



Employee Benefits Security Administration

Performance Audit of the Thrift Savings Plan Service Continuity Controls

August 22, 2019

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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) service continuity controls. Our fieldwork was performed from January 15, 2019 through June 26, 2019, primarily at the Federal Retirement Thrift Investment Board's Staff's (Agency) headquarters in Washington, D.C. and at the Agency's contractor's location in Virginia. Our scope period for testing was January 1, 2018 through March 31, 2019.

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 is defined in the 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 service continuity controls were to:

- Determine whether the Agency implemented certain procedures to (1) establish, document, and implement technology backup and recovery of data to an alternate processing facility; (2) perform an annual continuity plan exercise and contingency plan test, and incorporate the results and lessons learned into the respective continuity and contingency plans; and (3)

regularly monitor and test primary and secondary backup technologies to confirm confidentiality, integrity, and accessibility of the data backed up; and

- Determine the status of the prior EBSA TSP open recommendations reported in *Performance Audit of the Thrift Savings Plan Service Continuity Controls*, dated January 31, 2017.

We present seven new findings and recommendations, all 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. Other control recommendations address procedures or processes that are less significant than fundamental controls. All recommendations are intended to strengthen TSP service continuity controls. 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.

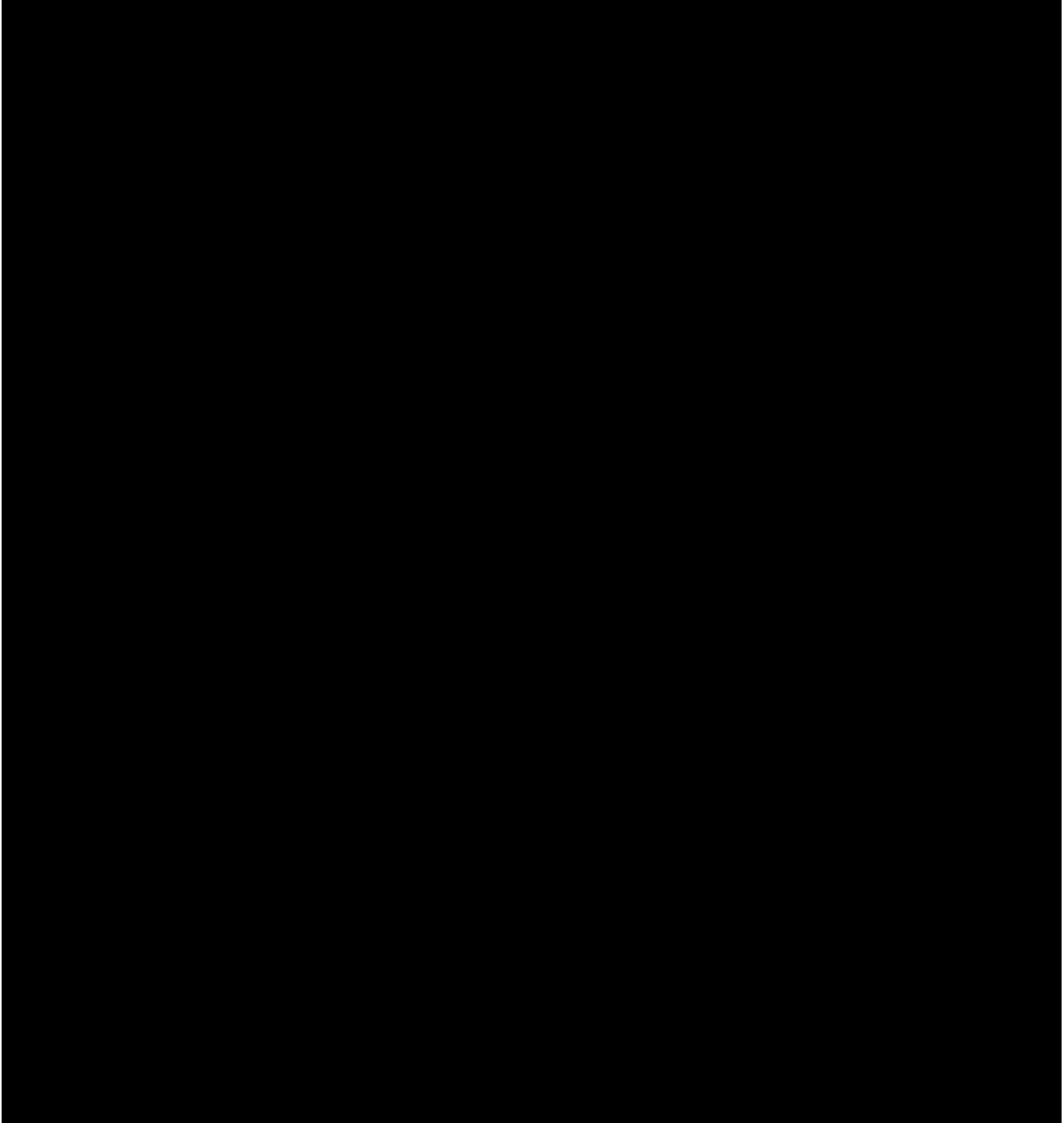
Based upon the performance audit procedures conducted and the results obtained, we have met our audit objectives. We conclude that for the period January 1, 2018 through March 31, 2019, the Agency implemented certain procedures to (1) establish, document, and implement technology backup and recovery of data to an alternate processing facility; (2) perform an annual continuity plan exercise and contingency plan test; and (3) regularly monitor and test primary and secondary backup technologies to confirm confidentiality, integrity, and accessibility of the data backed up, but did not implement certain procedures to incorporate continuity plan exercise and contingency plan test results and lessons learned into respective continuity and contingency plans. As noted above, we noted internal control weaknesses in certain areas of the TSP system service continuity process.

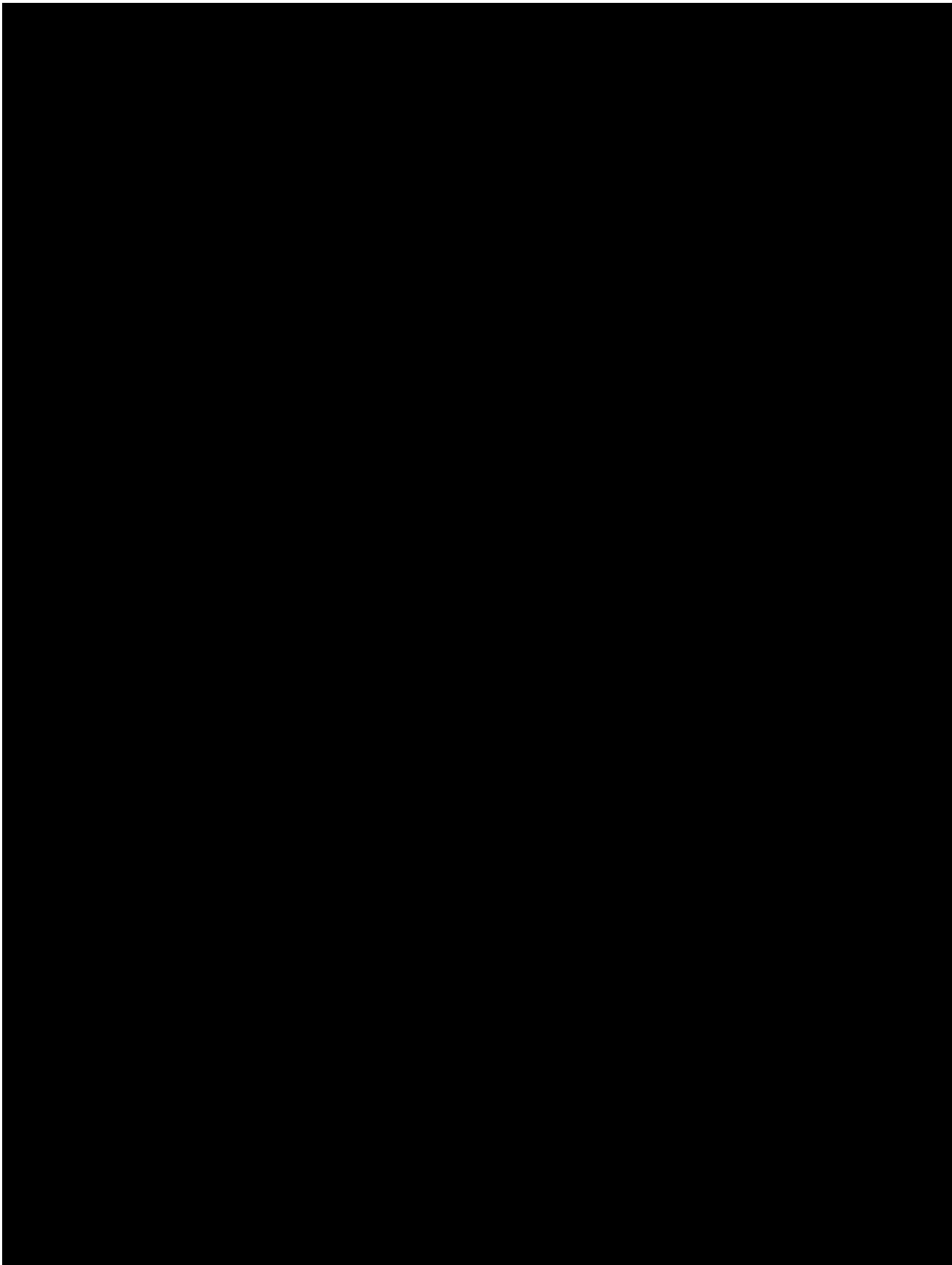
We also reviewed 14 prior EBSA recommendations related to TSP service continuity controls to determine their current status. Section III.B documents the status of these prior recommendations. In summary, three recommendations have been implemented and closed, two recommendations have been partially implemented and closed, seven recommendations have been partially implemented and remain open, and two recommendations have not been implemented and remain open. The Agency concurred with all prior recommendations. For five of these prior recommendations (i.e., 2013-02a, 2013-03, 2013-04a, 2013-06a, and 2016-05a), the Agency

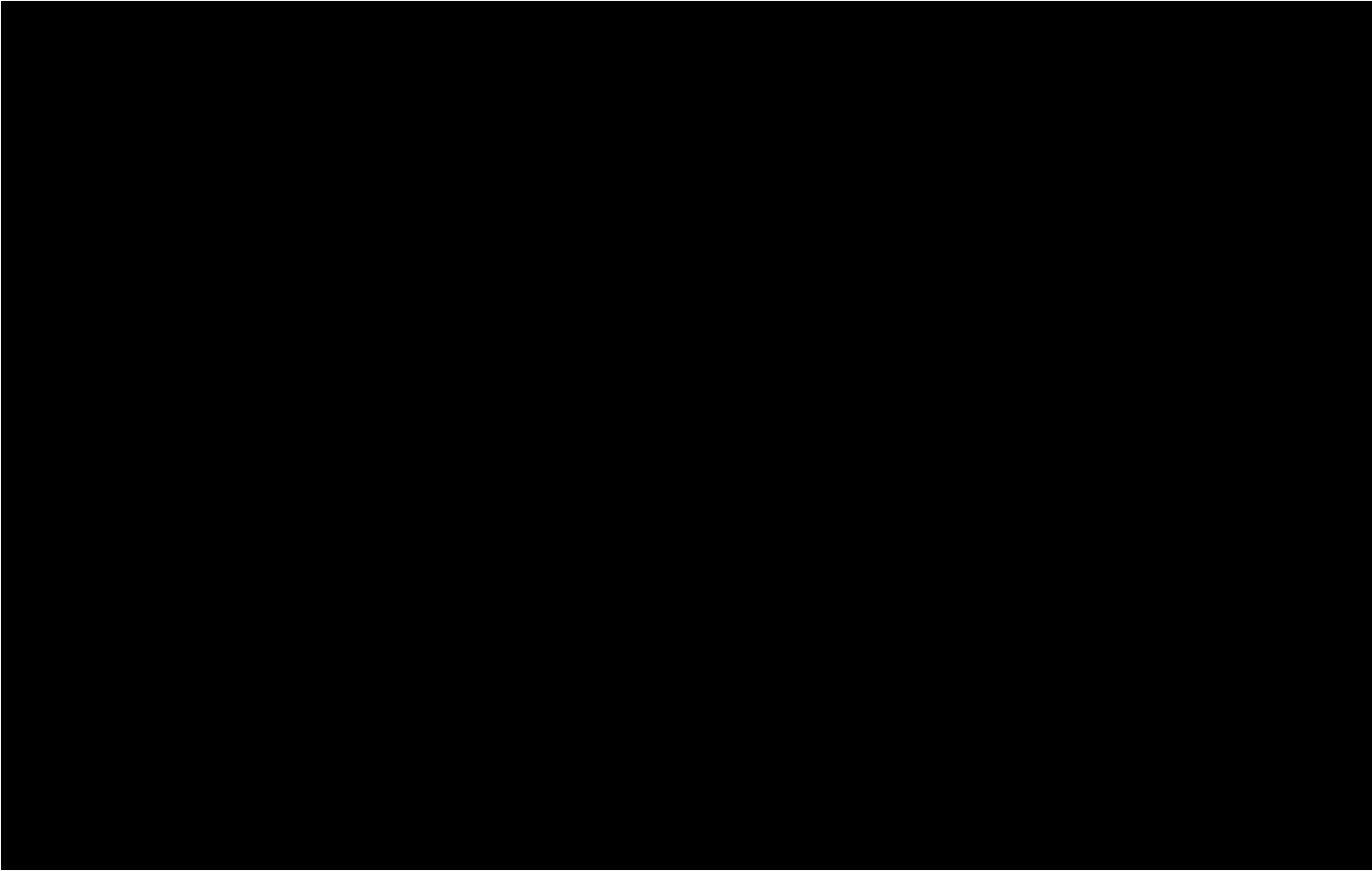
¹ *Government Auditing Standards* section 6.04 defines significance in the context of a performance audit.

considered them closed based on subsequent activities performed by management. However, these additional activities were not subject to our audit test procedures.

The Agency's responses to the recommendations are included as an appendix within the report (Appendix A). The Agency concurred with our new 2019 recommendations except for the following:







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 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

August 22, 2019

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 Thrift Savings Plan (TSP) service continuity controls.

The objectives of this performance audit were to:

- Determine whether the Federal Retirement Thrift Investment Board's Staff (Agency) implemented certain procedures to (1) establish, document, and implement technology backup and recovery of data to an alternate processing facility; (2) perform an annual continuity plan exercise and contingency plan test, and incorporate the results and lessons learned into the respective continuity and contingency plans; and (3) regularly monitor and test primary and secondary backup technologies to confirm confidentiality, integrity, and accessibility of the data backed up.
- Determine the status of the prior EBSA TSP open recommendations reported in *Performance Audit of the Thrift Savings Plan Service Continuity Controls*, dated January 31, 2017.

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, 2018 through March 31, 2019. 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 TSP service continuity. 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. We conducted these test procedures at the Agency's headquarters in Washington D.C. and at the Agency's contractor's location in Virginia. In Appendix B, we identify the key documentation provided by Agency and contractor personnel that we reviewed during our performance audit.

Our performance audit procedures included using haphazard, non-statistical sampling to select samples of the following:

- Replication errors, to determine if evidence existed supporting resolution;
- Names of individuals with access to the mainframe data replication tool, to assess logical access controls;
- Names of individuals with access to the Windows and Linux data replication tool, to assess logical access controls; and
- Names of individuals with physical access to the primary and secondary data centers, to assess physical access controls.

Because we used non-statistically determined sample sizes in our sampling 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 the National Institute of Standards and Technology Special Publication 800-53, Revision 4, *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.**