

AUDIT REPORTING ACTIVITY SUMMARY

PRESENTED BY

OFFICE OF ENTERPRISE RISK MANAGEMENT (OERM)

April 23, 2018



Thrift Savings Plan

FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
77 K Street, NE · Washington, DC · 20002
1-877-968-3778 · tsp.gov

tsp4gov@



Investment Management Operations

- **Audit Objectives:**

- Determine whether BTC implemented certain procedures to (1) promptly and accurately deposit TSP investments in the authorized investment funds; (2) accurately summarize and report TSP investment transactions, including investment management fees relating to TSP investments funds, to the Federal Retirement Thrift Investment Board's (Board) Staff (the Agency); (3) accurately report the daily yield on each investment fund, less authorized management fees, to the Agency; (4) invest index investment funds in a portfolio that matched the indices selected by the Board; (5) vote proxies of the C, S, and I fund investments in accordance with BTC's stated guidelines; and (6) accurately and timely process TSP investment transactions.
- Test compliance of BTC's TSP investment management operations with select USC and CFR sections.
- Review policies and procedures to determine how the TSP deals with foreign currency transaction fees (especially as they relate to the I Fund transactions).

- **Audit Scope Period:** April 1, 2016 to March 31, 2017

- **Audit Report Date:** November 27, 2017

- **Audit Results:**

- No new recommendations.
- No prior year recommendations.



National Defense Authorization Act Pre-Implementation Controls No. 2

- **Audit Objectives:**

- Determine whether the Agency has continued to develop configuration and capacity planning controls for the setup, transfer, and ongoing recordkeeping of contributions related to upcoming changes required by the NDAA.
- Determine whether the Defense Finance and Accounting Service has developed configuration and processing procedures for the setup, transfer, management, and reporting of TSP contributions related to the upcoming changes required by the NDAA.
- Determine whether uniformed services have developed and implemented procedures for determining the uniformed services members eligible for enrollment under NDAA and notifying eligible members of their enrollment options.

- **Audit Scope Period:** January 1, 2017 to August 31, 2017

- **Audit Report Date:** December 5, 2017

- **Audit Results:**

- One new recommendation. [Note: Agency non-concurred with the recommendation]
- Two prior year recommendations were partially implemented and remain open.
- Synopsis of Open Findings: Weakness in finalizing risk acceptance documentation, weakness in capacity planning study and weakness in project management timelines.



Account Maintenance

- **Audit Objectives:**

- Determine whether the Agency implemented certain procedures to (1) accurately reflect in participant accounts contributions, daily valuation, and the appropriate fund balances as elected by participants; (2) process TSP contributions, breakage, adjustments, interfund transfers, forfeitures, and forfeitures restorations promptly and accurately in individual participant accounts and in the appropriate investment fund(s); (3) monitor manual adjustments made to transactions and participant accounts by the Special Processing Unit; (4) accurately record account maintenance activity in the TSP accounting records; and (5) segregate and prevent contributions and transfers to beneficiary participant accounts.
- Test compliance of the TSP account maintenance process with select USC and CFR sections.
- Determine the status of prior EBSA open recommendations.

- **Audit Scope Period:** February 1, 2016 to February 28, 2017

- **Audit Report Date:** January 9, 2018

- **Audit Results:**

- One new recommendation. [Note: Agency non-concurred with the recommendation]
- One prior year recommendation was closed.
- Synopsis of Open Finding: Documentation supporting breakage calculations.



Withdrawals Process

- **Audit Objectives:**

- Determine whether the Agency implemented certain procedures to (1) process TSP withdrawal transactions promptly and accurately in individual participant accounts, (2) process authorized participant payments in accordance with applicable Agency regulations, and (3) accurately record withdrawals activity in the TSP accounting records.
- Test compliance of the TSP withdrawal process with select USC and CFR sections.
- Determine the status of prior EBSA open recommendations.

- **Audit Scope Period:** July 1, 2015 to December 31, 2016

- **Audit Report Date:** January 18, 2018

- **Audit Results:**

- Seven new recommendations. [Note: Agency non-concurred with three recommendations]
- Two prior year recommendations were closed. One prior year recommendation was partially implemented and remains open.
- Synopsis of Open Findings: Failed system edit checks for in-service withdrawals, ineffective spousal consent edit checks, incomplete withdrawal form notarizations, insufficient documentation for certain TSP system processes and controls, withdrawal request forms processing weaknesses, untimely participant notification for account abandonment, PII on Notice WC: 2016, and court order entitlement weakness.



Defending Public Safety Employees' Retirement Act Implementation

- **Audit Objectives:**

- Determine whether the Agency implemented certain procedures to process withdrawal payments in accordance with the Act; and
- Test compliance the Section 2 of the Act

- **Audit Scope Period:** January 1, 2016 to December 31, 2016

- **Audit Report Date:** January 30, 2018

- **Audit Results:**

- One new recommendation. [Note: Agency non-concurred with the recommendation]
- No prior year audit.
- Synopsis of Open Finding: Incomplete withdrawal form notarization.

