



Employee Benefits Security Administration

Performance Audit of the Thrift Savings Plan Status Determination of Certain Prior Audit Recommendations

December 7, 2018

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
EXECUTIVE SUMMARY	i
I. BACKGROUND OF THE TSP	
A. The Thrift Savings Plan	I.1
II. OBJECTIVE, SCOPE AND METHODOLOGY	
A. Objectives	II.1
B. Scope and Methodology	II.2
III. FINDINGS AND RECOMMENDATIONS	
A. Introduction.....	III.1
B. Findings and Recommendations from Prior Reports.....	III.2
C. Summary of Open Recommendations.....	III.11
 <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.

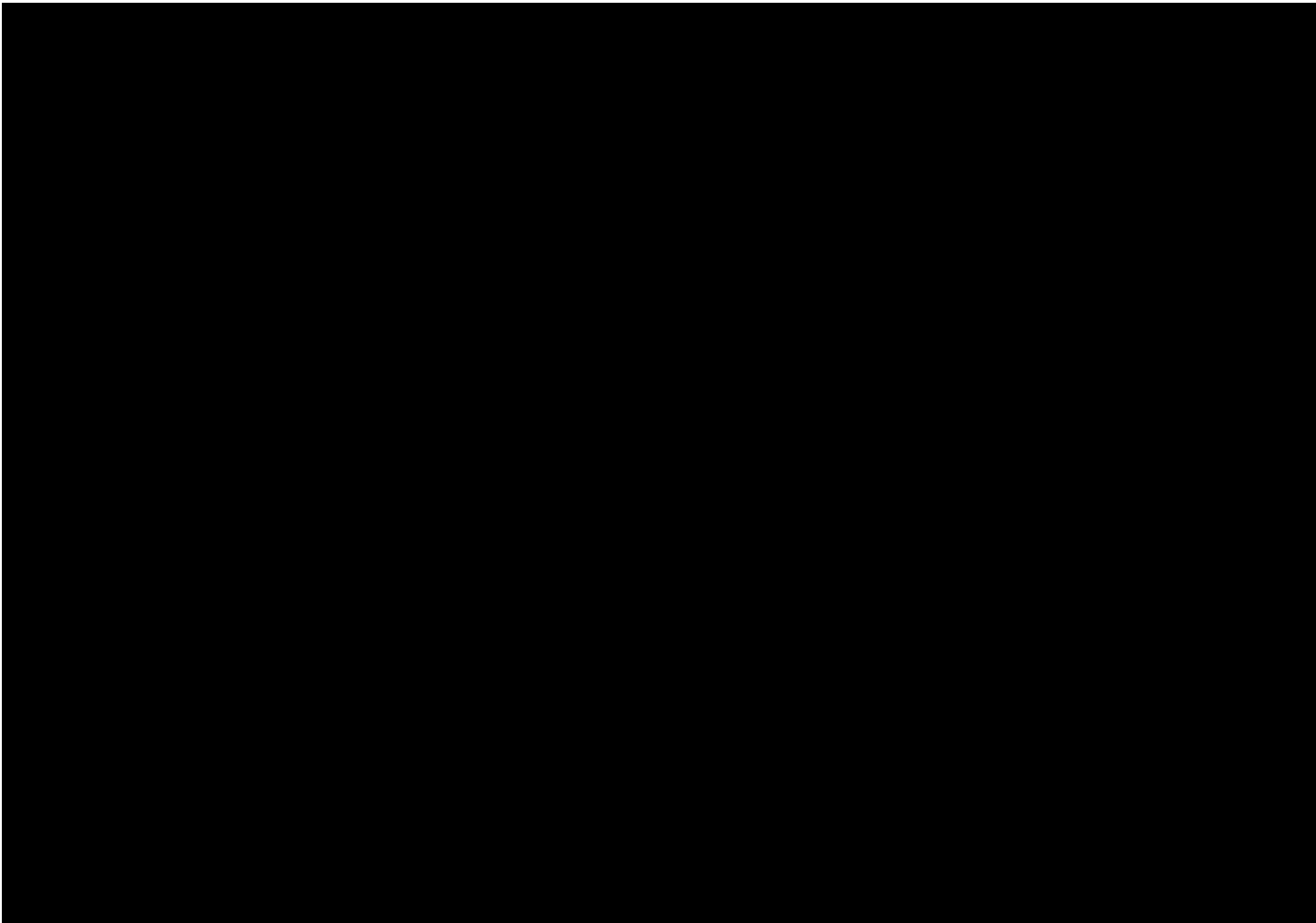
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Washington, D.C.

As part of the U.S. Department of Labor Employee Benefits Security Administration (EBSA) Fiduciary Oversight Program, we conducted a performance audit to determine the status of certain recommendations and sub-recommendations¹ from certain prior U.S. Department of Labor Employee Benefits Security Administration (EBSA) performance audit reports related to the Thrift Savings Plan (TSP) and directed to the Federal Retirement Thrift Investment Board's (the Board or FRTIB) Staff (Agency). Our testing was performed as of May 10, 2018.

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* required 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 objective of our performance audit was to determine the status of the certain prior year audit recommendations and sub-recommendations that the Agency asserted were closed. Specifically, we conducted procedures over the following recommendations and sub-recommendations to determine independently whether they were implemented, partially implemented, or remain open:

¹ Certain EBSA prior year recommendations have multiple components; for purposes of this report, we refer to these components as "sub-recommendations." Recommendations are identified by a number (e.g., No. 2015-1), while sub-recommendations are identified by a number and a letter (e.g., No. 2015-2a).



Based upon the performance audit procedures conducted and the results obtained, we have met our audit objective. As of May 10, 2018, we determined the status of the eight recommendations and sub-recommendations previously listed. In summary, we report that six recommendations/sub-recommendations were implemented and closed, and two recommendations/sub-recommendations were partially implemented and remain open.

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 concurs with the one open prior year recommendations; however, it did not concur with Recommendation No. 2016-01-a: Contingency Planning, Testing, and Training Weaknesses, to which we respond as follows:

- We noted that although the Agency stated that they performed an annual review and update of the Crisis Communications Plan, they did not document these activities. As a result, the Agency was not able to provide to sufficient evidence that the review and update were

completed. Further, the Agency did not provide evidence of the annual review indicated in their response for the ten departmental business continuity plans noted. Therefore, we did not revise this recommendation.

The Agency did not resolve the above discrepancies prior to the end of our audit fieldwork.

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.

[REDACTED]. As such, in accordance with *Government Auditing Standards*, this report is considered a limited use report and is intended solely 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

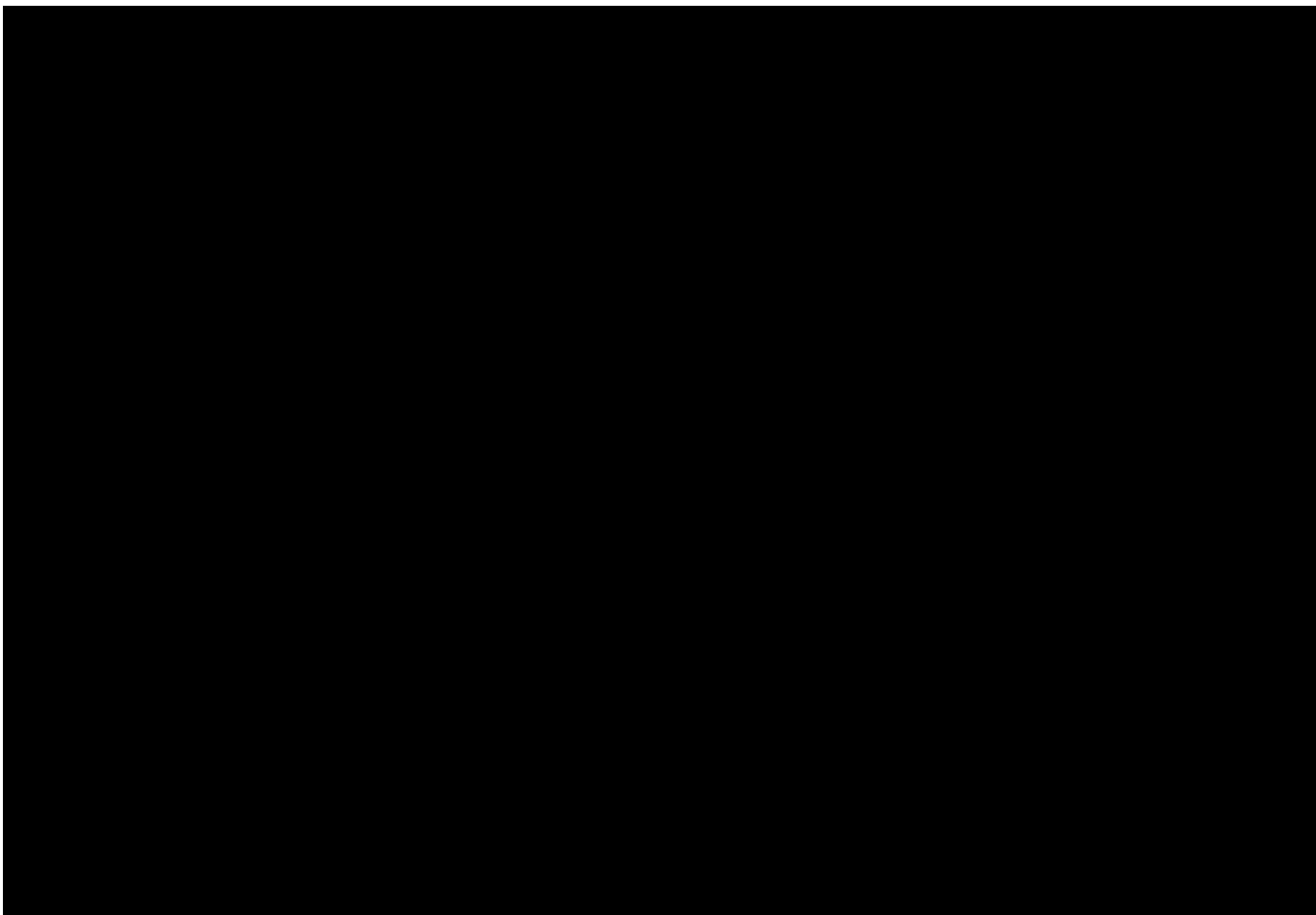
December 7, 2018

II. OBJECTIVE, SCOPE AND METHODOLOGY

A. Objectives

The U.S. Department of Labor (DOL) Employee Benefits Security Administration (EBSA) engaged KPMG LLP (KPMG) to conduct a performance audit to determine the status of certain prior recommendations and sub-recommendations⁴ from certain prior U.S. Department of Labor Employee Benefits Security Administration (EBSA) performance audit reports related to the Thrift Savings Plan (TSP) and directed to the Federal Retirement Thrift Investment Board's (the Board or FRTIB) Staff (Agency).

Specifically, the prior recommendations and sub-recommendations in scope for this performance audit were:



⁴ Certain EBSA prior year recommendations have multiple components; for purposes of this report, we refer to these components as “sub-recommendations.” Recommendations are identified by a number (e.g., No. 2015-1), while sub-recommendations are identified by a number and a letter (e.g., No. 2015-2a).

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 testing was performed as of May 10, 2018. 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 prior EBSA, Mandiant, and DHS recommendations and sub-recommendations and related Agency remediation efforts. 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, and designed and performed tests of controls. We conducted these test procedures at the Agency's headquarters in Washington D.C. In Appendix B, we identify certain documentation provided by Agency and contractor personnel that we reviewed during our performance audit. However, most documentation provided during the performance audit was reviewed and maintained on-site and is not listed in this report because of the sensitive nature of the information.

The report writing phase entailed drafting a preliminary Section III of the 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.**