

# Federal Retirement Thrift Investment Board – Thrift Savings Fund

2013 Audit

April 28, 2014

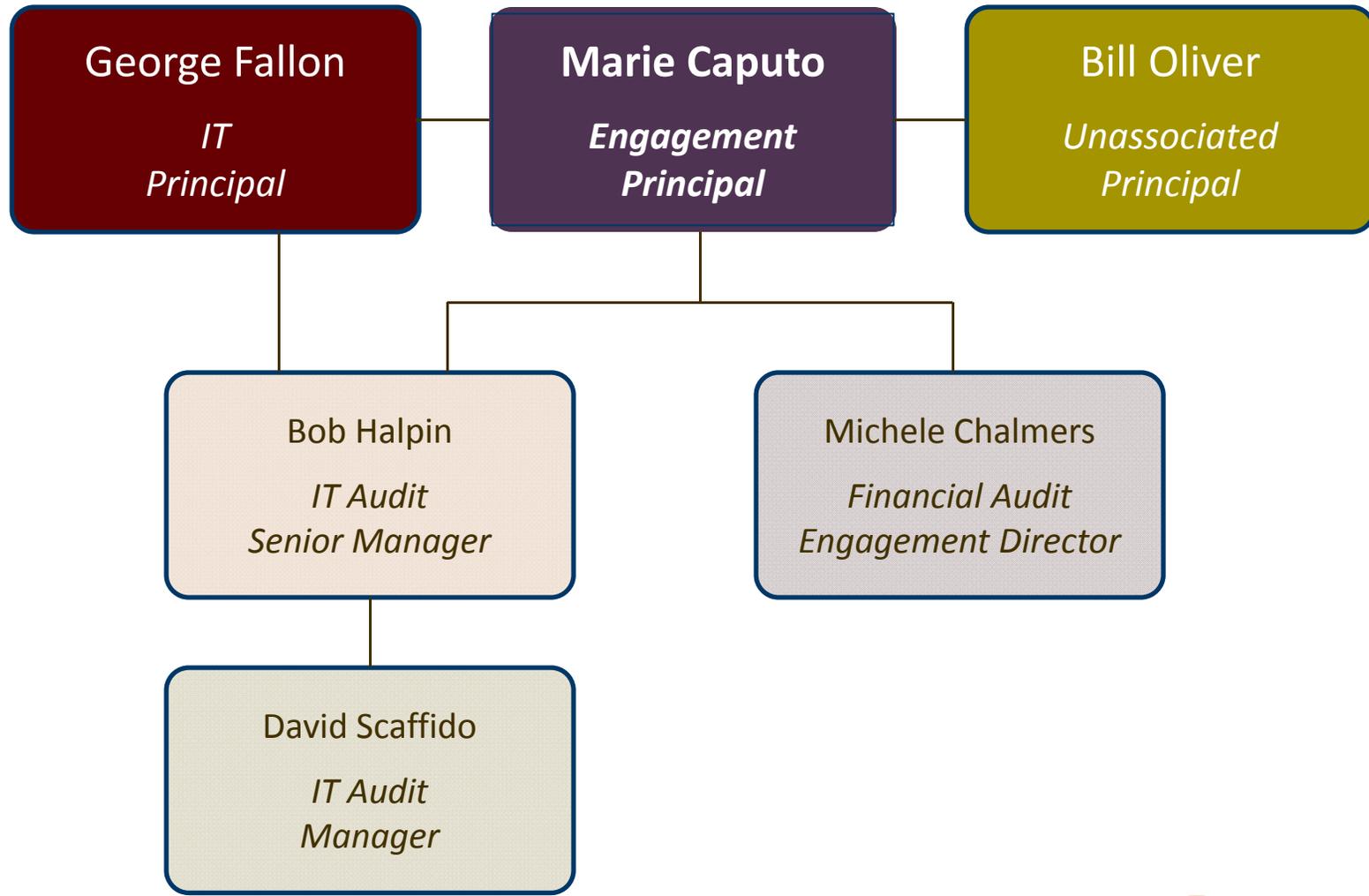


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Marie Caputo, Principal

# Engagement Team



## 2013 Audit Scope

- The audit was conducted in accordance with U.S. Generally Accepted Auditing Standards (GAAS)
  - We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Federal Retirement Thrift Investment Board are presented fairly, in all material respects, in conformity with generally accepted accounting principles.
  - The audit of the financial statements does not relieve management or the Federal Retirement Thrift Investment Board of their responsibilities.
  - We are responsible for performing the audit in accordance with generally accepted auditing standards. The audit is designed to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement.
  - An audit includes consideration of internal control over financial reporting as a basis for designing appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting.
  - We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to the responsibilities of the Federal Retirement Thrift Investment Board in overseeing the financial reporting process. Auditing standards do not require us to design procedures to identify other matters to communicate with the Federal Retirement Thrift Investment Board. When applicable, we are responsible for communicating particular matters required by laws or regulations, by agreement with the entity or by additional requirements applicable to the engagement.

## 2013 Audit Results

- Independent Auditor's Report - Unmodified "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

# 2013 Letter on Internal Control Over Financial Reporting

- One significant deficiency
  - System Authorizations
- Six other control related matters
  - Information Technology
    - ◇ Access Control
      - Segregation of duties
      - Inactive mainframe accounts
      - Logging and monitoring of user system activity
      - Incident management
    - ◇ Continuity Planning
      - Business impact analysis
      - Service level agreements

## Other Communications

- Auditor's responsibility under US Generally Accepted Auditing Standards
- Accounting Policies – The Fund adopted ASU 2013-01 “Disclosures about Offsetting Assets and Liabilities”
- Management judgments and accounting estimates
  - Valuation of investments
- Financial statement disclosures are neutral, consistent, and clear
- No audit adjustments 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, 2014 Review

- Review of the Thrift Savings Fund financial statements as of and for the six months ended June 30, 2014
- Work to be performed during July and August 2014
- Reports to be issued:
  - Draft to management – by September 15, 2014
  - Final – by September 30, 2014
- Presentation of the results at the October Board meeting

# Questions?