



U.S. Department of Labor Employee Benefits Security Administration

Fiscal Year 2023 Thrift Savings Plan Fiduciary Oversight Program

Presentation to the
Federal Retirement Thrift Investment Board
June 27, 2023



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Presentation to the Federal Retirement Thrift Investment Board



SCOPE OF TSP AUDITS

2022 and 2023



IT-Related Performance Audits

IT-Related Performance Audits	2022	2023
Cyber Policies - Computer Access and Data Security Controls		X
Cyber Policies – Information Protection Processes and Procedures		X
Cyber Policies – Detection and Monitoring		X
Vendor Risk Management and Agency Oversight Controls		X

IT-Related Special Projects	2022	2023
Pre-Implementation Review of Vendor Cyber Security Management	X	
Risk Management and Vendor Management	X	
Status of Prior Year Findings		X

Process and Other Performance Audits

Process Performance Audits	2022	2023
Participant Support / Contact Center Operations		X
Loan Operations		X
Withdrawals Process		X
Other TSP Activities and Special Projects	2022	2023
Treasury “G” Fund Investment Operations	X	
Loans/Withdrawals Operations*	X	
Investment Manager Operations (State Street)		X

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

HIGHLIGHTS OF OVERALL ASSESSMENT



Summary of Audits Completed

April 2022 – May 2023

	IT Audits	Process Audits	Other TSP Activities/Special Projects	Total
Number of audits completed	0	0	4	4
Instances of material non-compliance with FERSA	0	0	0	0
Number of closed recommendations	0	0	0	0
Number of new recommendations	0	0	0	0

Note: Summary of Audits Completed is through May 31, 2023

Detail of Audits Completed April 2022 – May 2023

Agency Audit	Scope Period	Prior Year Recs Closed	Prior Year Recs Remaining Open	New Fundamental Recs	New Other Recs
Pre-Implementation Review of Vendor Cyber Security Management	As of December 8, 2021	0	0	0	0
Risk Management and Vendor Management	1/1/2021 – 12/31/2021	0	0	0	0
Loans/Withdrawal Operations	As of January 31, 2022	0	0	0	0
Treasury “G” Fund Investment Operations	1/1/2021 – 12/31/2021	0	0	0	0
Agency Total		0	0	0	0

Note: Detail of Audits Completed is through May 31, 2023

Detail of Audits in Final Reporting Stage as of June 20, 2023

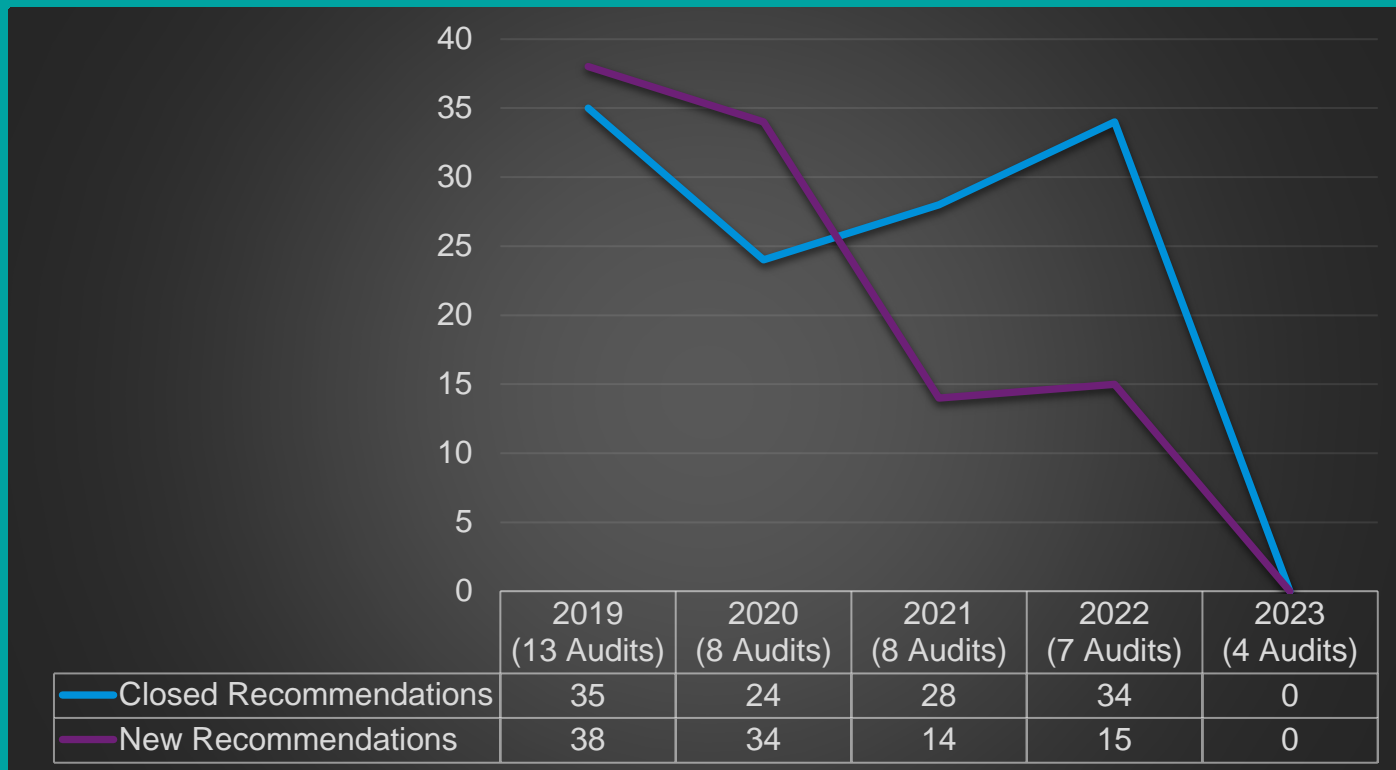
Agency Audit	Scope Period	Prior Year Recs Closed	Prior Year Recs Remaining Open	New Fundamental Recs	New Other Recs
Cyber Policies - Computer Access and Data Security Controls	6/1/2022 – 1/31/2023	10	0	3	0
Vendor Risk Management and Agency Oversight Controls	1/1/2022 – 12/31/2022	4	0	3	0
Withdrawals Process	6/1/2022 – 1/31/2023	0	0	5	2
Agency Total		14	0	11	2

Note: The results above are based on draft reports issued as of June 20, 2023. Because the related final reports have not been formally issued, these results are considered preliminary.

RECOMMENDATIONS



New and Closed Recommendations – 2019 through 2023 Presentations to the Board



Of the recommendations identified above, 75% of new recommendations and 52% of closed recommendations are related to IT.

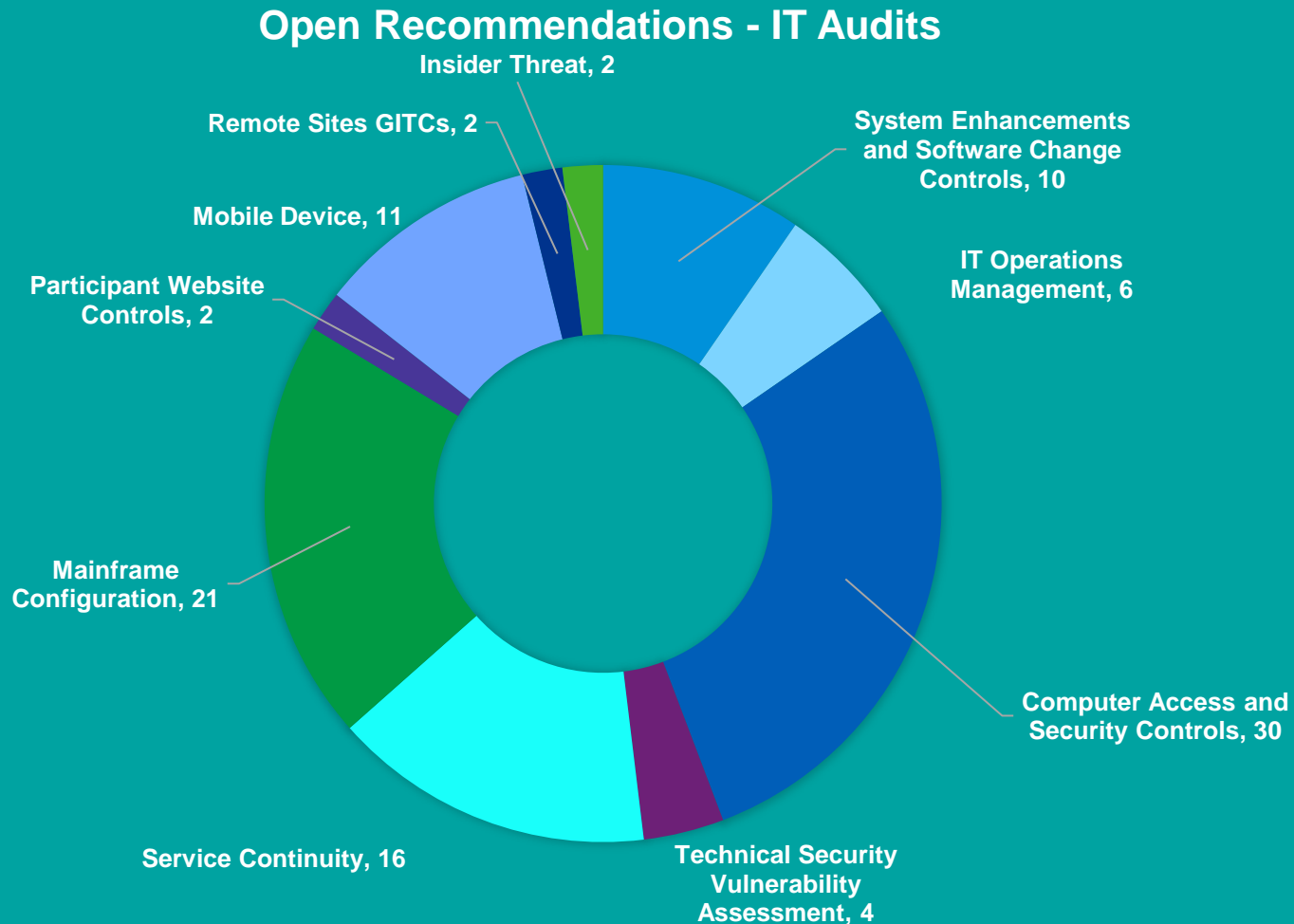
Summary of Open Recommendations as of May 2023

Aging Analysis of Open Recommendations - IT Audits



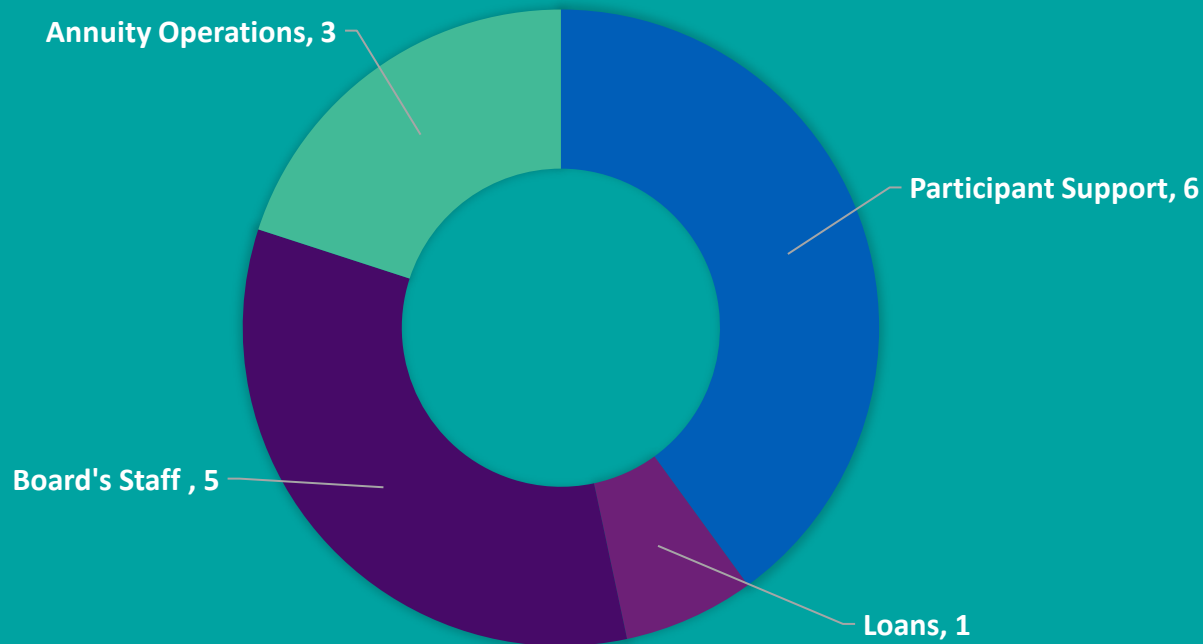
Of the recommendations identified above, approximately 98% are related to fundamental control recommendations, which address significant procedures or processes that have been designed and operate to reduce the risk that material intentional or unintentional processing errors could occur without timely detection.

Summary of Open Recommendations as of May 2023 (continued)



Summary of Open Recommendations as of May 2023 (continued)

Open Recommendations - Process and Other Audits



Projected Recommendation Closures in FY 2023 Reports

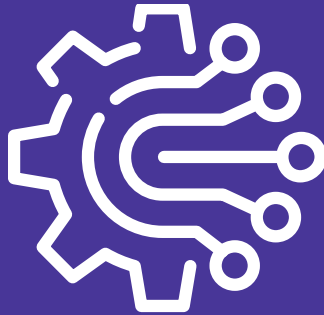
IT Audits	Total Open	Addressed in FY 2023 Audits	Projected to Close
1. System Enhancements and Software Change Controls	10	10	10
2. IT Operations Management	6	5	5
3. Computer Access and Security Controls	30	29	27
4. Technical Security Vulnerability Assessment	4	4	4
5. Service Continuity Controls	16	16	16
6. Participant Website Controls	2	2	2
7. Mainframe Configuration and Security Controls	21	21	21
8. Mobile Device and Governance Controls	11	--	--
9. Insider Threat Controls	2	--	--
10. Certain General IT Controls at TSP Remote Contractor Sites	2	2	2

Note: Projected closure information presented is preliminary and subject to change until the applicable final reports are issued.

Projected Recommendation Closures in FY 2023 Reports (continued)

Process/Other TSP Audits	Total Open	Addressed in FY 2023 Audits	Projected to Close
11. Participant Support/ Call Center Operations	6	6	6
12. Loan Operations	1	1	1
13. Account Maintenance	--	--	--
14. Withdrawals Process	--	--	--
15. Lifecycle Funds Operations	--	--	--
16. Treasury "G" Fund Investment Operations	--	--	--
17. Investment Manager Operations ("F", "C", "S", And "I" Funds)	--	--	--
18. Annuity Vendor Operations	3	--	--
19. The Board's Staff	<u>5</u>	--	--
Total Recommendations	<u>119</u>	<u>97</u>	<u>94</u>

OTHER CONSIDERATIONS



Converge

TSP Audit Impact

- Completed three special projects in FY 2022 related to Converge
 - Loans/Withdrawals Operations
 - Pre-Implementation Review of Vendor Cyber Security Management
 - Risk Management/Vendor Management
- Currently performing eight FY 2023 in progress IT and Process audits
 - Full-scope post-implementation audits
 - Revisions to Audit Programs to address new processes and updates to CFR
 - Disposition of certain prior year recommendations outstanding at time of transition
 - Delays in planned timelines as all parties adjusted to the new environment
- Continue to adjust future audit plans

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 Program 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

Summary of Open Recommendations – by Type and Audit as of May 2023

IT Audits	Fundamental Controls	Other Controls	Total	# Open Originating Prior to 2022
1. System Enhancements and Software Change Controls* (5)	10	--	10	10
2. IT Operations Management (5)	6	--	6	6
3. Computer Access and Security Controls** (4)	30	--	30	30
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 – by Type and Audit as of May 2023 (continued)

IT Audits	Fundamental Controls	Other Controls	Total	# Open Originating Prior to 2022
6. Participant Website Controls (5)	2	--	2	2
7. Mainframe Configuration and Security Controls (4)	20	1	21	21
8. Mobile Device and Governance Controls (5)	11	--	11	11
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 – by Type and Audit as of May 2023 (continued)

Process Audits	Fundamental Controls	Other Controls	Total	# Open Originating Prior to 2022
11. Participant Support/ Call Center Operations (5)	4	2	6	6
12. Loan Operations (5)	--	1	1	1
13. Account Maintenance (5)	--	--	--	--
14. Withdrawals Process (4)	--	--	--	--
15. Lifecycle Funds Operations (5)	--	--	--	--

Summary of Open Recommendations – by Type and Audit as of May 2023 (continued)

Other TSP Audits	Fundamental Controls	Other Controls	Total	# Open Originating Prior to 2022
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>119</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.

Scope of TSP Audits Since 2019

IT-Related Audits	2023	2022	2021	2020	2019
1. IT Operations Management	–	–	FS	–	FS
2. Service Continuity Controls	–	–	–	–	FS
3. Participant Website Controls	–	–	FS	–	FS
4. Mobile Device and Security Governance Review	–	–	FS	–	–
5. Insider Threat Controls	–	–	–	FS	–
6. Cyber Policies – Computer Access and Data Security	FS	SP(2)	–	–	–
7. Cyber Policies - Information Protection Processes and Procedures	FS	SP(2)	–	–	–
8. Cyber Policies - Detection and Monitoring	FS	SP(2)	–	–	–
9. Vendor Risk Management and Agency Oversight Controls	FS	SP(3)	–	–	–
10. Special Projects - IT	SP(1)	–	SP(4)	SP(1)	SP(1)(5)
FS = Full Scope SP = Special Project					

- (1) Status Determination of Certain Prior Year Recommendations
- (2) Pre-Implementation Review of Vendor Cyber Security Management
- (3) Risk Management and Vendor Management
- (4) Assessment of FRTIB Independent Verification and Validation and Other Results
- (5) Dallas Contact Center

Scope of TSP Audits Since 2019 (continued)

Process Audits	2023	2022	2021	2020	2019
11. Participant Support/Contact Center Operations	FS	–	FS	–	–
12. Loan Operations	FS	SP(6)	FS	–	–
13. Account Maintenance	–	–	FS	–	FS
14. Withdrawals	FS	SP(6)	–	FS	–
15. Lifecycle Funds Operations	–	–	FS	–	FS
FS = Full Scope SP = Special Project					

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

Scope of TSP Audits Since 2019 (continued)

Other TSP Activities	2023	2022	2021	2020	2019
16. Treasury "G" Fund Investment Operations	–	FS	–	–	–
17. Investment Management Operations ("F", "C", "S", and "I" Funds)	FS(7)	–	–	FS(8)	–
18. Annuity Operations	–	–	–	FS	–
19. The Board's Staff	–	–	–	FS	–
FS = Full Scope SP = Special Project					

(7) State Street Global Advisors Trust Company (SSGA)

(8) BlackRock Institutional Trust Company, N.A. (BTC)

Scope of TSP Audits Since 2019 (continued)

Audits No Longer Performed	2023	2022	2021	2020	2019
1. Systems Enhancements and Software Change Controls	–	–	FS	–	FS
2. Computer Access and Security Controls	–	–	–	FS	–
3. Mainframe Configuration and Security Controls	–	–	–	FS	–
4. Limited General IT Control Review over Remote TSP Contractor Sites	–	–	–	–	–
FS = Full Scope SP = Special Project					

These audits will no longer be performed going forward. They have either been replaced with a new audit or are no longer applicable as of June 1, 2022 in conjunction with the implementation of Converge. Prior year recommendations related to these audits are being evaluated in fiscal year 2023 as part of the replacement audit or the special project, *Status of Prior Year Findings*.

Summary of Most Recent TSP Payroll Service Provider Performance Audits

Uniformed Services and Agencies	Year Performed	Open Recommendations
Defense Finance and Accounting Service (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



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