrative expenses; (8) maintain standards of conduct specific to the procurement function; (9) monitor the receipt of goods and services, and authorize expenses; (10) accurately record investment activity in the accounting records; (11) calculate the daily value of each fund's investments based on the net yield of the investments, less authorized administrative expenses and fees; and (12) monitor investment operations and results and maintain policies to provide retirement benefits to participants and beneficiaries in accordance with federal law; and
- Test compliance of the TSP plan administration, procurement, and investment management processes with United States Code (USC) Title 5, Sections 8437(c)-(d), 8438(b)-(c), 8438(f), 8439(a)(3), 8439(b)(2)-(3), 8472(e), 8472(f)(1)-(3), 8472(i), 8473(a)-(b), 8474(a)(2), 8474(b)(6), 8476(a)-(c), 8477, and 8478(a)-(e) (hereinafter referred to as FERSA); Code of Federal Regulations (CFR) Title 5, Sections 1315.4(b), 1315.4(f)-(g), 1645.2, 1645.3, 1645.5, 1645.6, 2634.201, 2634.605, 2634.903, 2635.101, 2638.301, 2638.304, 2638.307, 2638.307(e)(2)(i), and 2638.308 (hereinafter referred to as Agency regulations); and Federal Acquisition Regulation (FAR) 4.803(a)(26)(i), 5.203, 6.101, 6.208(b), 6.3, 6.303-1, 6.303-2, 6.304, 8.405-3, 9.504, 11.002, 13, 13.303-3(a)(1), 13.303-5(a), 13.501, 15.101-1(c), 15.101-2, 15.204-1, 15.208(b)(1), 15.303, 15.304(c)-(d), 15.305(a), 15.404-1, 16.1, 18.001, 28, 37.102, and 52.213-4 (hereinafter referred to as Agency regulations).

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 January 1, 2024, through December 31, 2024. We performed the audit in four phases: (1) planning, (2) arranging for engagement with the Agency, (3) testing and interviewing, and (4) report writing.

During the planning phase, team members developed a collective understanding of the activities and controls associated with the applications, processes, and personnel involved with the TSP operations. Arranging the engagement included contacting the Agency and agreeing on the timing of detailed testing procedures.

During the testing and interviewing phase, we conducted interviews, collected and inspected auditee-provided documentation and evidence, participated in process walk-throughs, and designed and performed tests of controls and compliance. Our performance audit procedures included using random attribute and control sampling to select samples from the following populations related to Board Administrative Staff operations for the period January 1, 2024, through December 31, 2024, which we used to determine if the Board Administrative Staff policies and procedures related to plan administration, procurement, and investment management were executed in a manner that complied with FERSA and Agency regulations:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
- [REDACTED]
- [REDACTED]
[REDACTED]
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[REDACTED]

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 we reviewed during our performance audit. Because we used non-statistically determined sample sizes in our procedures, our results are applicable to the sample items 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 USC Title 5, Chapter 84, and 5 CFR Chapter VI.

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.

III. FINDINGS AND RECOMMENDATIONS

A. Introduction

We performed procedures related to the Thrift Savings Plan (TSP) plan administration, procurement, and investment management processes while remotely conducting a performance audit related to activities at the Federal Retirement Thrift Investment Board's Staff (Agency). Our scope period for testing was January 1, 2024, through December 31, 2024. This performance audit consisted of reviewing applicable policies and procedures and testing manual and automated processes and controls, which included interviewing key personnel, reviewing key reports and documentation (Appendix B), and observing selected procedures.

Based upon the performance audit procedures conducted and the results obtained, we have met our audit objectives. We conclude that for the period January 1, 2024, through December 31, 2024, the Agency implemented certain procedures to (1) maintain standards of conduct and provide ethics training; (2) establish an organizational structure with defined roles and responsibilities and delegated authority; and to provide for succession planning; (3) process newly hired employees and separating employees; (4) identify risks to the entity and monitor response to risks through development, implementation, and evaluation of internal control processes; (5) establish and monitor an annual budget; (6) procure goods and services in accordance with federal regulations; (7) monitor the reasonableness of administrative expenses; (8) maintain standards of conduct specific to the procurement function; (9) monitor the receipt of goods and services, and authorize expenses; (10) accurately record investment activity in the accounting records; (11) calculate the daily value of each fund's investments based on the net yield of the investments, less authorized administrative expenses and fees; and (12) monitor investment operations and results and maintain policies to provide retirement benefits to participants and beneficiaries in accordance with federal law. However, we noted internal control weaknesses in certain areas of the TSP plan administration and procurement processes within our audit objectives.

As a result of our compliance testing, we did not identify any instances of noncompliance with applicable provisions of FERSA, Code of Federal Regulations (CFR) Title 5, Parts 1315.4(b), 1315.4(f)-(g), 1645.2, 1645.3, 1645.5, 1645.6, 2634.201, 2634.605, 2634.903, 2635.101, 2638.301, 2638.307, 2638.307(e)(2)(i), and 2638.308, or Federal Acquisition Regulation (FAR) Sections 4.803(a)(26)(i), 5.203, 6.101, 6.208(b), 6.3, 8.405-3, 9.504, 11.002, 13.303-3(a)(1), 13.303-5(a), 15.101-1(c), 15.101-2, 15.204-1, 15.208(b)(1), 15.303, 15.304(c)-(d), 15.305(a),

16.1, 18.001, 28, 37.102, and 52.213-4. However, we did identify instances of noncompliance with certain elements of 5 CFR 2638.304 and FAR 6.303-1, 6.303-2, 6.304, 13.501, and 15.404-1 as described in Section III.C.

We present four new findings and four related recommendations, outlined in Section III.C, related to the TSP processes, three of which address fundamental controls. Fundamental control findings and 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. Other control findings and recommendations address procedures or processes that are less significant than fundamental controls. These recommendations are intended to strengthen the TSP processes. The Agency should review and consider these recommendations for timely implementation. The Agency's response to these recommendations is included as an appendix within this report (Appendix A).

We also reviewed five prior U.S. Department of Labor Employee Benefits Security Administration (EBSA) recommendations related to the Board Staff plan administration and procurement processes to determine the current status. Section III.B documents the status of the prior recommendations. In summary, three recommendations were implemented and closed, and two recommendations were partially implemented and remain open.

Section III.C presents the findings and recommendations from this performance audit, and Section III.D summarizes the open recommendations.

B. Findings and Recommendations from Prior Reports

The EBSA findings and recommendations from prior reports that required follow-up are presented in this section. The prior EBSA findings and recommendations considered significant within the context of the audit objectives of this performance audit were reported in the Employee Benefits Security Administration, *Performance Audit of Certain Thrift Savings Plan Policies and Procedures of the Federal Retirement Thrift Investment Board Administrative Staff*, dated October 12, 2020. The discussion below includes the current status of each recommendation.

2018 Board Staff Process Recommendation No. 1:

Title: Insufficient Monitoring of Internal Controls

Original Recommendation: The Agency should update the [REDACTED] document to reflect current roles and responsibilities and dedicate the resources necessary to fully implement monitoring procedures over the design, implementation, and ongoing effectiveness of Agency-wide internal controls.

Reason for Recommendation: During our testing for the period of January 1, 2017 to December 31, 2017, we noted the following weaknesses associated with the Agency's [REDACTED] dated August 31, 2017, and the related [REDACTED] dated August 31, 2015:

- The [REDACTED] document had not been updated to reflect current roles and responsibilities identified in the [REDACTED] and [REDACTED]
- These policies and procedures related to the design, implementation, and monitoring of Agency-wide internal controls were not fully implemented during the scope period.

Although the Agency created the Internal Controls Team within the Office of Enterprise Risk Management (OERM) and assigned it the responsibility for assessing the design and testing the operating effectiveness of Agency-wide internal controls, full implementation of these control procedures was planned to continue through 2018.

Status: **Implemented.**

During our current year audit procedures, we inspected the [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] noting that OPR's Enterprise Risk and Internal Control (ERIC) Division is responsible for assessing the design and operating effectiveness of Agency internal controls, with an objective to assist Agency offices with implementing an appropriate control environment. We inspected the calendar year 2024 Enterprise Risk Profile/Dashboard, which assessed risk

categories, Agency-specific risks, and the resulting risk scores. Separate from OPR, internal audits are completed under the supervision of the Chief Audit Executive, who reports directly to the [REDACTED]. During our current year audit procedures, we tested a sample of [REDACTED] to verify evidence of control testing for the applicable process areas, testing results, and communication of results to the Board.

Disposition: **Recommendation Closed.**

2018 Board Staff Process Recommendation No. 3:

Title: [REDACTED]

Original [REDACTED]

Recommendation: [REDACTED]
[REDACTED]

Reason for [REDACTED]

Recommendation: [REDACTED]
[REDACTED]
[REDACTED]

Status: **Implemented.**

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Disposition: **Recommendation Closed.**

2018 Board Staff Process Recommendation No. 5:

Title: Insufficient Documentation of Personnel Authority

<u>Original</u>	The Agency should develop, document, and implement procedures to
<u>Recommendation:</u>	specify the documentation required to be maintained for COR authority to approve invoices.

<u>Reason for</u>	In our sample of [REDACTED] received during calendar year 2017, we
<u>Recommendation:</u>	identified [REDACTED] in which documentation to evidence the designated authority for the COR to approve invoices was not provided.

Status:

Partially Implemented.

During our current year audit procedures, we noted that the Agency previously held training for Contracting Officers (CO) and Contracting Officer's Representatives (COR) and updated its [REDACTED] [REDACTED]. However, we identified [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED].

Disposition: **Recommendation Open.**

2020 Board Staff Process Recommendation No. 1:

Title: Incomplete Review of Conflict of Interest Forms and Lack of Sufficient Documentation for Contracts

<u>Original</u>	The Agency should enhance its contract policies and procedures to include
<u>Recommendation:</u>	a subsequent review of the electronic contract file, by an individual other than the preparer of the contract file, to ensure the completeness of the contract documentation and the review should be documented.

Reason for
Recommendation:

During our 2020 procedures, we tested a sample of [REDACTED] for specific quantities of products in excess of \$250,000 and identified [REDACTED] in which sufficient supporting documentation for specific procurement requirements was not maintained in the contract binder. Specifically, we noted the following:

- [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Status:

Partially Implemented.

During our current year audit procedures, we noted that the Agency previously held contract review training for COs and CORs and updated its [REDACTED]. However, we identified exceptions in the procurement process related to insufficient contract documentation and incomplete reviews of required contract documentation. Specifically, we noted the following:

- The control over the review of the [REDACTED] was not properly implemented. There were inconsistencies between the checklist and supporting documentation for [REDACTED]. Certain applicable items were left blank on the checklist without explanation and items noted as included were not retained; and
- [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

In addition, we identified exceptions in the procurement process related to Conflict of Interest (COI) forms. Specifically, we noted the following:

- Out of [REDACTED] tested for professional services contracts greater than \$250,000, [REDACTED] did not have COI forms completed for the Technical Evaluation Team (TET) prior to contract evaluation. In addition, no COI forms were retained in the contract file; and
- The control over the review of the TET members' signed Non-Disclosure Agreements and COI forms was not properly implemented

[REDACTED]
[REDACTED].

Disposition: **Recommendation Open.**

2020 Board Staff Process Recommendation No. 2:

Title: Certain Outdated Policies and Procedures

Original The Agency should develop the resources to ensure that all policies and
Recommendation: procedures are timely updated, as needed, to reflect current Agency
 operations.

Reason for During our current year audit procedures, we noted [REDACTED] in which
Recommendation: policies and or procedures were outdated and did not accurately reflect the
 current operating environment. Specifically, we identified the following:

- The [REDACTED] was updated subsequent to the prior audit scope and has a current effective of June 30, 2018; however, the following supplemental fraud procedures referenced in the policy were not updated and were inconsistent with the updated policy:
 - [REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]
- Certain procedures within the Office of Resource Management (ORM) are not reflective of current Agency operations. Specifically,
[REDACTED]
[REDACTED] required the Agency

to complete background checks before the employees' entrance date; however, current processes did not require confirmation of background investigation suitability results prior to employees' entrance on duty dates.

Status:

Implemented.

During our current year audit procedures, we inspected the Agency's Policy documents and Procedures documents relevant to the testing areas supporting the Board Staff objectives for the period of January 1, 2024, to December 31, 2024. These testing areas included, but were not limited to, contracting, investment operations, ethics, financial disclosures, and budgeting. As part of the Agency reorganization in 2022, certain Policy documents and Procedures documents were updated to reflect the updated operating environment; organizational structure; and roles and responsibilities. Each Policy document and Procedures document included a Revision History, which provides the revision date, author, and description of the update(s). Agency leadership reviewed the Policy documents and Procedures documents once updated.

Disposition:

Recommendation Closed.

C. 2025 Findings and Recommendations

While conducting our performance audit over the TSP processes, we identified four new findings and developed four related recommendations. EBSA requests appropriate and timely action for the recommendations.

FUNDAMENTAL CONTROL FINDINGS AND RECOMMENDATIONS

2025-01: Insufficient Documentation for Vendor Performance Monitoring

The Agency did not have sufficient controls in place over the process to document the monitoring of vendor performance. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The deficiency occurred because the Agency did not appropriately enforce policies and procedures related to CORs and/or COs formally documenting evidence of vendor performance monitoring.

Agency's [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
[REDACTED] states:

- [REDACTED]
[REDACTED]
[REDACTED] [REDACTED]
[REDACTED]
[REDACTED] [REDACTED]
[REDACTED] [REDACTED]
[REDACTED]

- [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] [REDACTED]
[REDACTED]
[REDACTED]

- [REDACTED]
[REDACTED]
[REDACTED]

GAO's *Standards for Internal Control in the Federal Government* states:

10.02: Management designs control activities in response to the entity's objectives and risks to achieve an effective internal control system.

10.03: Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

1. **The Agency should implement a standard process for Contracting Officer's Representatives and/or Contracting Officers to complete documentation evidencing vendor performance monitoring.**

Without sufficient procedures over the monitoring of vendor performance and the related documentation, an increased risk exists that inconsistent or inadequate monitoring occurs, and vendors are non-compliant with contractual requirements.

2025-02: Deficiencies in Sole Source Contracting Process

The Agency did not have sufficient controls in place over the process to award sole source contracts. [REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

The deficiencies occurred because the Agency did not appropriately enforce policies and procedures related to sole source procurements, such completing required reviews; completing required documentation; and maintaining required contract file documentation.

Federal Acquisition Regulation (FAR) states:

FAR 6.303-1 Requirements

(a) A contracting officer shall not commence negotiations for a sole source contract, commence negotiations for a contract resulting from an unsolicited proposal, or award any other contract without providing for full and open competition unless the contracting officer-

- (1) Justifies, if required in 6.302, the use of such actions in writing;
- (2) Certifies the accuracy and completeness of the justification; and

(3) Obtains the approval required by 6.304.

FAR 6.303-2 Content

(a) Each justification shall contain sufficient facts and rationale to justify the use of the specific authority cited.

(b) As a minimum, each justification, except those for sole-source 8(a) contracts over \$25 million (see paragraph (d) of this section), shall include the following information:

(7) A determination by the contracting officer that the anticipated cost to the Government will be fair and reasonable.

FAR 6.304 Approval of the justification

(a) Except for paragraph (b) of this section, the justification for other than full and open competition shall be approved in writing-

(1) For a proposed contract not exceeding \$750,000, the contracting officer's certification required by 6.303-2(b)(12) will serve as approval unless a higher approving level is established in agency procedures.

FAR 13.501 Special documentation requirements

(a) Sole source (including brand name) acquisitions. (1) Acquisitions conducted under simplified acquisition procedures are exempt from the requirements in part 6. However, contracting officers must- [...]

(2) Justifications and approvals are required under this subpart for sole-source (including brand-name) acquisitions or portions of an acquisition requiring a brand-name. If the justification is to cover only the portion of the acquisition which is brand-name, then it should so state; the approval level requirements will then only apply to that portion.

(i) For a proposed contract exceeding the simplified acquisition threshold, but not exceeding \$750,000, the contracting officer's certification that the justification is accurate and complete to the best of the contracting officer's knowledge and belief will serve as approval, unless a higher approval level is established in accordance with agency procedures. [...]

(b) Contract file documentation. The contract file must include-

- (1) A brief written description of the procedures used in awarding the contract, including the fact that the procedures in FAR subpart 13.5 were used;
- (2) The number of offers received;
- (3) An explanation, tailored to the size and complexity of the acquisition, of the basis for the contract award decision; and
- (4) Any justification approved under paragraph (a) of this section.

FAR 15.404-1 Proposal analysis techniques

(a) General. The objective of proposal analysis is to ensure that the final agreed-to price is fair and reasonable. [...]

- (2) The Government may use various price analysis techniques and procedures to ensure a fair and reasonable price.

Agency's [REDACTED] states:

[REDACTED]

- [REDACTED]
[REDACTED]
[REDACTED] [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] [REDACTED]
[REDACTED]
[REDACTED] [REDACTED]
[REDACTED]

[REDACTED]

- [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] [REDACTED]
[REDACTED]

GAO's *Standards for Internal Control in the Federal Government* states:

10.02: Management designs control activities in response to the entity's objectives and risks to achieve an effective internal control system.

10.03: Transactions are authorized and executed only by persons acting within the scope of their authority. This is the principal means of assuring that only valid transactions to exchange, transfer, use, or commit resources are initiated or entered into. Management clearly communicates authorizations to personnel...

Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

2. **The Agency should enhance existing policies and procedures to ensure that sufficient controls are in place to validate Contracting Officer reviews of the sole source justification occur prior to the start of negotiations, and all supporting documentation to support the sole source justification is retained to provide an accurate audit trail.**

Without sufficient procedures over the sole source procurement process, an increased risk exists that the Agency does not appropriately award sole source contracts.

[REDACTED]

[REDACTED]
[REDACTED] [REDACTED]
[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] [REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

GAO's *Standards for Internal Control in the Federal Government* states:

8.04: Management considers fraud risk factors. Fraud risk factors do not necessarily indicate that fraud exists but are often present when fraud occurs.

8.05: Management uses the fraud risk factors to identify fraud risks.

8.06: Management analyzes and responds to identified fraud risks so that they are effectively mitigated. Fraud risks are analyzed through the same risk analysis process performed for all identified risks. Management analyzes the identified fraud risks by estimating their significance, both individually and in the aggregate, to assess their effect on achieving the defined objectives. As part of analyzing fraud risk, management also assesses the risk of management override of controls. The oversight body oversees management's assessments of fraud risk and the risk of management override of controls so that they are appropriate.

8.07: Management responds to fraud risks through the same risk response process performed for all analyzed risks. Management designs an overall risk response and specific actions for responding to fraud risks. It may be possible to reduce or eliminate certain fraud risks by making changes to the entity's activities and processes. These changes may include stopping or reorganizing certain operations and reallocating roles among personnel to enhance segregation of duties. In addition to responding to fraud risks, management may need to develop further responses to address the risk of management override of controls. Further, when fraud has been detected, the risk assessment process may need to be revised.

10.02: Management designs control activities in response to the entity's objectives and risks to achieve an effective internal control system.

■ [REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]

OTHER CONTROL FINDINGS AND RECOMMENDATIONS

2025-04: Deficiencies in New Hire Ethics Training Process

The Agency did not have sufficient policies and procedures in place to ensure all new hires completed the required new hire ethics training within 90 days of the respective start dates.

[REDACTED] [REDACTED] ■
[REDACTED]

- [REDACTED]
[REDACTED]
- [REDACTED]
[REDACTED]

The deficiencies occurred because the Agency did not monitor and enforce existing policies and procedures related to the new hire ethics training process, including escalation procedures for non-compliant employees and written self-certifications.

5 CFR 2638.304 states:

Each new employee of the agency subject to the Standards of Conduct must complete initial ethics training that meets the requirements of this section. [...]

(b) Deadline. Except as provided in this paragraph, each new employee must complete initial ethics training within 3 months of appointment.

Agency's [REDACTED] states:

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

GAO's *Standards for Internal Control in the Federal Government* states:

10.02: Management designs control activities in response to the entity's objectives and risks to achieve and effective internal control system.

4. The Agency should enhance existing policies and procedures to include monitoring for non-compliance with the 90-day ethics training requirement.

Without sufficient policies and procedures related to new hire ethics training, there is an increased risk that Agency new hires are not properly trained on the Agency's ethics requirements.

D. Summary of Open Recommendations

2018 RECOMMENDATIONS

RECOMMENDATIONS TO ADDRESS FUNDAMENTAL CONTROLS

Insufficient Documentation of Personnel Authority

5. The Agency should develop, document, and implement procedures to specify the documentation required to be maintained for COR authority to approve invoices.

2020 RECOMMENDATIONS

RECOMMENDATIONS TO ADDRESS FUNDAMENTAL CONTROLS

Incomplete Review of Conflict of Interest Forms and Lack of Sufficient Documentation for Contracts

1. The Agency should enhance its contract policies and procedures to include a subsequent review of the electronic contract file, by an individual other than the preparer of the contract file, to ensure completeness of the contract documentation and the review should be documented.

2025 RECOMMENDATIONS

RECOMMENDATIONS TO ADDRESS FUNDAMENTAL CONTROLS

Insufficient Documentation for Vendor Performance Monitoring

1. The Agency should implement a standard process for Contracting Officer's Representatives and/or Contracting Officers to complete documentation evidencing vendor performance monitoring.

Deficiencies in Sole Source Contracting Process

2. The Agency should enhance existing policies and procedures to ensure that sufficient controls are in place to validate Contracting Officer reviews of the sole source justification occur prior to the start of negotiations, and all supporting documentation to support the sole source justification is retained to provide an accurate audit trail.

[REDACTED]

[REDACTED]

[REDACTED]

RECOMMENDATIONS TO ADDRESS OTHER CONTROLS

Deficiencies in New Hire Ethics Training Process

4. The Agency should enhance existing policies and procedures to include monitoring for non-compliance with the 90-day ethics training requirement.

AGENCY'S RESPONSE



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
77K Street, NE Washington, DC 20002

July 18, 2025

Mr. Marcus J. Aron
Acting Chief Accountant
Employee Benefits
Security Administration
United States Department of Labor
Suite 400
122 C Street, N.W.
Washington, D.C. 20001-2109

Dear Marcus:

This letter is in response to KPMG's email dated June 18, 2025, transmitting the KPMG LLP report entitled Employee Benefits Security Administration Performance Audit of the Thrift Savings Board Administrative Staff, dated July 2025. My comments with respect to this report are enclosed.

Thank you once again for the constructive approach that the Department of Labor and its contractors are taking in conducting the various audits of the TSP. The information and recommendations that are developed as a result of your reviews are useful to the continued improvement of the Thrift Savings Plan.

Very truly yours,

A handwritten signature in blue ink, which appears to read "Ravindra Deo". The signature is written in a cursive, flowing style.

Ravindra Deo

Enclosure

AGENCY'S RESPONSE, CONTINUED

Executive Director's Staff Formal Comments on the
Employee Benefits Security Administration Performance Audit of the
Board Administrative Staff

OPEN PRIOR YEAR FINDINGS AND RECOMMENDATIONS**Finding Title:** Insufficient Documentation of Personnel Authority**Condition**

In our sample of [REDACTED] received during calendar year 2017, we identified [REDACTED] in which documentation to evidence the designated authority for the COR to approve invoices was not provided.

Recommendation Name: Maintained Required COR Documentation

2018 – 05 Recommendation

The Agency should develop, document, and implement procedures to specify the documentation required to be maintained for COR authority to approve invoices.

2025 Current Status: Partially Implemented

During our current year audit procedures, we noted that the Agency previously held training for Contracting Officers (CO) and Contracting Officer's Representatives (COR) and updated its OCFO.111 *Contracting Procedures*. However, we identified [REDACTED] related to the implementation of the control over the review of vendor invoices by the COR with delegated authority. Specifically, for [REDACTED], there was no evidence of delegated COR authority to the COR who approved the selected blanket purchase agreement (BPA) call order invoice prior to payment.

Agency Response:

The Agency concurs with the recommendation. The Acquisition Management Division (AMD) is currently developing a COR Guide for the Agency. The guide will include a section on COR authority, which will clearly state that CORs should not approve invoices for contracts to which they are not officially assigned. To ensure compliance, the Acquisition Policy and Planning Branch will conduct monthly verifications to confirm that a COR is assigned to every active contract. Additionally, COR training will be provided upon the official release of the COR Guide.

Finding Title: Incomplete Review of Conflict of Interest Forms and Lack of Sufficient Documentation for Contracts**Condition**

During our testing for the period of January 1, 2020, to December 31, 2020, we identified [REDACTED] for specific quantities in excess of \$250,000 where sufficient documentation addressing procurement requirements was not maintained in the contract binder. We also identified [REDACTED] where documentation could not be provided to evidence the review of solicitation and/or Conflict of Interest (COI) forms. Finally, we identified [REDACTED] where the COI form was not maintained.

AGENCY'S RESPONSE, CONTINUED

Recommendation Name: Review the Electronic Contract File

2020 – 01 Recommendation

The Agency should enhance its contract policies and procedures to include a subsequent review of the electronic contract file, by an individual other than the preparer of the contract file, to ensure the completeness of the contract documentation and the review should be documented.

2025 Current Status: Partially Implemented

During our current year audit procedures, we noted that the Agency previously held contract review training for COs and CORs and updated its OCFO.111 *Contracting Procedures*. However, we identified exceptions in the procurement process related to insufficient contract documentation and incomplete reviews of required contract documentation. Specifically, we noted the following:

- The control over the review of the FRTIB Contract File Checklist was not properly implemented. There were inconsistencies between the checklist and supporting documentation for [REDACTED]. Certain applicable items were left blank on the checklist without explanation and items noted as included were not retained; and
- Out of [REDACTED] tested for awarded contracts under \$250,000, [REDACTED] had a proposal submission which occurred after the Request for Proposal due date; [REDACTED] did not have price reasonableness determinations documented; and [REDACTED] did not have Basis for Award Decisions documented.

In addition, we identified exceptions in the procurement process related to Conflict of Interest (COI) forms. Specifically, we noted the following:

- Out of [REDACTED] tested for professional services contracts greater than \$250,000, [REDACTED] did not have COI forms completed for the Technical Evaluation Team (TET) prior to contract evaluation. In addition, no COI forms were retained in the contract file; and
- The control over the review of the TET members' signed Non-Disclosure Agreements and COI forms was not properly implemented as the Agency was unable to provide documentation evidencing the CO's review of these forms for [REDACTED].

Agency Response:

The Agency concurs with the recommendation. On December 9, 2024, the contract file checklist was updated to include a signature block for the Team Manager on all files. This update was implemented in response to findings from the internal contracting audit completed on October 29, 2024.

During this fiscal year, COs will receive training on several key topics, including:

- Preparing memorandums for the record to document the acceptance of late proposals, justifying price reasonableness determinations, and explaining the basis for award decisions.
- Requesting COI forms from the TET prior to contract evaluations and ensuring these forms are maintained in the contract file.
- Demonstrating evidence that COI forms have been reviewed as part of the contract documentation process.

AGENCY'S RESPONSE, CONTINUED

2025 FINDINGS AND RECOMMENDATIONS

Finding Title: Insufficient Documentation for Vendor Performance Monitoring**Condition**

The Agency did not implement its vendor performance monitoring controls in accordance with Agency policy. Specifically, during our control test work to monitor vendor performance, we identified the following:

- For [REDACTED] selected for testing design and implementation, the Agency did not complete and maintain formal documentation to support the Contracting Officer Representative (COR) or Contracting Officer (CO) monitoring of a vendor's performance for an active contract.

Recommendation Name: Standardized Vendor Performance Monitoring Process**2025 – 01 Recommendation**

The Agency should implement a standard process for Contracting Officer's Representatives and/or Contracting Officers to complete documentation evidencing vendor performance monitoring.

Agency Response:

The Agency concurs with the recommendation. A deliverable review and acceptance/rejection memorandum will be incorporated into the COR Guide to standardize documentation practices. During this fiscal year, COs will receive training on properly documenting contractor performance during option exercise evaluations. Additionally, the Contracting Standard Operating Procedures will be revised to include a standardized process for CORs and/or COs to document evidence of vendor performance monitoring. The COR Guide will also address expectations and procedures related to vendor performance monitoring.

Finding Title: Deficiencies in Sole Source Contracting Process**Condition**

The Agency did not effectively implement the sole source contract award process in accordance with Agency policy and the *Federal Acquisition Regulation* (FAR). Specifically, during our testwork to test sole source contracts awarded from January 1, 2024, to December 31, 2024, out of [REDACTED] tested we identified the following:

- For [REDACTED], the sole source justification was not approved by the Contracting Officer. [REDACTED]
- For [REDACTED], the sole source justification was not completed and approved prior to the start of the contract negotiations. The sole source justification was completed more than six months after the contract was awarded. [REDACTED]
- For [REDACTED], the Agency could not provide documentation to support the review and approval of the sole source justification. In addition, the Agency could not provide documentation stating if the contract price was fair or reasonable for these samples. [REDACTED]

AGENCY'S RESPONSE, CONTINUED

Recommendation Name: Enhanced Controls for Sole Source Justification Review

2025 - 02 Recommendation

The Agency should enhance existing policies and procedures to ensure that sufficient controls are in place to validate Contracting Officer reviews of the sole source justification occur prior to the start of negotiations, and all supporting documentation to support the sole source justification is retained to provide an accurate audit trail.

Agency Response:

The Agency concurs with the recommendation. The Employee Benefits Security Administration audit findings, along with other relevant audit findings, will be presented to the operational contracting staff to ensure awareness and corrective action where necessary. During this fiscal year, COs will receive training on the importance of approving and signing justifications prior to the start of negotiations, as well as on the inclusion of fair and reasonable price determinations for sole source contracts within those justifications. Furthermore, the Contracting Standard Operating Procedures will be revised to require that COs review and approve sole source justifications before negotiations begin.

Finding Title: [REDACTED]**Condition**

[REDACTED]

Recommendation Name: [REDACTED]**2025 – 03 Recommendation**

[REDACTED]

Agency Response:

[REDACTED]

AGENCY'S RESPONSE, CONTINUED

Finding Title: Deficiencies in New Hire Ethics Training Process**Condition**

The Agency did not have sufficient policies and procedures in place to ensure all new hires who joined the Agency from January 1, 2024, to December 31, 2024, completed the required new hire ethics training within ninety days of the respective start dates.¹

- Out of [REDACTED] tested, we noted that for [REDACTED], the new hire ethics training was not completed by [REDACTED] who started at the Agency in January 2024 and June 2024, respectively. Although the [REDACTED] completed the calendar year 2024 annual ethics training required of all Agency employees, the Agency was not compliant with 5 CFR 2638.304 during the scope period.
- Out of [REDACTED] tested, we noted that for [REDACTED], the self-certification was not completed in accordance with Agency policy. Specifically, for [REDACTED] the self-certification was not completed and for [REDACTED] the self-certification was completed after the audit request was issued. Although the [REDACTED] appropriately completed the new hires ethics training within 90 days of their respective start dates in calendar year 2024, the self-certification process was not completed in accordance with the [REDACTED].

Recommendation Name: Enhanced Oversight of Ethics Training Timeliness**2025 - 04 Recommendation**

The Agency should enhance existing policies and procedures to include monitoring for non-compliance with the 90-day ethics training requirement.

Agency Response:

The Agency concurs with the recommendation. The Agency notes that its existing policies and procedures do include a provision for monitoring for non-compliance with the 90-day new hire ethics training requirement. Specifically, [REDACTED] dated April 30, 2024, states that [REDACTED]

[REDACTED] "The Agency will consider how to effectively flesh out this monitoring process and will continue to diligently monitor to ensure that all new hires complete new hire ethics training within 90 days of their starting dates. In addition, the Agency will remove the self-certification process,² which is not required by law, from [REDACTED]. The Agency will update [REDACTED] to reflect these changes.

¹ The Agency has two ethics training requirements. For new hires to the Agency, the training must be completed within 90 days of the start date. All active employees and Board members must complete the annual ethics training, which is delivered in Q4 of each calendar year.

² The Agency notes that the existing self-certification process does not require completion of self-certifications by a certain date.

KEY DOCUMENTATION AND REPORTS REVIEWED

Federal Retirement Thrift Investment Board's (FRTIB) Staff (Agency) Documents, Reports, and Sources

- *Summary of the Thrift Savings Plan*, dated March 2025
- Meeting minutes of the Board of Directors during the period of January 2024 through April 2025, including materials presented
- *FRTIB Strategic Plan FY 2022-2026*
- Agency's organizational charts, as of January 2, 2024, and December 1, 2024
- [REDACTED] approved May 13, 2024
- [REDACTED]
dated November 27, 2020
- [REDACTED]
- [REDACTED]
- Corrective Action Plans for prior year findings related to the Board Staff performance audit (Recommendations 2020-01, 2020-02, 2018-01, 2018-3, 2018-05)
- [REDACTED] approved January 3, 2024
- [REDACTED] dated January 14, 2025
- [REDACTED]
- Final Internal Audit reports for selected audits completed for the period of January 1, 2024, to December 31, 2024
- Ethics Training presentation materials, distributed to new hires, employees, and Board members for the period of January 1, 2024, to December 31, 2024
- Bonding policies for coverage from December 2023 through December 2025
- Employee Thrift Advisory Council (ETAC) roster of members
- ETAC meeting minutes for the period of January 1, 2024, to December 31, 2024
- [REDACTED]
[REDACTED]
[REDACTED]
- Memo from Ravindra Deo, Executive Director, to the Board members, regarding the FY 2024 Budget Request, and Fiscal Year 2025 Budget Estimate, dated August 22, 2023
- Memo from Ravindra Deo, Executive Director, to the Board members, regarding the FY 2025 Budget Request, and Fiscal Year 2026 Budget Estimate, dated August 27, 2024
- Annual Presentation, FY 2024 Budget Proposal, dated August 22, 2023
- Agency's budget to actual expenditure analyses (spending plan) for selected quarters
- [REDACTED] dated September 30, 2023

KEY DOCUMENTATION AND REPORTS REVIEWED

- [REDACTED] dated March 31, 2024
- [REDACTED] dated July 31, 2022
- [REDACTED] dated April 30, 2022
- [REDACTED] dated April 30, 2022
- [REDACTED] dated April 30, 2022
- [REDACTED] dated September 30, 2024
- [REDACTED] dated September 30, 2024
- [REDACTED] dated July 31, 2023
- [REDACTED] dated July 31, 2023
- [REDACTED] dated February 28, 2023
- [REDACTED] dated February 28, 2023
- [REDACTED] dated December 31, 2024
- [REDACTED] dated December 31, 2021
- [REDACTED] dated December 31, 2024
- [REDACTED] dated February 29, 2024
- [REDACTED] dated April 30, 2024
- [REDACTED] dated April 30, 2024
- [REDACTED] dated September 30, 2022
- [REDACTED] dated September 30, 2022
- [REDACTED] dated July 31, 2022
- [REDACTED] dated November 30, 2022
- [REDACTED] dated March 31, 2024
- [REDACTED] dated March 31, 2024
- [REDACTED] dated March 31, 2024
- [REDACTED] dated March 31, 2024
- [REDACTED] dated September 30, 2024
- [REDACTED] dated September 30, 2024
- Electronic listing of all internal controls at the Agency tested for the period of January 1, 2024, to December 31, 2024
- Electronic listing of active employees for the period of January 1, 2024, to December 31, 2024
- Electronic listing of new Agency hires for the period of January 1, 2024, to December 31, 2024
- Electronic listing of Agency separations for the period of January 1, 2024, to December 31, 2024

KEY DOCUMENTATION AND REPORTS REVIEWED

- Electronic listing of disbursements made during the period of January 1, 2024, to December 31, 2024
- Electronic listing of contracts awarded during the period of January 1, 2024, to December 31, 2024, for professional services in excess of \$250,000; specific quantities of products in excess of \$250,000; and professional services and specific quantities less than \$250,000
- Electronic listing of blanket purchase agreement contracts awarded during the period of January 1, 2024, to December 31, 2024
- Electronic listing of sole source contracts awarded during the period of January 1, 2024, to December 31, 2024
- Supporting documentation for selected internal controls for the period of January 1, 2024, to December 31, 2024
- Supporting documentation, including background check completion, for selected new Agency hires for the period of January 1, 2024, to December 31, 2024
- Supporting documentation for selected Agency separations for the period of January 1, 2024, to December 31, 2024
- Supporting documentation for selected employees required to receive the ethics training for the period of January 1, 2024, to December 31, 2024
- Supporting documentation for selected contracts awarded during the period of January 1, 2024, to December 31, 2024 (including contract checklists, evidence of Contracting Officer reviews, and Conflict of Interest forms)
- Supporting documentation, including vendor invoices and payment, for selected disbursements during the period of January 1, 2024, to December 31, 2024
- FRTIB Unified Contracting Officer's Representative (COR)/Alternate Contracting Officer's Representative (A-COR) Nomination forms for selected contracts during the period of January 1, 2024, to December 31, 2024
- [REDACTED] system screenshots for selected dates during the period of January 1, 2024, to December 31, 2024
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- Investment Manager Transaction Settlement Reports for selected dates during the period of January 1, 2024, to December 31, 2024
- Investment reconciliations and supporting documentation for selected dates during the period of January 1, 2024, to December 31, 2024

KEY DOCUMENTATION AND REPORTS REVIEWED

- [REDACTED] detail for selected dates during the period of January 1, 2024, to December 31, 2024
- Investment performance reviews of the G, F, C, S, I and L Funds for selected months during the period of January 1, 2024, to December 31, 2024
- Results of Institutional Shareholder Services Inc. (ISS) proxy reviews completed for BlackRock Institutional Trust Company and State Street Global Advisors Trust Company for the period of January 1, 2024, to December 31, 2024
- *Federal Retirement Thrift Investment Board, Thrift Savings Plan, Benchmarking Study*, completed by AON in November 2023

Agency Vendor Documents and Reports

- Electronic listing of participants who enrolled in the Mutual Fund Window (MFW) option for the period of January 1, 2024, to December 31, 2024
- Supporting documentation for selected participants who enrolled in the MFW option for the period of January 1, 2024, to December 31, 2024

Other Documents and Reports

- Sikich CPA LLC's *Independent Auditor's Report*, dated June 12, 2024, and the related audited Thrift Savings Fund Financial Statements as of December 31, 2023, and 2022