



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD

Thrift Savings Plan
June 30, 2007 Review

October 15, 2007

Agenda

- Introductions
- Summary of 2007 Review
 - Scope of Services
 - Summary of Results
- Year-End Audit Plan for CY 2007
 - Scope of Services
 - Client Service Team
 - Timing and Reports for CY 2007
- Questions and Comments

Introductions

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|------------------|---|-----------------------------|
| • Melissa Krause | ➡ | • Audit Partner |
| • Johnny Yu | ➡ | • ERS Director |
| • Kristin Wulff | ➡ | • Audit Senior Manager |
| • Kevin Monroe | ➡ | • Quality Assurance Partner |

Summary–June 30, 2007 Review

- **Scope of Services**

- Review of financial statements of Thrift Savings Fund for Six-Month Period Ended June 30, 2007
 - Conducted in accordance with Statements on Standards for Accounting and Review Services (SSARS) issued by the American Institute of Certified Public Accountants (AICPA)
 - Plan and perform review services to determine if any material modifications should be made to the June 30, 2007 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America
 - Performed analyses of financial data
 - Inquired as to changes in internal controls over financial reporting and general computer and application controls

Summary–June 30, 2007 Review (cont.)

- **Scope of Services (cont.)**

- Review procedures performed
 - Made inquiries of Agency and contractor personnel – those responsible for financial and accounting matters
 - Work performed at Agency Headquarters (Washington)
- Review is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America
 - Not expressing an opinion regarding the financial statements taken as a whole

Summary–June 30, 2007 Review (cont.)

- **Summary of Results**
 - Independent Accountants' Review Report
 - Not aware of any material modifications that should be made to the June 30, 2007 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America
 - No opinion on internal controls expressed
- **Updated Understanding of Status of Prior Recommendations**

Status of Prior Recommendations

- As part of our review procedures, we updated our understanding of internal controls
 - We did not test operating effectiveness of the controls
 - We did not test any changes made to improve areas commented on in previous years
- We did update our understanding of status of prior recommendations (summarized on following table)

Status of Prior Recommendations (cont.)

Prior Comment/ Recommendation	Status per Discussions with Agency Personnel
Information Security – User Access Administration	A security access review commenced June 2007 resulting in the deletions of accounts no longer in use and the identification of the appropriate account access privileges (i.e. read, write, execute). Completion is pending review of the last functional teams' account access. In addition, an approval process and termination processes were developed, documented and implemented.
Network and System Software Support – Change Management	The Agency has completed the installation and implementation of the configuration and process management software, the "Serena" suite of software. These products track and manage system software and network changes.
Reconciliation of Fund Balances	The Agency has been in the process of enhancing a revised process to consolidate its existing Omni fund reconciliations with reconciliations through to the financial statement fund balances. The formulation of the fund reconciliation has been finalized and has been done monthly since December 2006.
Outdated or Obsolete Balances	The Agency wrote off approximately \$6 million of fully depreciated software assets. In addition, the Agency wrote off approximately \$800,000 remaining in aged accounts payables where the actual expenses incurred were less than the capitalized amounts. These amounts were generally associated with prior fiscal years' capitalized expenses related to printing and warehousing costs. The accounting office will annually review the ledger accounts for reasonableness.

Audit Plan for CY 2007

- Audit Contract
- Scope of Services
- Client Service Team
- Timing and Reports for 2007 Year-End

Audit Plan for CY 2007

(cont.)

Audit Contract

- Final Year of 5-year Audit Contract
- Current Year – 2nd Option period, pending modification/funding

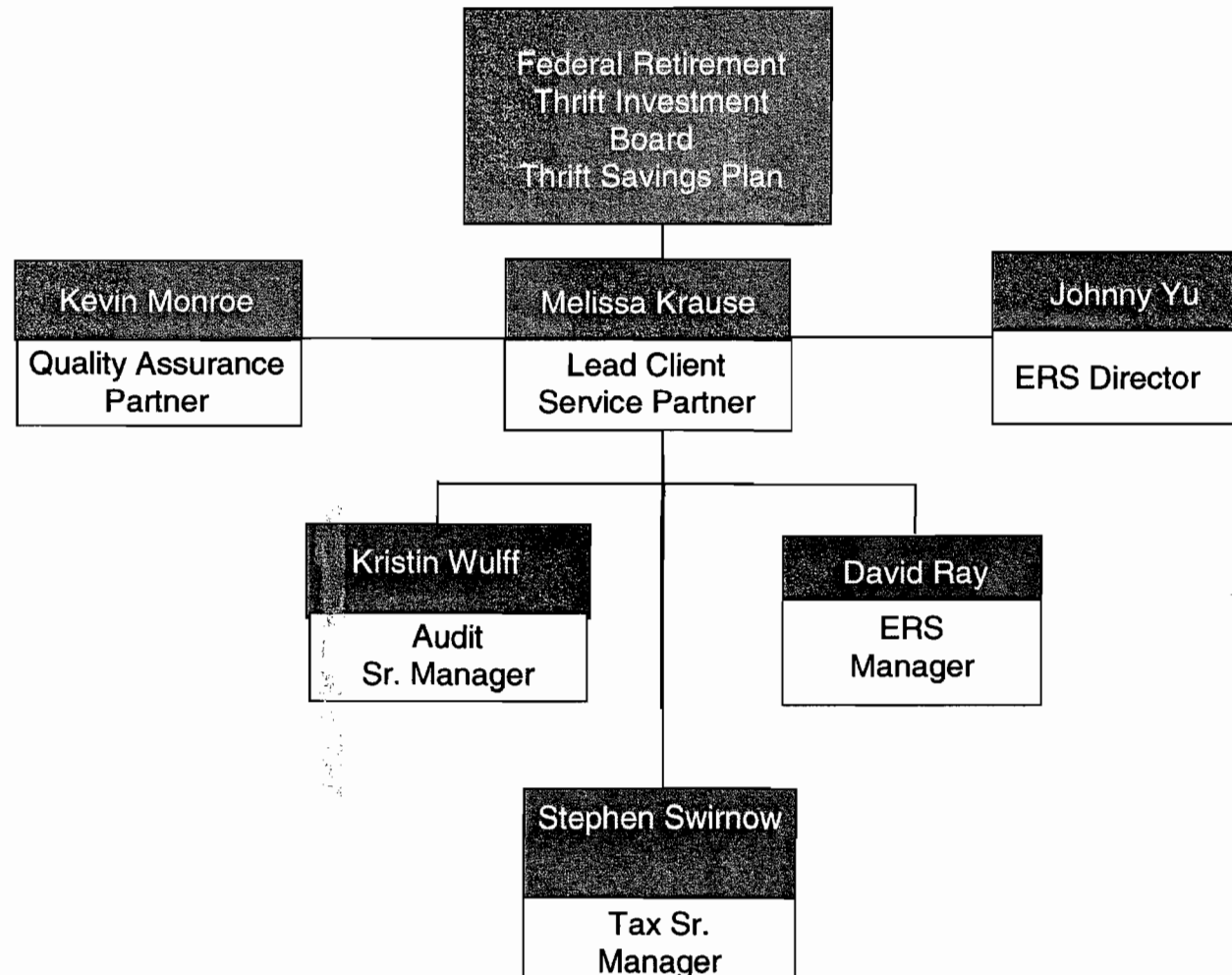
Scope of Services

- Audit of the Annual Financial Statements Thrift Savings Fund as of December 31, 2007
- Report to Management Concerning Control-Related Matters
- Required communications
- Ongoing consultation as needed

Audit Plan for CY 2007

(cont.)

Client Service Team



Audit Plan for CY 2007

(cont.)

Timing and Reports for 2007

- ERS: Planning and Internal Controls
(October 2007 – February 2008)
- Audit: Planning and Internal Controls
(November - December 2007)
- Substantive Testing *(February – March 2008)*
- Final Reports – *March 2008*
 - Audit Opinion
 - Report to Management Concerning Control-Related Matters
 - Required Communication With Those Charged With Governance

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