



U.S. Department of Labor Employee Benefits Security Administration

Fiscal Year 2022 Thrift Savings Plan Fiduciary Oversight Program

Presentation to the
Federal Retirement Thrift Investment Board
April 26, 2022



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Presentation to the Federal Retirement Thrift Investment Board



SCOPE OF TSP AUDITS



2021 and 2022

IT-Related Performance Audits

IT-Related Performance Audits	2021	2022
Participant Website Controls	X	
Mobile Device and Security Governance Review	X	
Independent Verification and Validation and Other Results	X	
IT-Related Special Projects	2021	2022
Pre-Implementation Review of Vendor Cyber Security Management		X
Risk Management and Vendor Management		X

Process Performance Audits

Process Performance Audits	2021	2022
Participant Support Operations	X	
Loan Operations	X	
Account Maintenance	X	
Lifecycle Funds Operations	X	
Other TSP Activities and Special Projects	2021	2022
Treasury “G” Fund Investment Operations		X
Loans/Withdrawal Operations*		X

* A special project was performed to review the policies and procedures related to Loan Operations and Withdrawals in 2022.

HIGHLIGHTS OF OVERALL ASSESSMENT



Summary of Audits Completed May 2021 – March 2022

	IT Audits	Process Audits	Other TSP Activities/Special Projects	Total
Number of audits completed	2	4	5	11
Instances of material non-compliance with FERSA	0	0	0	0
Number of closed recommendations	19	12	3	34
Number of new recommendations	10	4	1	15

Note: Summary of Audits Completed is through March 31, 2022

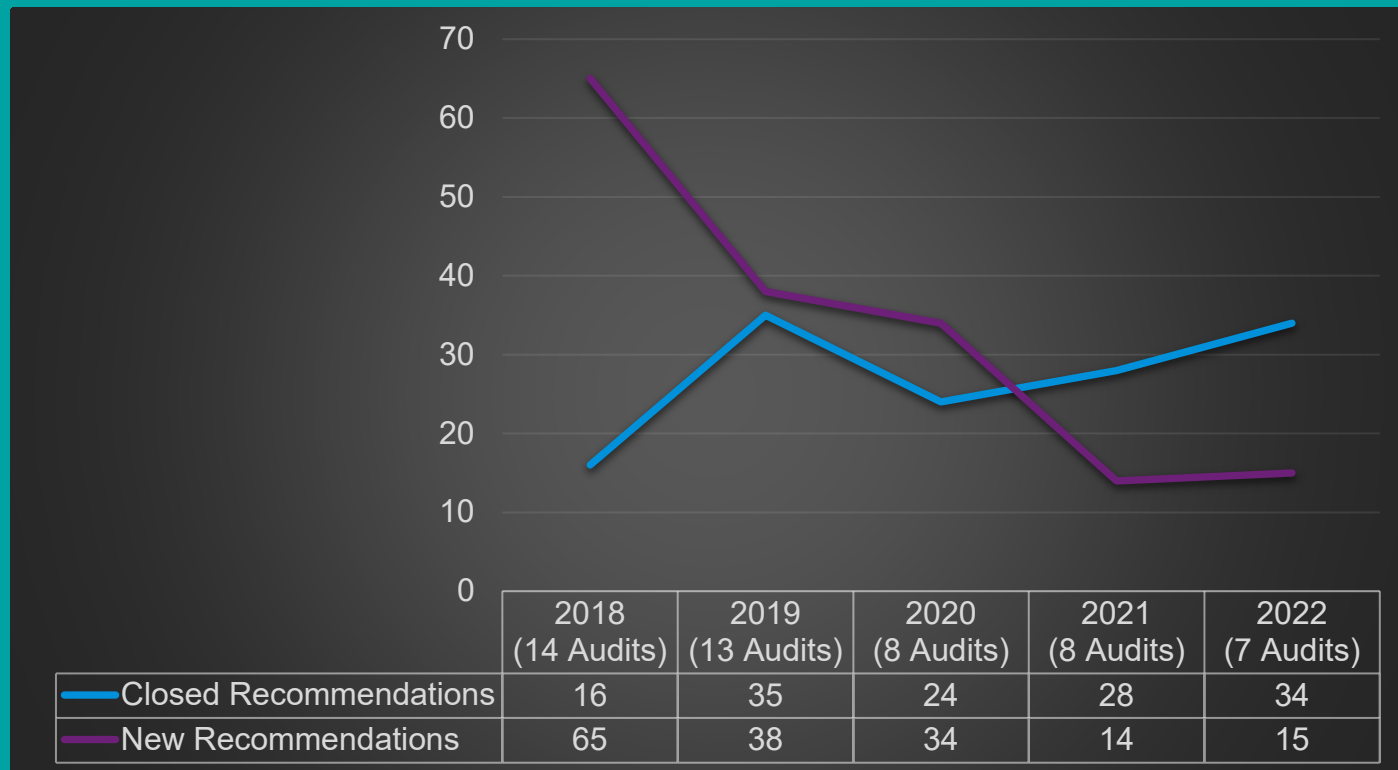
Detail of Audits Completed May 2021 – March 2022

Agency Audit	Scope Period	Prior Year Recs Closed	Prior Year Recs Remaining Open	New Fundamental Recs	New Other Recs
Participant Website Controls	4/1/2020 – 3/31/2021	6	0	2	0
Mobile Device and Security Governance Review	1/1/2020 – 5/31/2021	13	3	8	0
Independent Verification and Validation and Other Results	1/1/2020 – 12/31/2020	3	5	1	0
Participant Support Operations	1/1/2020 – 3/31/2021	7	3	1	2
Loans Operations	1/1/2020 – 12/31/2020	3	0	0	1
Account Maintenance	1/1/2020 – 12/31/2020	1	0	0	0
Lifecycle Funds Operations	1/1/2020 – 12/31/2020	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
Agency Total		34	11	12	3

RECOMMENDATIONS



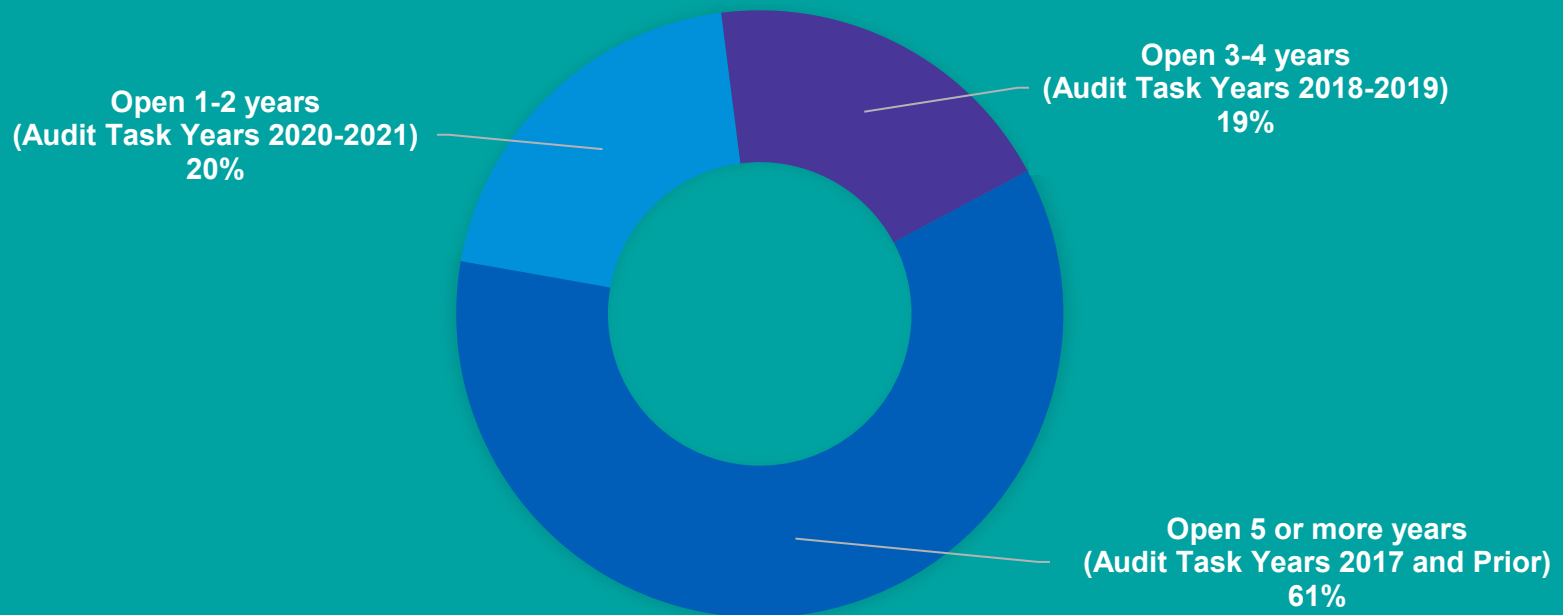
New and Closed Recommendations – Current and Past Four Presentations to the Board



Of the recommendations identified above, 72% of new recommendations and 49% of closed recommendations are related to IT.

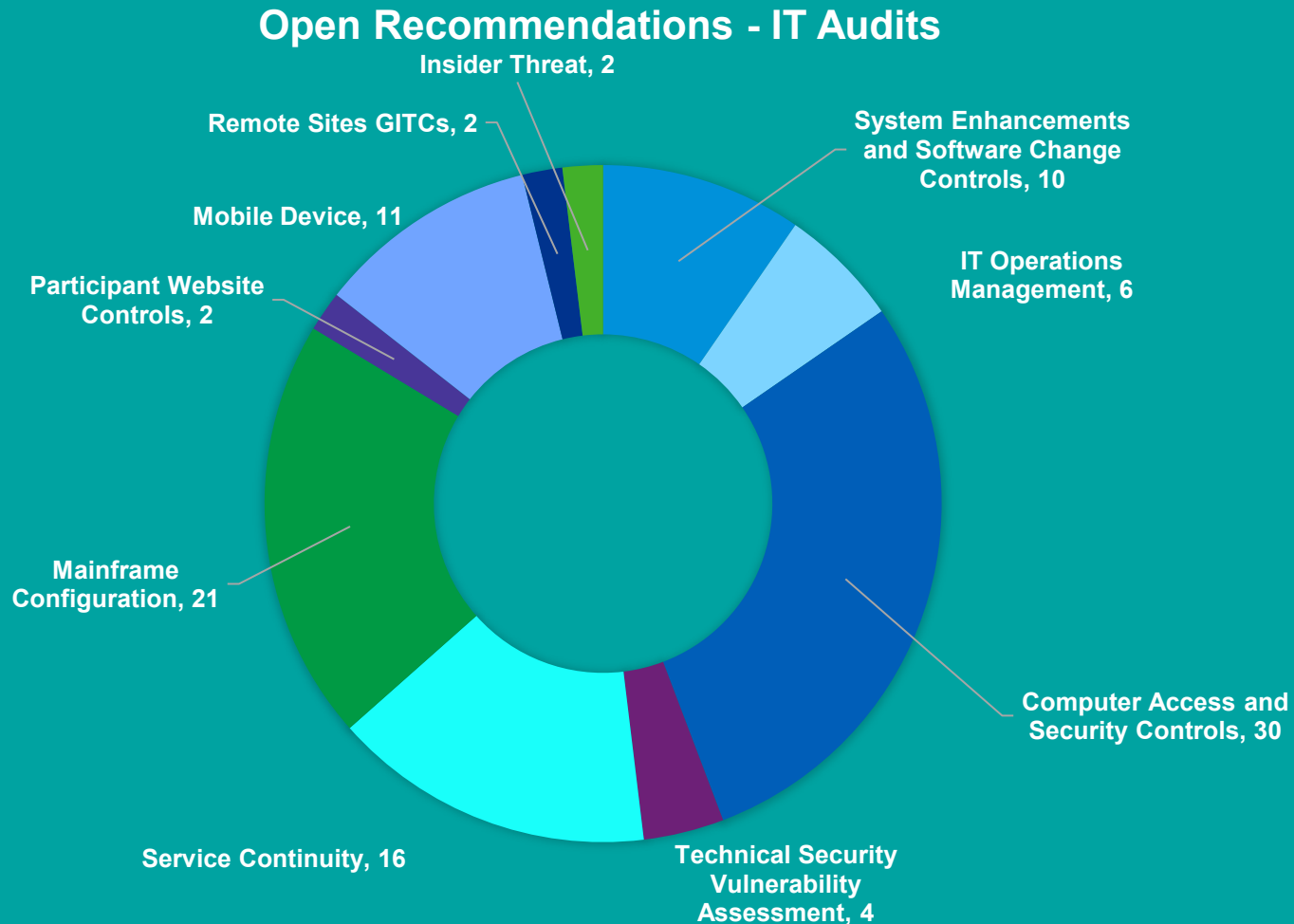
Summary of Open Recommendations

Aging Analysis of Open Recommendations - IT Audits



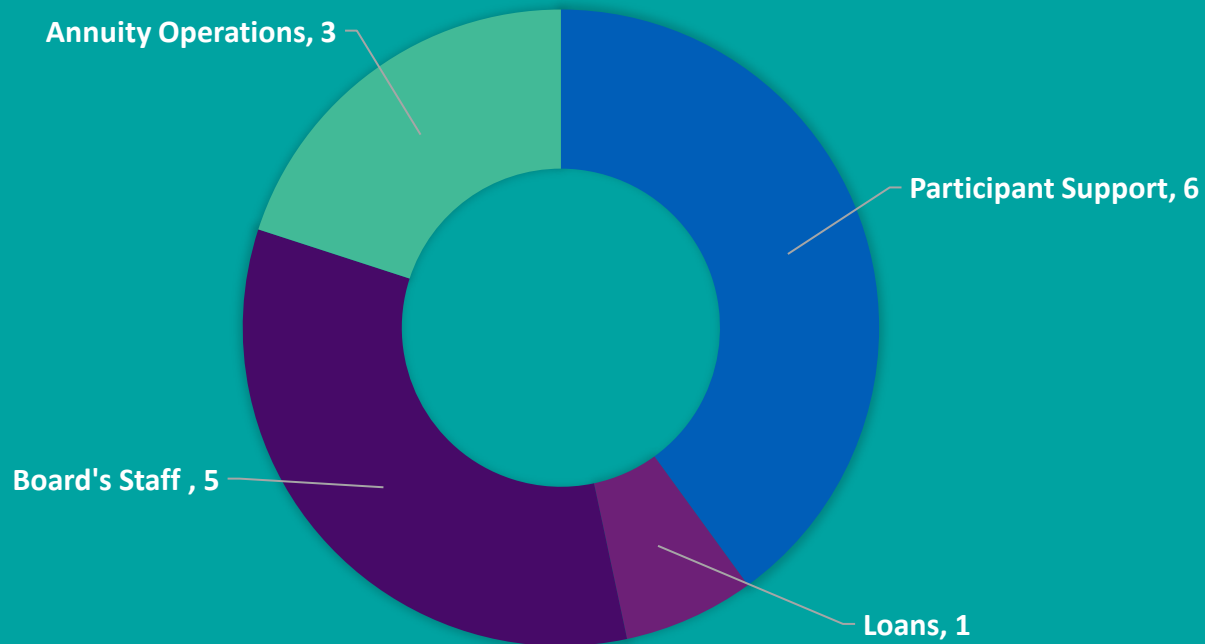
Of the recommendations identified above, approximately 93% are related to fundamental control recommendations, which address significant procedures or processes that have been designed and operate to reduce the risk that material intentional or unintentional processing errors could occur without timely detection.

Summary of Open Recommendations (continued)



Summary of Open Recommendations (continued)

Open Recommendations - Process and Other Audits



Summary of Open Recommendations (continued)

IT Audits	Fundamental Controls	Other Controls	Total	# Open Originating Prior to 2021
1. System Enhancements and Software Change Controls* (5)	10	--	10	8
2. IT Operations Management (5)	6	--	6	6
3. Computer Access and Security Controls** (4)	30	--	30	29
4. Technical Security Vulnerability Assessment (1)	4	--	4	4
5. Service Continuity Controls (3)	15	1	16	16

*The total open recommendations for fundamental controls includes one recommendation issued in the *Performance Audit on Project Management Practices over Certain Thrift Savings Plan Projects and Follow Up on Prior Year Findings* report, dated July 30, 2010.

**The total open recommendations for fundamental controls includes one recommendation issued in the *Performance Audit of the Thrift Savings Plan Status Determination of Certain Prior Audit Recommendations* report dated April 26, 2017; two recommendations issued in the *Performance Audit of the Thrift Savings Plan Corrective Action Plans Process and the Status Determination of Certain Prior Year Recommendations* report dated September 6, 2019; two recommendations issued in the *Performance Audit of the Thrift Savings Plan Status Determination of Certain Prior Year Recommendations* report dated July 22, 2020; and one recommendation issued in the *Performance Audit of the Thrift Savings Plan Independent Verification & Validation and Penetration Test Remediation Process* report dated August 30, 2021.

Summary of Open Recommendations (continued)

IT Audits	Fundamental Controls	Other Controls	Total	# Open Originating Prior to 2021
6. Participant Website Controls (5)	2	--	2	--
7. Mainframe Configuration and Security Controls (4)	20	1	21	21
8. Mobile Device and Governance Controls (5)	11	--	11	3
9. Insider Threat Controls (4)	2	--	2	2
10. Certain General IT Controls at TSP Remote Contractor Sites (2)	2	--	2	2

Summary of Open Recommendations (continued)

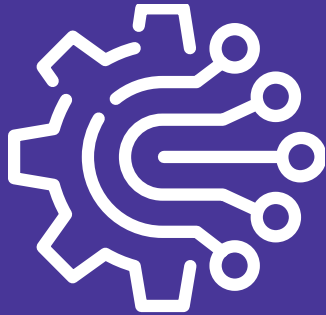
Process Audits	Fundamental Controls	Other Controls	Total	# Open Originating Prior to 2021
11. Participant Support/ Call Center Operations (5)	4	2	6	3
12. Loan Operations (5)	--	1	1	--
13. Account Maintenance (5)	--	--	--	--
14. Withdrawals (4)	--	--	--	--
15. Lifecycle Funds Operations (5)	--	--	--	--

Summary of Open Recommendations (continued)

Other TSP Audits	Fundamental Controls	Other Controls	Total	# Open Originating Prior to 2021
16. Treasury "G" Fund Investment Operations (6)	--	--	--	--
17. Investment Manager Operations ("F", "C", "S", And "I" Funds)	--	--	--	--
18. Annuity Vendor Operations (4)	1	2	3	3
19. The Board's Staff (4)	<u>3</u>	<u>2</u>	<u>5</u>	<u>5</u>
Total Recommendations	<u>110</u>	<u>9</u>	<u>119</u>	<u>102</u>

- (1) The most recent report was 2013.
- (2) The most recent report was 2018.
- (3) The most recent report was 2019.
- (4) The most recent report was 2020.
- (5) The most recent report was 2021.
- (6) The most recent report was 2022.

OTHER CONSIDERATIONS



Converge

TSP audit impact

- Three special projects in progress related to Converge
 - Loans/Withdrawals Operations
 - Pre-Implementation Review of Vendor Cyber Security Management
 - Risk Management/Vendor Management
- Disposition of prior year recommendations outstanding at time of transition
- Adjust the audit plan for FY 2023 and beyond
 - Gain an understanding of new processes and related controls
 - New/Updated Audit Programs
 - New/Updated audit documentation requests

SUPPLEMENTAL INFORMATION



Overview of the EBSA TSP Fiduciary Oversight Program



EBSA's TSP Fiduciary Oversight Responsibility

The Thrift Saving Plan (TSP) was authorized by Congress under the Federal Employees' Retirement System Act of 1986 (FERSA) (Public Law 99-335).

The Employee Benefits Security Administration (EBSA), through the statutory reference to the Secretary of Labor [5 USC 8477(g)], is responsible for establishing a program to carry out audits to determine the level of compliance with the requirements of FERSA relating to fiduciary responsibilities and prohibited activities of fiduciaries.



EBSA's Approach to the TSP Fiduciary Oversight Program

EBSA's TSP audit procedures are designed to comply with *Government Auditing Standards*, published by the U.S. Government Accountability Office (GAO), for conducting the following audits:

- Performance audits, including assessments of program effectiveness, economy, and efficiency; internal control; compliance; and prospective analyses; and
- Financial-related audits, including reviews of certain financial information



EBSA's TSP Fiduciary Oversight Program

EBSA's Program is designed to determine whether:

- The fiduciaries are acquiring, protecting, and using TSP resources effectively, efficiently, and solely in the interest of TSP participants and beneficiaries;
- The fiduciaries have complied with FERSA and other applicable laws and regulations;
- The TSP program activities, functions, and organization are cost effective and efficient; and
- EBSA's previous TSP recommendations have been adequately acted upon.

Examples of TSP Information Obtained for Each Audit

- Prior audit reports
- Organization charts
- Position descriptions
- Flowcharts
- Policies and procedures documents
- Relevant contracts
- Descriptions of support systems
- Identification of key TSP control points
- EBSA, Federal Retirement Thrift Investment Board members, and Agency management concerns

Uses of TSP Information Obtained for Each Audit

- Test internal controls
- Test TSP transactions and activities for compliance with applicable laws, regulations, and contracts
- Address EBSA, Federal Retirement Thrift Investment Board members, and Agency management concerns, as practicable
- Update EBSA's TSP Fiduciary Oversight Program Manual

Audit and Report Process for Each TSP Performance Audit

- Preliminary planning meeting(s), as needed
- Entrance conference
- Completion of walk-through meetings and field work
- Agency's initial review of pre-exit conference draft report (or sections thereof)
- Exit conference
- Agency's 21 day review period of draft report for formal written response to DOL EBSA
- Final report including the Executive Director's formal written response to DOL EBSA
- The Executive Director's presentation of report and formal written response to DOL EBSA at scheduled meetings of the Board
- Summarized final report forwarded to DOL Deputy Assistant Secretary for National Operations for appropriate further action, if necessary
- DOL's and contractors' presentation of significant findings and recommendations and current year's TSP audit plan annually at a scheduled Board meeting

Scope of TSP Audits Since 2018

IT-Related Audits	Plan 2022	2021	2020	2019	2018
1. Systems Enhancements and Software Change Controls	–	FS	–	FS	–
2. IT Operations Management	–	FS	–	FS	–
3. Computer Access and Security Controls	–	–	FS	–	–
4. Service Continuity Controls	–	–	–	FS	–
5. Participant Website Controls	–	FS	–	FS	–
6. Mainframe Configuration and Security Controls	–	–	FS	–	FS
7. Mobile Device and Security Governance Review	–	FS	–	–	FS
8. Insider Threat Controls	–	–	FS	–	–
9. Limited General IT Control Review Over Remote TSP Contractor Sites	–	–	–	–	FS
10. Special Projects - IT	SP(5)(6)	SP(1)	SP(2)	SP(2)(4)	SP(2)(3)

FS = Full Scope SP = Special Project

- (1) Assessment of FRTIB Independent Verification and Validation and Other Results
- (2) Status Determination of Certain Prior Year Recommendations
- (3) National Defense Authorization Act for Fiscal Year 2016 related reviews
- (4) Dallas Contact Center
- (5) Risk Management and Vendor Management
- (6) Pre-Implementation Review of Vendor Cyber Security Management



Scope of TSP Audits Since 2018 (continued)

Process Audits	Plan 2022	2021	2020	2019	2018
11. Participant Support/Contact Center Operations	–	FS	–	–	FS
12. Loan Operations	SP(7)	FS	–	–	FS
13. Account Maintenance	–	FS	–	–	FS
14. Withdrawals	SP(7)	–	FS	–	–
15. Lifecycle Funds Operations	–	FS	–	FS	–
FS = Full Scope SP = Special Project					

(7) Loan/Withdrawal Operations – review of policies and procedures associated with new record keeping system

Scope of TSP Audits Since 2018 (continued)

Other TSP Activities	Plan 2022	2021	2020	2019	2018
16. Treasury "G" Fund Investment Operations	FS	—	—	—	FS
17. Investment Manager Operations ("F", "C", "S", and "I" Funds)	—	—	FS	—	—
18. Annuity Operations	—	—	FS	—	FS
19. The Board's Staff	—	—	FS	—	FS
FS = Full Scope SP = Special Project					

Summary of Most Recent TSP Payroll Service Provider Performance Audits

Uniformed Services and Agencies	Year Performed	Open Recommendations
Defense Finance and Accounting Services (as Uniformed Services Payroll Service Provider)	2019	2
U.S. Department of Agriculture's National Finance Center	2016	1
U.S. Department of the Interior - Interior Business Center	2014	1



Thank You



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