

COUNT ON INSIGHTSM



Federal Retirement Thrift Investment Board – Thrift Savings Fund

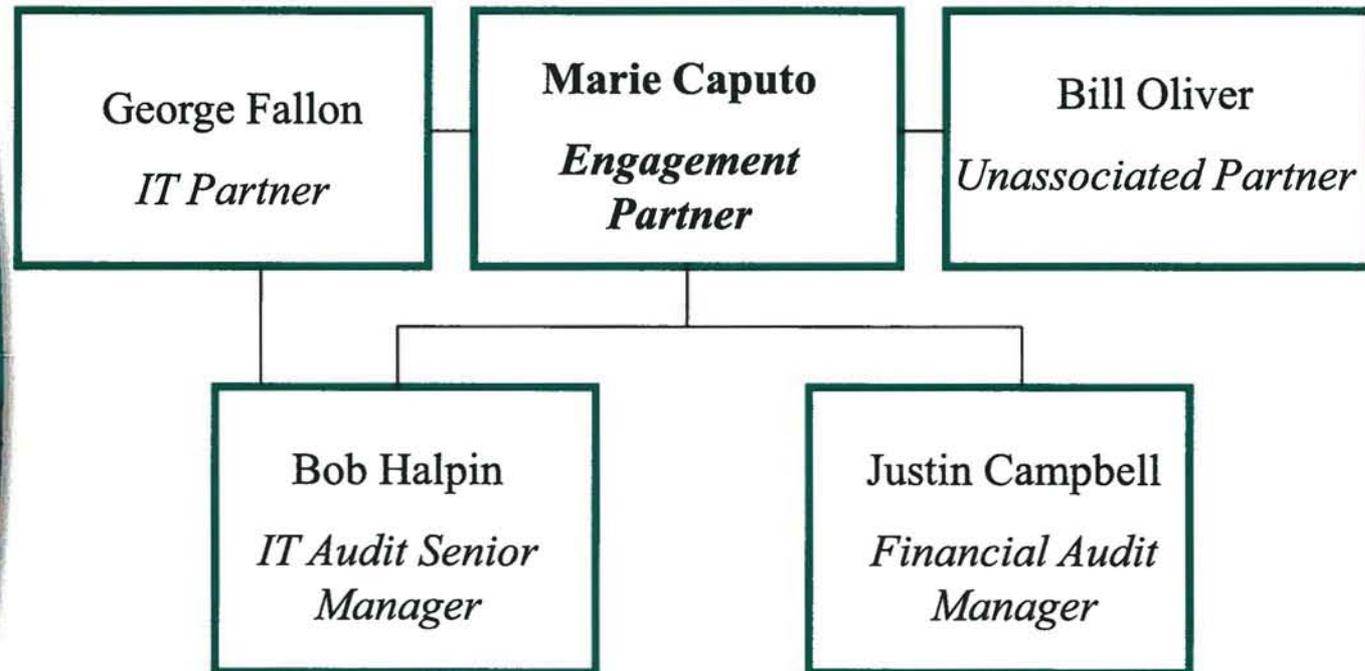
2010 Audit

April 18, 2011

Marie Caputo, Partner



Engagement Team





2010 Audit Scope

- The audit was conducted in accordance with U.S. Generally Accepted Auditing Standards (GAAS)
- We obtained reasonable assurance that the financial statements are free of material misstatements.
 - We examined, on a test basis, evidence underlying the financial statement amounts and disclosures
 - We assessed the accounting principles used by and significant estimates made by management
 - We evaluated the overall financial statement presentation
- As a part of the financial statement audit we considered the Fund's internal control over financial reporting. This included consideration and testing of both manual and automated controls.
- We did not audit internal control or express an opinion over the effectiveness of the Fund's internal controls.

2010 Audit Results

- Independent Auditors' Report - Unqualified "clean" opinion that the financial statements are presented fairly, in all material respects in conformity U.S. Generally Accepted Accounting Principles (GAAP)
- Letter on internal control over financial reporting (not an opinion on internal control)
 - No material weaknesses were identified
 - Reported one significant deficiency
 - Reported other matters
- Letter to the Board providing required communications with those charged with governance



2010 Letter on Internal Control Over Financial Reporting

- One significant control finding
 - Risk Management Framework
- Nine other control related matters
 - Information Technology
 - Security Program
 - IT policies and procedures
 - Configuration Management
 - Change control policies and system development life cycle methodology
 - Access Control
 - Password controls
 - Logging of user system activity
 - User system access administration process
 - Duplicate or generic network password user accounts
 - Continuity Planning
 - Disaster recovery plans
 - Third party assurance of service provider controls
 - Service level agreements

Other Communications

- Auditor's responsibility under US Generally Accepted Auditing Standards
- Significant accounting policies
 - Implementation of Accounting Standards Update (ASU) 2010-25, *Reporting Loans to Participants by Defined Contribution Pension Plans*; impacted the classification of participant loans which were previously included in investments but are now classified as notes receivable from participants, measured at unpaid principal balance plus any accrued but unpaid interest, removal of these receivables from the fair market disclosures, and the separation of participant loan interest from investment income.



Other Communications

- Management judgments and accounting estimates
 - Valuation of investments
- One posted audit adjustment and no uncorrected audit adjustments above our trivial threshold were noted

Other Communications

- Management was very cooperative and professional during the audit process
 - No disagreements with management
 - Management did not consult with other accountants on the application of GAAP or GAAS
 - No major issues were discussed with management prior to retention
- Management Representations

June 30, 2011 Review

- Review of the Thrift Savings Fund financial statements as of and for the six months ended June 30, 2011
- Work to be performed during July and August 2011
- Reports to be issued:
 - Draft to management – by September 15, 2011
 - Final – By September 30, 2011
- Presentation of the results at the October Board meeting



Questions?