



# U.S. Department of Labor Employee Benefits Security Administration

## Fiscal Year 2024 Thrift Savings Plan Fiduciary Oversight Program

Presentation to the  
Federal Retirement Thrift Investment Board  
January 23, 2024



# Key Contacts

<b>EBSA</b>	<b>Phone Number</b>
Lisa M. Gomez, Assistant Secretary	(202) 693-8300
Timothy Hauser, Deputy Assistant Secretary for Program Operations	(202) 693-8316
Michael Auerbach, Chief Accountant	(202) 693-8363
Marcus Aron, Chief, Division of Accounting Services	(202) 693-8371
Jonathan Matzkin, Senior Technical Advisor	(202) 693-8379

<b>KPMG</b>	<b>Phone Number</b>
Heather Flanagan, Lead Engagement Partner	(202) 533-4012
Derek Thomas, Engagement Partner	(202) 533-5402
Geoffrey Weber, IT Principal	(703) 286-8880
Kylie DeGuzman, Senior Manager	(202) 533-5830
Patty Schumacher, Computer Systems Analyst	(703) 286-8873

# Presentation to the Federal Retirement Thrift Investment Board



# SCOPE OF TSP AUDITS

## 2023 and 2024



# IT-Related Performance Audits

IT-Related Performance Audits	2023	2024
Cyber Policies - Computer Access and Data Security Controls	X	
Cyber Policies – Information Protection Processes and Procedures	X	
Cyber Policies – Detection and Monitoring Security Controls	X	
Vendor Risk Management and Agency Oversight Controls	X	
Participant Website Controls		X
Mainframe Configuration and Security Controls		X
Mobile Device Security and Governance Controls		X
Insider Threat Controls		X

# IT-Related Performance Audits (continued)

IT-Related Performance Audits	2023	2024
Decommissioning of Legacy Systems Security Control		X

IT-Related Special Projects	2023	2024
Status of Certain Prior Year Findings	X	

# Process and Other Performance Audits

Process Performance Audits	2023	2024
Participant Support/Contact Center Operations	X	
Loan Operations	X	
Withdrawals Process	X	
Account Maintenance		X
Other TSP Activities and Special Projects	2023	2024
State Street Global Advisors Trust Company Investment Manager Operations – “F”, “C”, “S”, and “I” Funds	X	
Payroll Service Provider TSP Operations (U.S. Department of Agriculture’s National Finance Center)		X

# HIGHLIGHTS OF OVERALL ASSESSMENT





# Summary of Audits Completed in the 2023 Audit Cycle

	IT Audits/ Special Projects	Process Audits	Other TSP Activities	Total
Number of audits completed	5	3	1	9
Instances of material non-compliance with FERSA	0	0	0	0
Number of closed recommendations	89	7	0	96
Number of new recommendations	12	30	0	42

# Detail of Audits Completed in the 2023 Audit Cycle

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 – 12/31/2022	10	0	3	0
Cyber Policies – Information Protection Processes and Procedures	6/1/2022 – 1/31/2023	5	0	3	0
Cyber Policies – Detection and Monitoring Security Controls	6/1/2022 – 3/31/2023	5	0	0	0
Vendor Risk Management and Agency Oversight Controls	1/1/2022 – 12/31/2022	4	0	3	0
Status of Certain Prior Year Findings	6/1/2022 – 6/9/2023	65	0	3	0
Participant Support/Contact Center Operations	6/1/2022 – 3/31/2023	6	0	7	0
Loan Operations	6/1/2022 – 1/31/2023	1	0	12	4
Withdrawals Process	6/1/2022 – 1/31/2023	0	0	5	2
State Street Global Advisors Trust Company Investment Manager Operations – “F”, “C”, “S”, and “I” Funds	1/1/2022 – 12/31/2022	0	0	0	0
Total		96	0	36	6

# RECOMMENDATIONS



# Summary of Open Recommendations as of September 2023

## Aging Analysis of Open Recommendations - IT Audits



All of the recommendations identified above 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 September 2023 (continued)

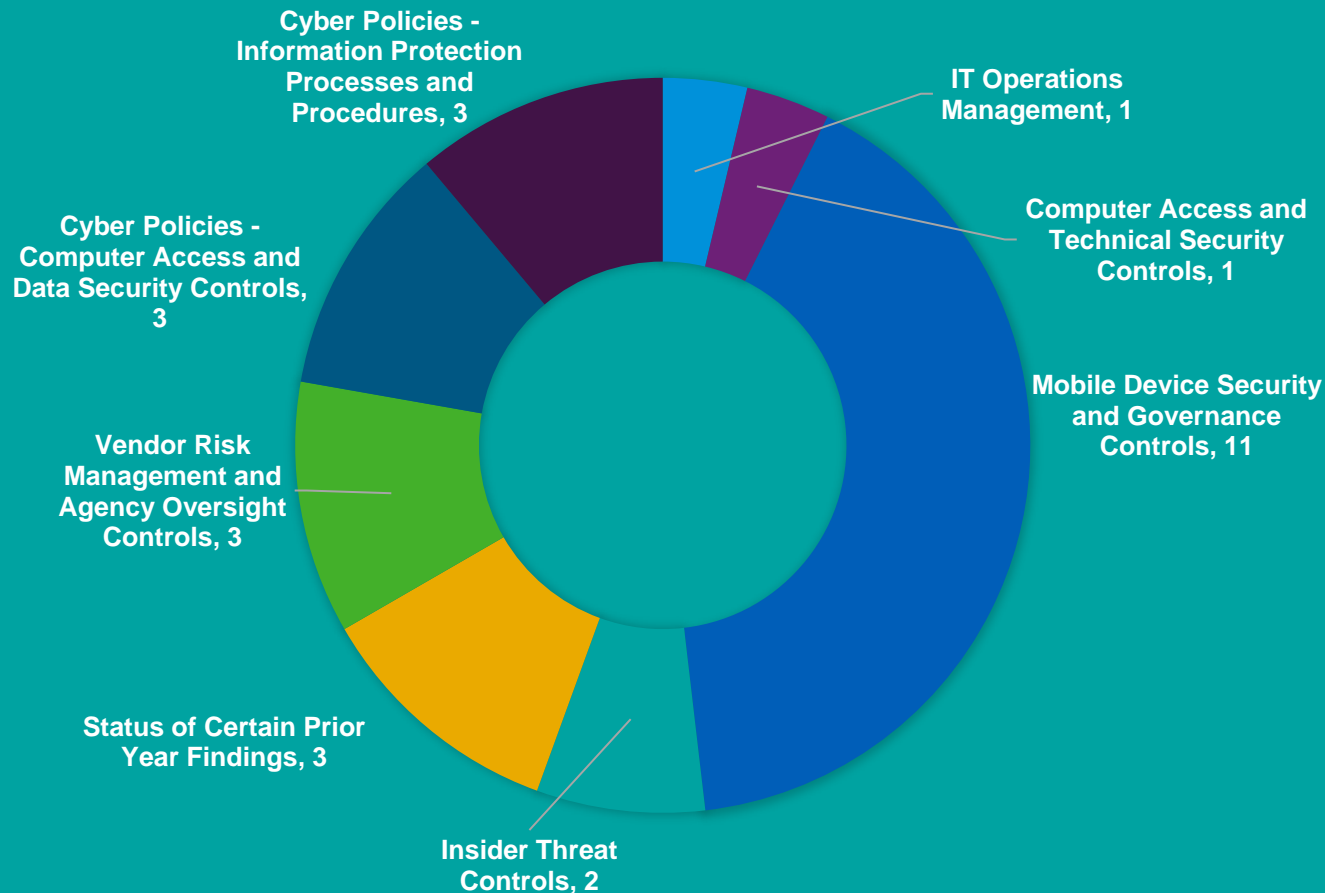
## Aging Analysis of Open Recommendations – Process and Other Audits



Of the recommendations identified above, 74% 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.

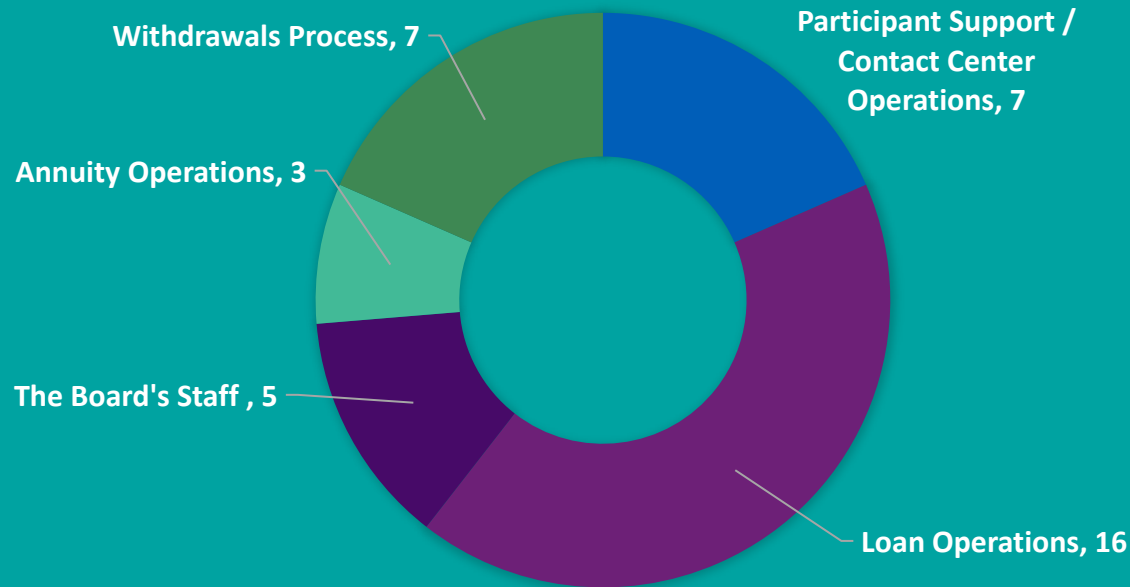
# Summary of Open Recommendations as of September 2023 (continued)

## Open Recommendations - IT Audits



# Summary of Open Recommendations as of September 2023 (continued)

## Open Recommendations - Process and Other Audits



# Summary Results for 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

\*An audit over the U.S. Department of Agriculture's National Finance Center, a civilian payroll service provider, is being performed in FY 2024.



# OTHER CONSIDERATIONS



# Converge

## TSP Audit Impact

- Performed three process and five IT audits in FY 2023 related to Converge
  - Disposition of certain prior year recommendations outstanding at time of transition
  - Delays in planned timelines as all parties adjusted to the new environment
- Currently performing one process and five IT audits in FY 2024 at the Agency
  - Full-scope post-implementation audits
  - Revisions to Audit Programs to address new processes and updates to CFR
  - Disposition of prior year open recommendations - Mobile Device Security and Governance Controls and Insider Threat Controls audits
  - Audit of the Decommissioning of Legacy Systems Security Control, including the disposal of hardware and systems from the pre-Converge 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 September 2023

IT Audits		Fundamental Controls	Other Controls	Total	# Open Originating Prior to 2023
1.	IT Operations Management (2)	1	–	1	1
2.	Computer Access and Technical Security Controls (1)	1	–	1	1
3.	Participant Website Controls	–	–	–	–
4.	Mainframe Configuration and Security Controls	–	–	–	–
5.	Mobile Device Security and Governance Controls (2)	11	–	11	11
6.	Insider Threat Controls (1)	2	–	2	2

(1) The most recent report was 2020.

(2) The most recent report was 2021.



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

IT Audits		Fundamental Controls	Other Controls	Total	# Open Originating Prior to 2023
7.	Cyber Policies - Computer Access and Data Security Controls	3	–	3	–
8.	Cyber Policies - Detection and Monitoring Security Controls*	–	–	–	–
9.	Cyber Policies - Information Protection Processes and Procedures	3	–	3	–
10.	Vendor Risk Management and Agency Oversight Controls	3	–	3	–
11.	Status of Certain Prior Year Findings	3	–	3	–

\* The Detection and Monitoring Security Controls report dated August 23, 2023, reported one fundamental control finding and recommendation. The details of the finding are reported in Recommendation No. 2023-01: Weaknesses in Configuration Baseline Controls in the report titled, *Performance Audit over the Thrift Savings Plan Information Protection Processes and Procedures*, dated August 24, 2023. As such, we did not include it in our overall open recommendation total.

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

Process Audits	Fundamental Controls	Other Controls	Total	# Open Originating Prior to 2023
12. Account Maintenance	—	—	—	—
13. Participant Support/Contact Center Operations	7	—	7	—
14. Withdrawals Process	5	2	7	—
15. Loan Operations	12	4	16	—
16. Lifecycle Funds Operations	—	—	—	—

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

Other TSP Audits	Fundamental Controls	Other Controls	Total	# Open Originating Prior to 2023
17. The Board's Staff (1)	3	2	5	5
18. Treasury "G" Fund Investment Operations	—	—	—	—
19. BlackRock Institutional Trust Company, N.A. Investment Manager Operations – “F”, “C”, “S”, and “I” Funds	—	—	—	—
20. State Street Global Advisors Trust Company Investment Manager Operations – “F”, “C”, “S”, and “I” Funds	—	—	—	—
21. Annuity Operations (1)	<u>1</u>	<u>2</u>	<u>3</u>	<u>3</u>
Total Open Recommendations	<b><u>55</u></b>	<b><u>10</u></b>	<b><u>65</u></b>	<b><u>23</u></b>

# Scope of TSP Audits Since 2020

IT-Related Audits	Plan 2024	2023	2022	2021	2020
1. Participant Website Controls	FS	–	–	FS	–
2. Mainframe Configuration and Security Controls	FS	–	–	–	FS
3. Mobile Device Security and Governance Controls	FS	–	–	FS	–
4. Insider Threat Controls	FS	–	–	–	FS
5. Cyber Policies - Computer Access and Data Security Controls	–	FS	SP(1)	–	–
6. Cyber Policies - Detection and Monitoring Security Controls	–	FS	SP(1)	–	–
7. Cyber Policies - Information Protection Processes and Procedures	–	FS	SP(1)	–	–
8. Vendor Risk Management and Agency Oversight Controls	–	FS	SP(2)	–	–
9. Special Projects – IT	SP(3)	SP(4)	–	SP(5)	SP(4)
FS = Full Scope SP = Special Project					

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

# Scope of TSP Audits Since 2020 (continued)

Process Audits	Plan 2024	2023	2022	2021	2020
10. Participant Support/Contact Center Operations	–	FS	–	FS	–
11. Loan Operations	–	FS	SP(6)	FS	–
12. Account Maintenance	FS	–	–	FS	–
13. Withdrawals Process	–	FS	SP(6)	–	FS
14. Lifecycle Funds Operations	–	–	–	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 2020 (continued)

Other TSP Activities	Plan 2024	2023	2022	2021	2020
15. Treasury "G" Fund Investment Operations	–	–	FS	–	–
16. Investment Manager Operations	–	FS(7)	–	–	FS(8)
17. Annuity Operations	–	–	–	–	FS
18. 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 2020 (continued)

Audits No Longer Performed	Plan 2024	2023	2022	2021	2020
1. Systems Enhancements and Software Change Controls*	—	—	—	FS	—
2. IT Operations Management**	—	—	—	FS	—
3. Computer Access and Technical Security Controls***	—	—	—	—	FS
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.

\*This audit's open recommendations were evaluated in fiscal year 2023 as part of a replacement audit or the special project, *Status of Certain Prior Year Findings*, and all prior year recommendations were closed.

\*\*This audit's open recommendations were evaluated in fiscal year 2023 as part of a replacement audit or the special project, *Status of Certain Prior Year Findings*, and all but one prior year recommendation was closed. The remaining open recommendation will be evaluated as part of the Vendor Risk Management and Agency Oversight Controls audit going forward.

\*\*\*This audit's open recommendations were evaluated in fiscal year 2023 as part of a replacement audit or the special project, *Status of Certain Prior Year Findings*, and all but one prior year recommendation was closed. The remaining open recommendation will be evaluated as part of the Cyber Policies - Computer Access and Data Security Controls audit going forward.



# Thank You





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