

Federal Retirement Thrift Investment Board – Thrift Savings Fund

October 31, 2016

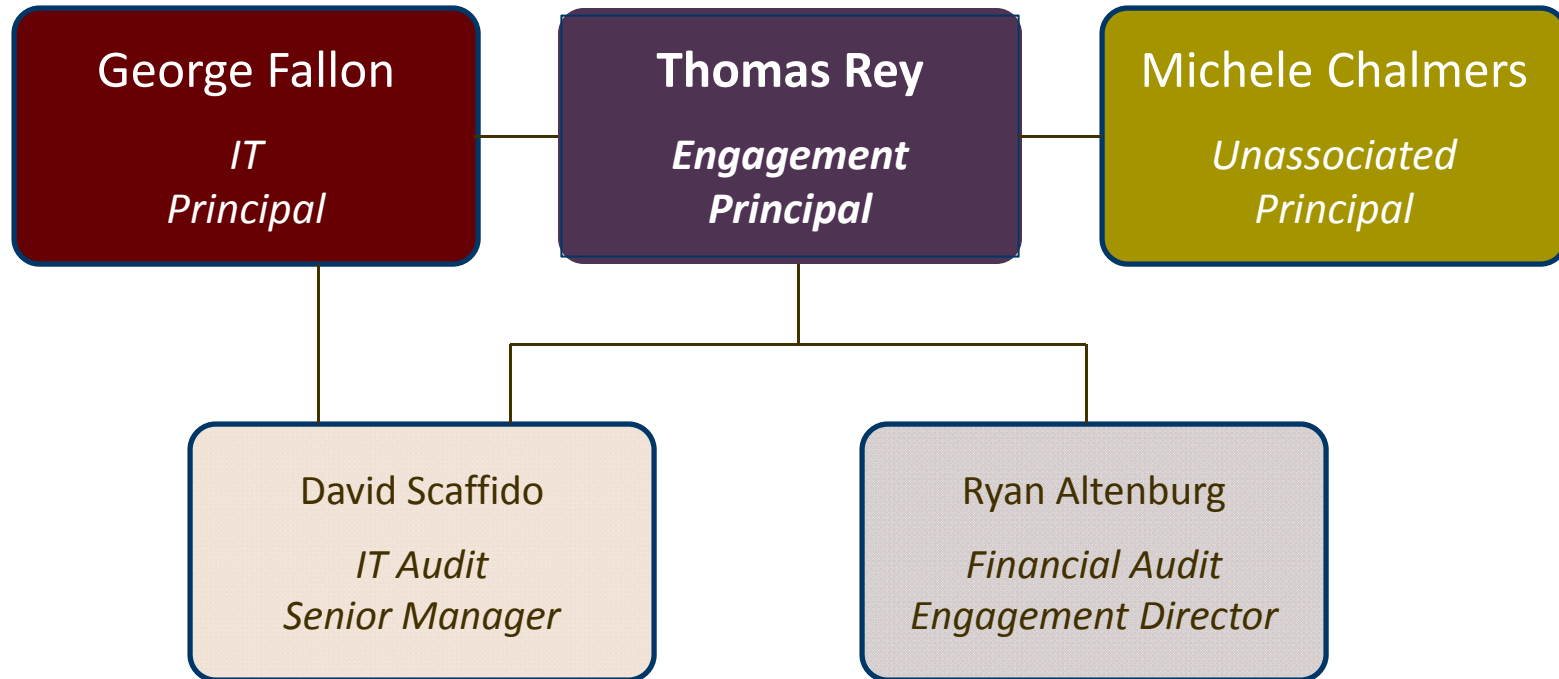


Thomas Rey, Principal

Agenda

- June 30, 2016 Interim Review
 - Engagement Team
 - Scope of Services
 - Summary of Results
- Audit Plan for 2016 Calendar Year Audit
 - Engagement Team
 - Audit Contract
 - Scope of Services
 - Timing of Work
- Questions

June 30, 2016 Interim Review Engagement Team



June 30, 2016 Interim Review

Scope of Services

- Review of financial statements of Thrift Savings Fund for the Six-Month Period Ended June 30, 2016
 - Conducted in accordance with standards established by the American Institute for Certified Public Accountants (AICPA)
- 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 interim financial information

June 30, 2016 Interim Review

Scope of Services (continued)

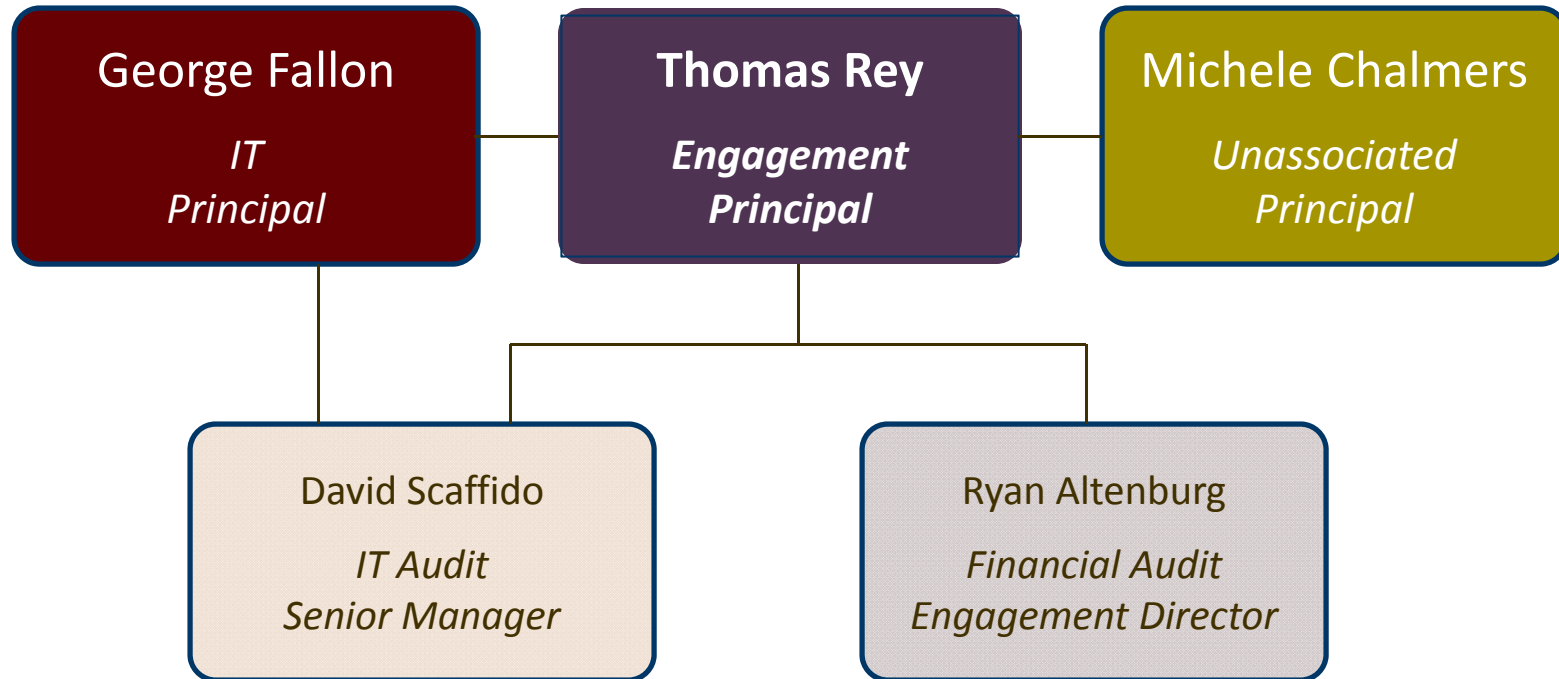
- Planned and performed review services to determine if any material modifications should be made to the June 30, 2016 interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America
 - ◇ Performed analyses of financial data, principally analytical procedures
 - ◇ Inquired as to changes in internal controls over financial reporting and general computer and application controls
 - ◇ Made inquiries of Agency and contractor personnel – those responsible for financial and accounting matters
 - ◇ Work performed at Agency Headquarters (Washington D.C.)

June 30, 2016 Interim Review

Summary of Results

- Independent Auditors' Review Report
 - Not aware of any material modifications that should be made to the June 30, 2016 interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America
- No opinion on internal controls expressed
- 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

Audit Plan for Calendar Year 2016 Audit Engagement Team



Audit Plan for Calendar Year 2016 Audit

Audit Contract

- Third year of 5-year audit contract

Scope of Services

- Audit of the Thrift Savings Fund financial statements as of and for the year ended December 31, 2016
- Report on control deficiencies and other matters
- Written communications with the Board
- Ongoing consultation as needed

Audit Plan for Calendar Year 2016 Audit

Scope of Services (continued)

- Auditor's responsibilities under 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.

Audit Plan for Calendar Year 2016 Audit

Timing of Work

Key Milestones	Date
Planning	November 2016
Understanding and testing of internal controls	November 2016
Substantive procedures and reporting	January 2017
Final audit reports	April 2017

Questions?

Federal Retirement Thrift Investment Board – Thrift Savings Fund

Status of Prior Recommendations
October 31, 2016



Thomas Rey, Principal

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 in following table)

Summary – June 30, 2016 Interim Review

Status of Prior Recommendations (continued)

Prior Comment/ Recommendation	Status per Discussions with Agency Personnel
2015-1 Business Continuity Plans and Disaster Recovery Plans	A closure package has been developed in July 2016. The annual review of Business Continuity Plans (BCPs) was initially completed in July of 2016. Updates and revisions to BCPs and Disaster Recovery Plans, including recovery time objectives and maximum tolerable outages, are in process and expected to be completed and assessed during a disaster recovery exercise by May 2017.
2015-3 Unsupported Operating Systems	The instance of Microsoft XP was decommissioned in April 2016. A project is underway to upgrade the instances of Microsoft 2003 Server. However, Microsoft 2003 servers supporting key applications, such as Moxie KB, Moxie eMessaging, and Thriftline IVR, cannot be updated at this time. Management is working on accepting the risk of continuing the operations of these applications.

Summary – June 30, 2016 Interim Review

Status of Prior Recommendations (continued)

Prior Comment/ Recommendation	Status per Discussions with Agency Personnel
2015-4 Change Request Testing	A process for operations and infrastructure related change testing was developed. A closure package was submitted for review in July 2016. OERM required additional artifacts for closure. Subject matter experts are continuing remediation efforts. Modified target closure date has not been established.
2015-5 Access Controls for Savantage and Omni	FRTIB implemented segregation of duty role matrices and reviews for Savantage in March of 2016. Remediation of segregation of duties for Omni will be addressed as part of the phased ICAM project. Phase 1 will include two factor authentication for FRTIB and TESS in December of 2016 and SERCO and Call Centers by February of 2017.
2015-6 Plans of Action and Milestones	Management is conducting quarterly Plans of Action and Milestones review meetings to prioritize issues based on risk and criticality. Drafted procedures are expected in January of 2017 with the closure package expected in June of 2017.

Summary – June 30, 2016 Interim Review

Status of Prior Recommendations (continued)

Prior Comment/ Recommendation	Status per Discussions with Agency Personnel
2015-7 Authorizations to Operate and Continuous Monitoring	The continuous monitoring program is expected to be established in June of 2017. The assessment and authorization review for the authorized 18 systems is underway with expected completion in November of 2018. The authorization to operate for the Thrift Savings Plan Distributed System is delayed due to ongoing remediation efforts for unsupported operating systems as noted in finding 2015-3.
2015-8 Inactive Accounts	Management is conducting ongoing account reviews and disabling inactive accounts during 2016 . Documented procedures are expected to be approved in March of 2017.
2015-9 Audit Log Monitoring and Review	Sage 300 audit logs are partially monitored by Splunk with 2 additional audit events to be captured by additional software expected to be completed in November of 2016. Savantage audit events are being captured; however, audit events are not reviewed due to a shortage of disk space. A project is underway to increase effectiveness of audit log analysis. The targeted completion for the audit log analysis project has not been established.

Summary – June 30, 2016 Interim Review

Status of Prior Recommendations (continued)

Prior Comment/ Recommendation	Status per Discussions with Agency Personnel
2015-10 Update System Security Plans	System security plan updates were completed during 2016. A revised closure package is expected to be provided to the Office of Enterprise Risk Management in November of 2016.
2015-11 Interconnection Security Agreements	The agency expects the Interconnection Security Agreements (ISAs) to be in place in December of 2016 with procedures for managing ISAs documented by March of 2017.

Questions?