



LOCKBOX OPERATIONS AUDIT

Internal Audit Division
Office of Enterprise Risk Management
Federal Retirement Thrift Investment Board

October 31, 2016



Objectives & Scope

- In accordance with the Annual Audit Plan, Internal Audit (IA) division conducted an audit of the Lockbox Operations
- The objectives of the audit were to:
 - ❑ Determine if adequate controls are in place and effective over lockbox operations;
 - ❑ Review and assess the policies and procedures governing the lockbox operations;
 - ❑ Determine if the current processes safeguard assets;
 - ❑ Determine if transactional and/or support processing systems used in lockbox operations are adequate; and
 - ❑ Determine if recommendations from prior audit reports have been addressed.
- The audit covered a period from October 1, 2015 through March 31, 2016



Audit Results

- The audit resulted in 0 findings but identified 3 recommendations for consideration
- IA identified three areas that would enhance current processes and is providing the following recommendations for consideration:
 - ❑ To enhance oversight the Office of Participant Operations and Policy (OPOP) should receive some level of assurance from the Department of Treasury, Bureau of Fiscal Service, that U.S. Bank is monitored and satisfying requirements to meet program objectives as required by statute.
 - ❑ OPOP include information received from U.S. Bank on rejected payments into the Participant Services Record System.
 - ❑ The Office of the Chief Financial Officer (OCFO), Accounting Division, provide additional information to support the current secondary review process used to reconcile and report lockbox transactions.