



U.S. Department of Labor Employee Benefits Security Administration

Fiscal Year 2021 Thrift Savings Plan Fiduciary Oversight Program

Presentation to the
Federal Retirement Thrift Investment Board
April 27, 2021



Key Contacts

EBSA	Phone Number
Ali Khawar, Principal Deputy Assistant Secretary	(202) 693-8300
Timothy Hauser, Deputy Assistant Secretary (National Office Operations)	(202) 693-8316
Michael Auerbach, Chief Accountant	(202) 693-8363
Jonathan Matzkin, Senior Technical Advisor	(202) 693-8379

KPMG	Phone Number
Derek Thomas, Lead Engagement Partner	(202) 533-5402
Geoffrey Weber, IT Principal	(703) 286-8880
Ronald Bozant, Lead Senior Manager	(202) 533-8986
Alvamerry Schaefer, Computer Systems Analyst	(703) 286-6956

Presentation to the Federal Retirement Thrift Investment Board

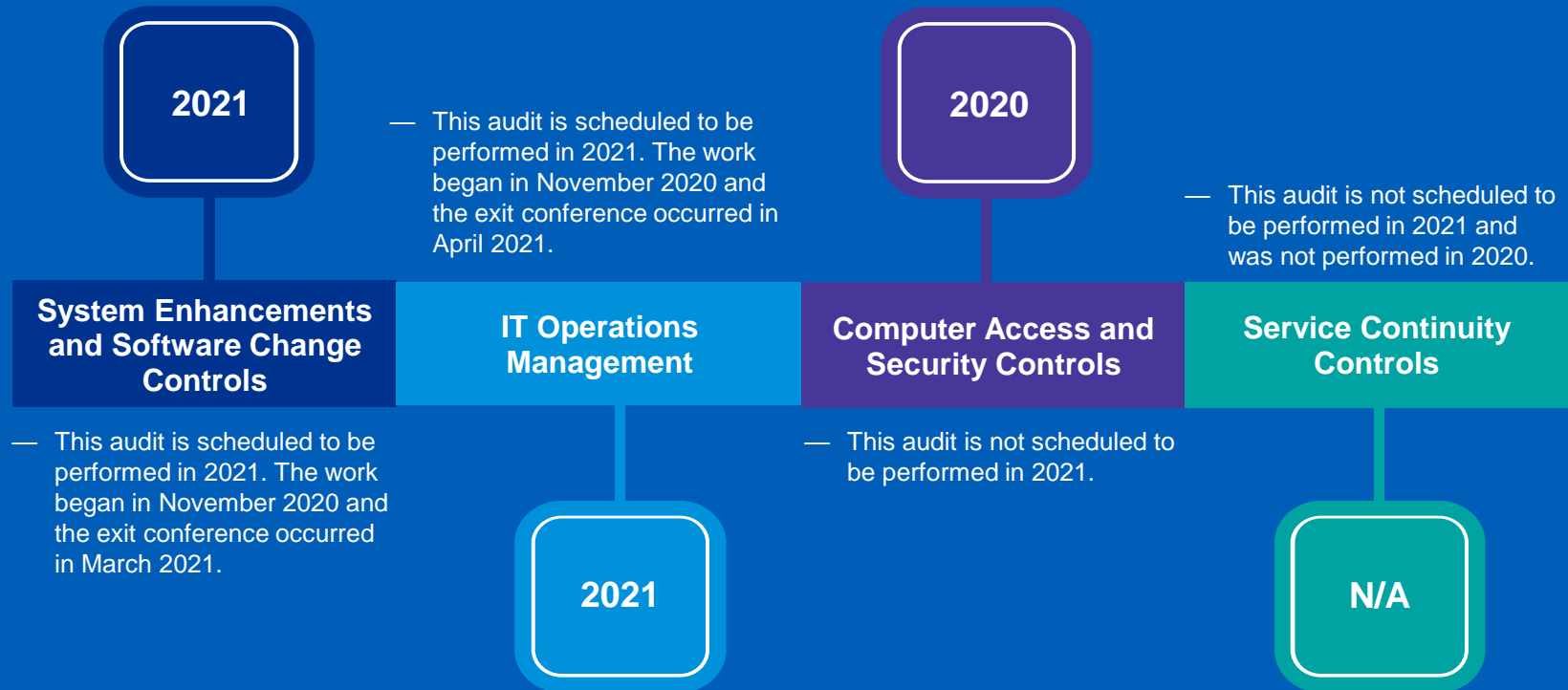


SCOPE OF TSP AUDITS

2020 and 2021

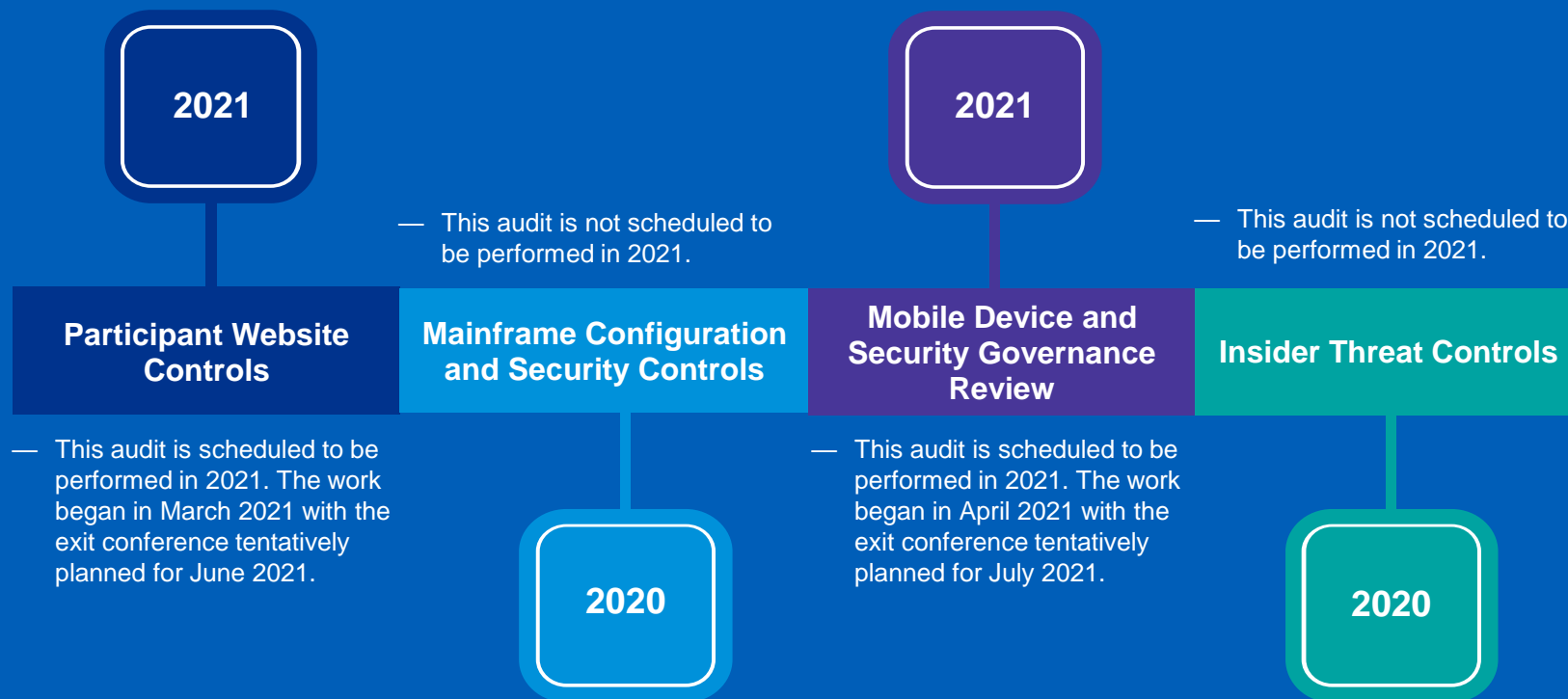


IT-Related Performance Audits



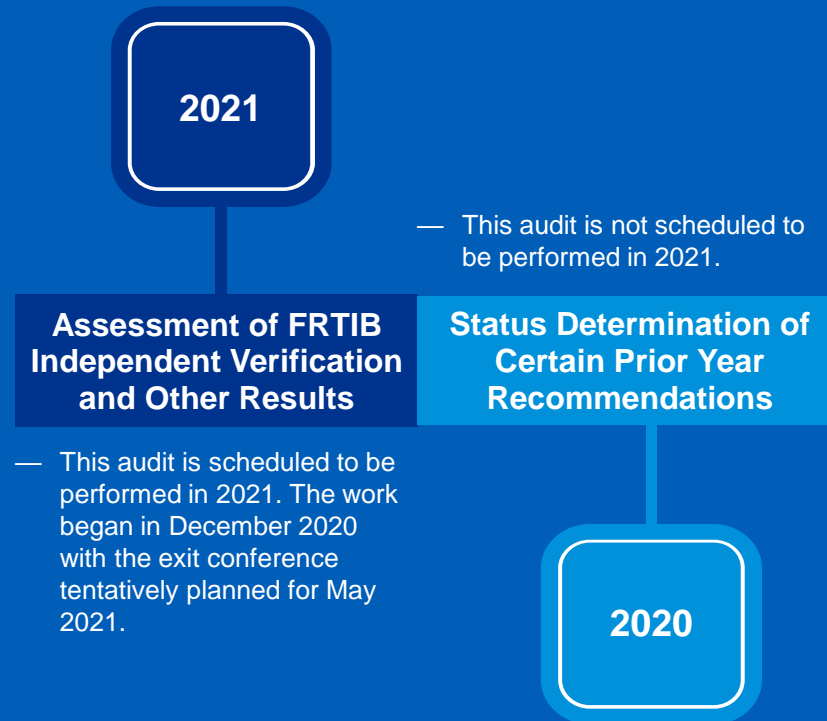
Each performance audit described above is a full scope audit.

IT-Related Performance Audits (continued)

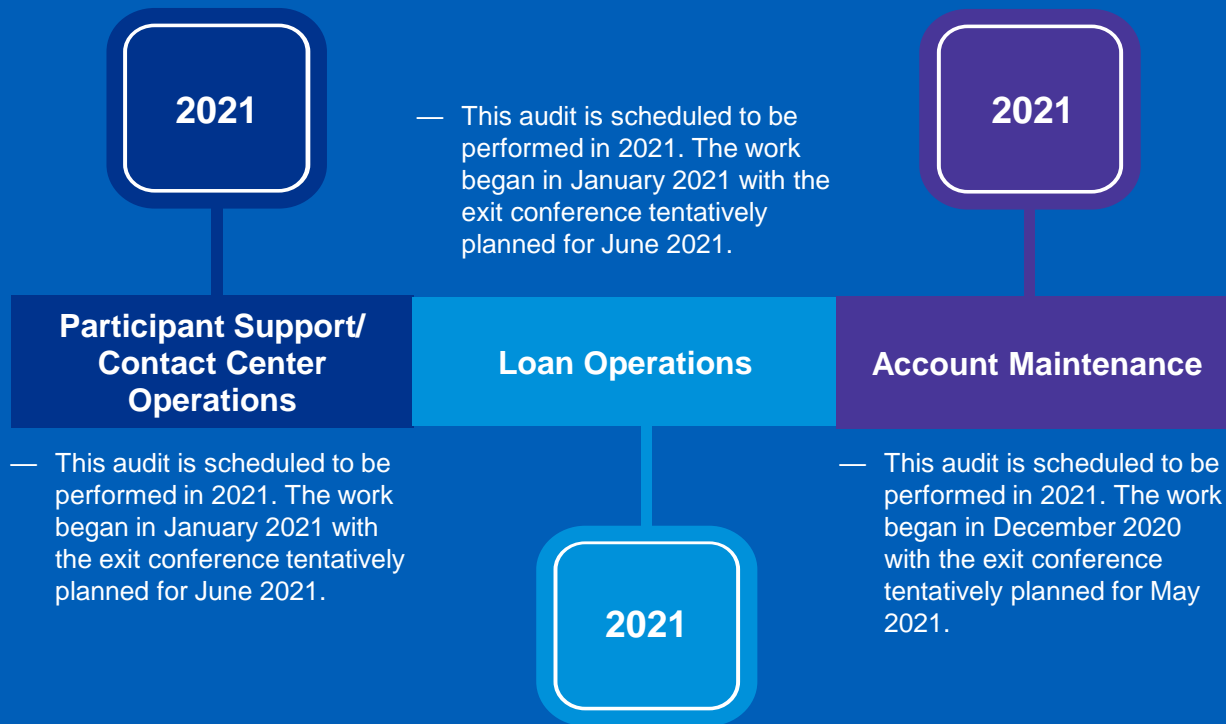


Each performance audit described above is a full scope audit.

IT-Related Special Projects

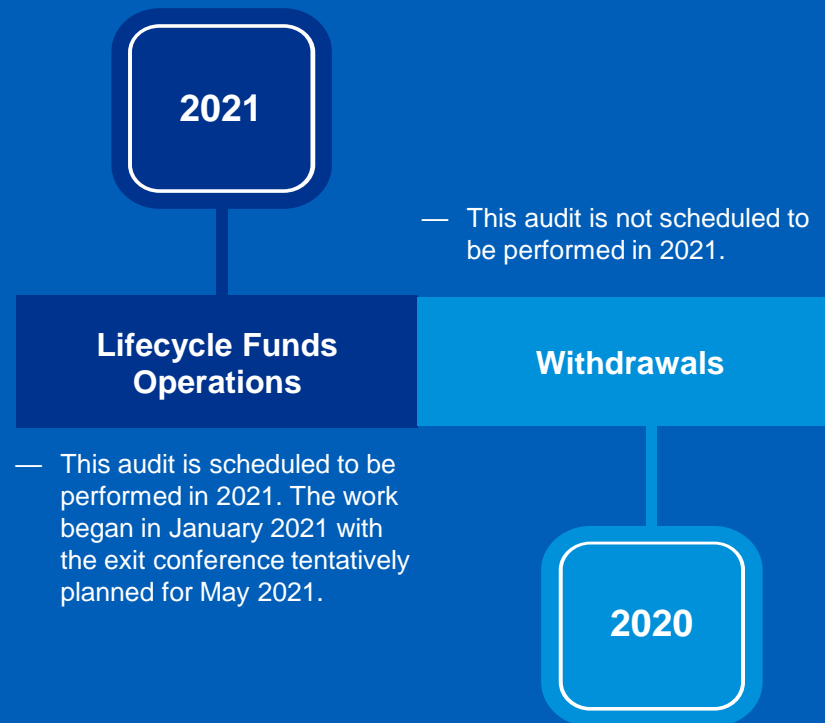


Process Performance Audits



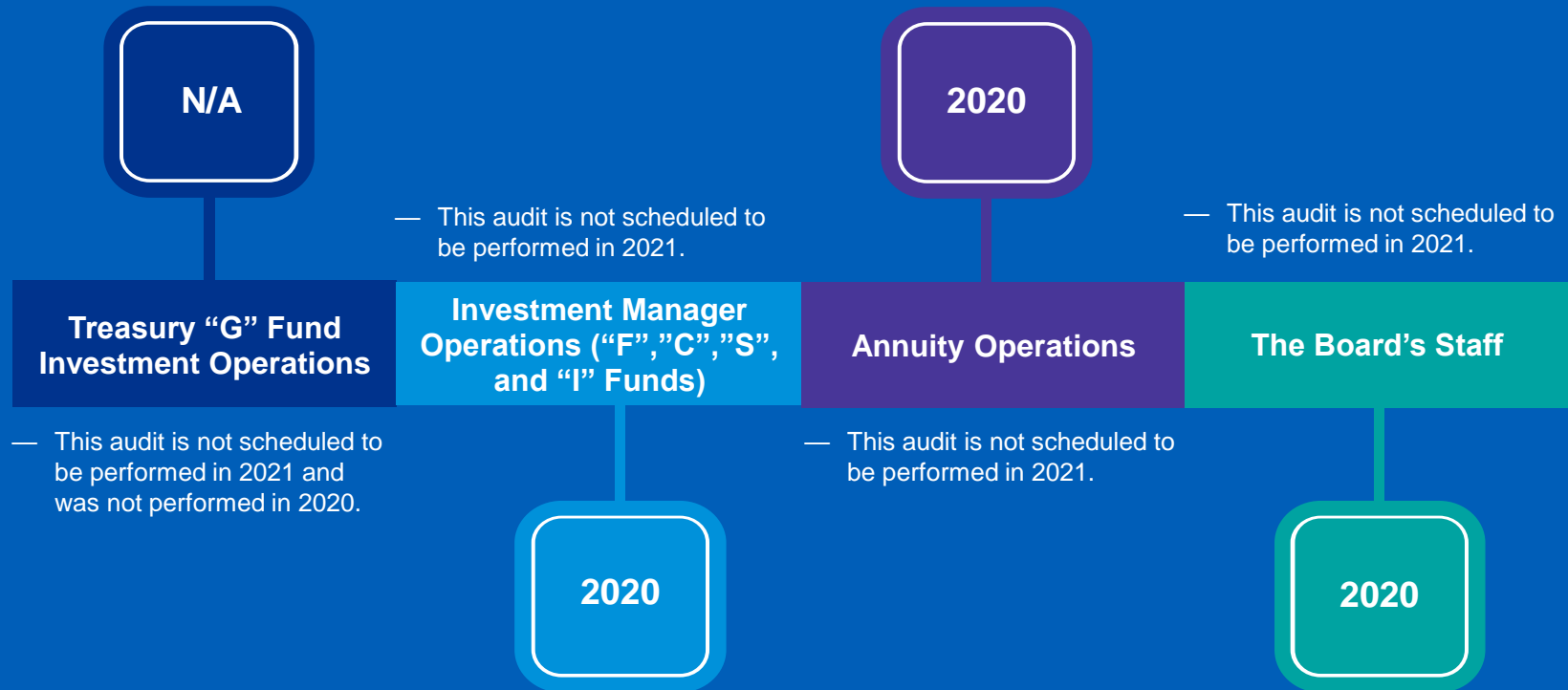
Each performance audit described above is a full scope audit.

Process Performance Audits (continued)



Each performance audit described above is a full scope audit.

Other TSP Activities



Each performance audit described above is a full scope audit.

HIGHLIGHTS OF OVERALL ASSESSMENT



Summary of Audits Completed May 2020 – April 2021

	IT Audits	Process Audits	Other TSP Activities	Total
Number of audits completed	4	1	3	8
Instances of material non-compliance with FERSA	0	0	0	0
Number of closed recommendations	14	8	6	28
Number of new recommendations	9	0	5	14

Note: Summary of Audits Completed is through April 16, 2021

Detail of Audits Completed May 2020 – April 2021

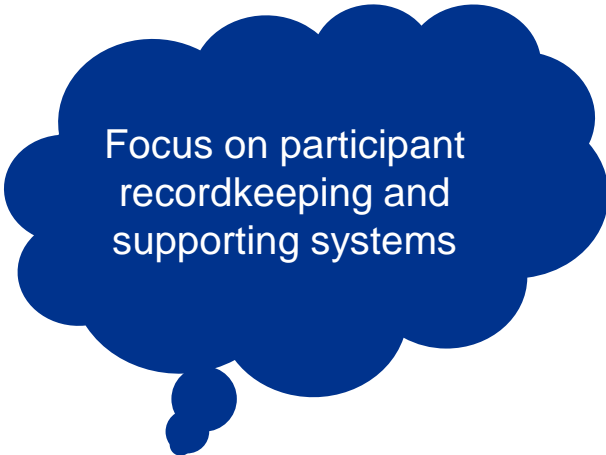
Agency Audit	Scope Period	Prior Year Recs Closed	Prior Year Recs Remaining Open	New Fundamental Recs	New Other Recs
Computer Access and Security Controls*	1/1/19 - 12/31/19	9	18	6	0
Mainframe Configuration and Security Controls	4/1/19 - 3/31/20	3	21	0	0
Insider Threat Controls	5/1/19 – 4/30/20	0	2	0	0
Status Determination of Certain Prior Year Recommendations*	10/1/18 - 12/31/19	2	5	3	0
Withdrawals Process	1/1/19 - 12/31/19	8	0	0	0
Investment Management Operations	1/1/19 – 12/31/19	0	0	0	0
Annuity Process	1/1/19 - 12/31/19	1	0	1	2
Board Administrative Staff	1/1/19 – 12/31/19	<u>5</u>	<u>3</u>	<u>1</u>	<u>1</u>
Agency Total		28	49	11	3

*Two prior year recommendations related to Computer Access and Security Controls were not evaluated during the scope period. As such, they are not included in the prior year open recommendation count above.

**As of November 26, 2019, 16 prior Mandiant and EBSA TSP recommendations and sub-recommendations were considered closed. Only fully closed EBSA TSP recommendations are included in the table.

IT Systems Included in Computer Access and Mainframe Audits

- ☐ IBM Mainframe
- ☐ SunGard Omni Suite (Omni Plus, Omni Security, Omni Pay, Omni Admin Web)
- ☐ Participant Services Representative (PSR)
- ☐ Agency Payroll Interface (API) Online
- ☐ Court Order Document Imaging System (CODIS)
- ☐ Death Document Imaging System (DeDIS)
- ☐ Cash Management System (CaMS)
- ☐ SunGard EXP AG
- ☐ Genesys
- ☐ Agency Domain
- ☐ Applicable supporting databases and servers

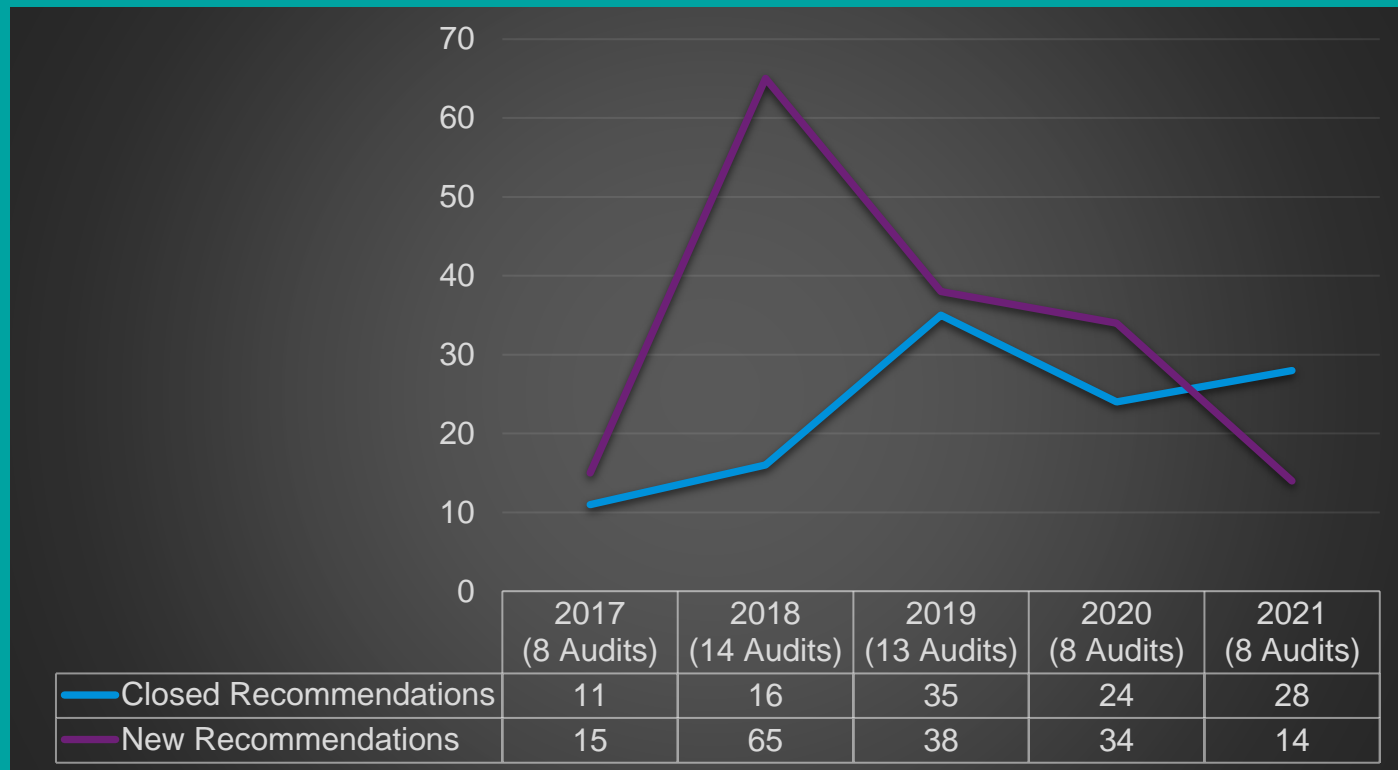


Focus on participant
recordkeeping and
supporting systems

RECOMMENDATIONS



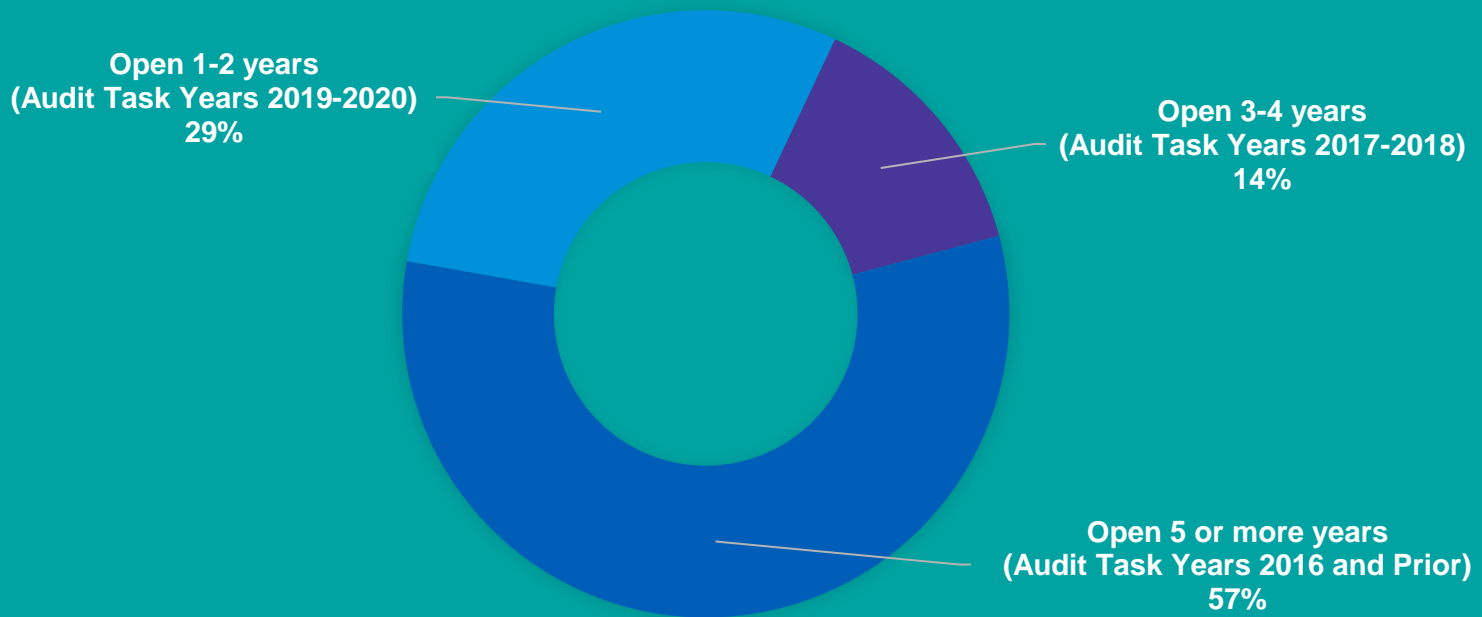
New and Closed Recommendations – Current and Past Four Presentations to the Board



Of the recommendations identified above, approximately 70% of new recommendations and 40% of closed recommendations are related to IT.

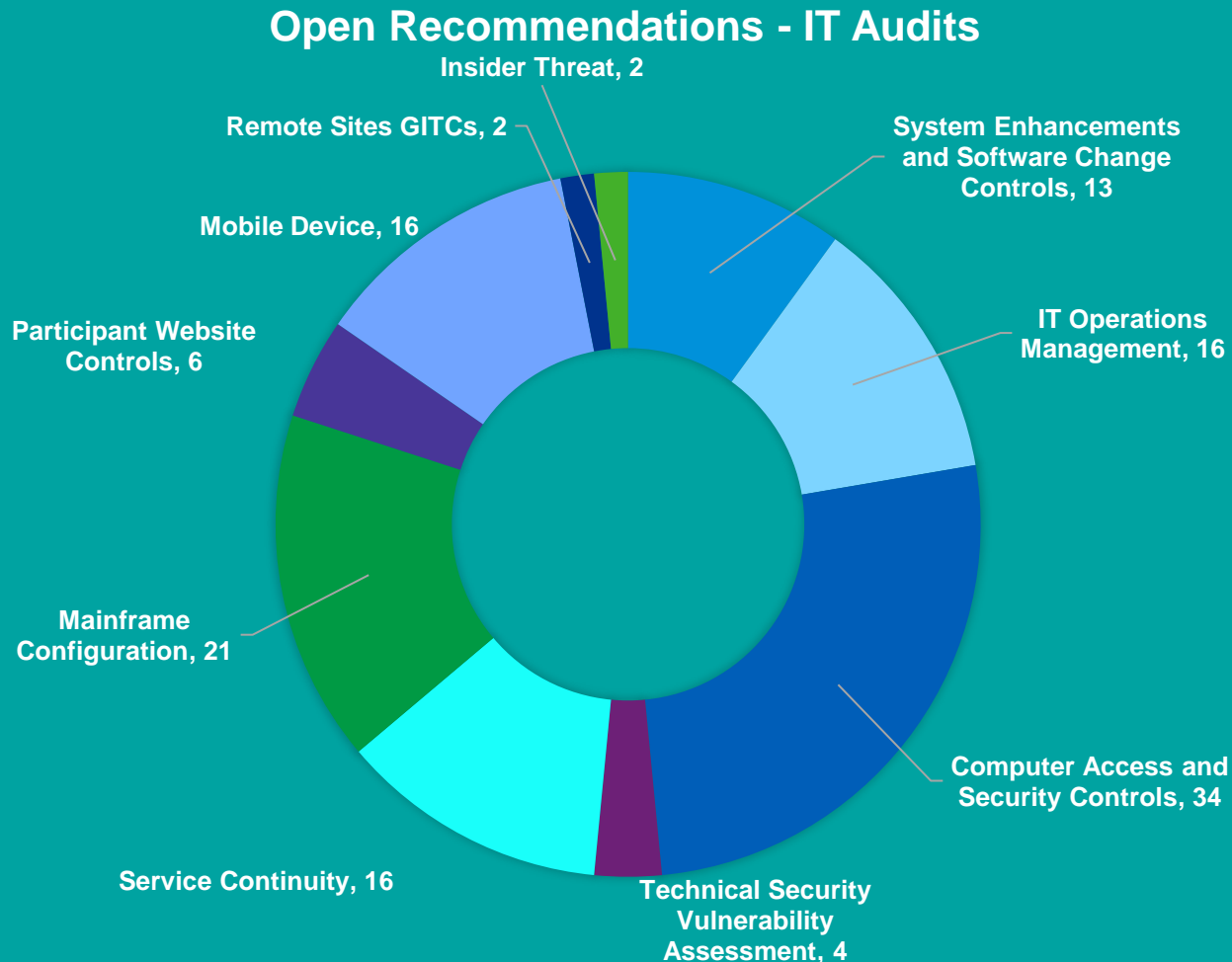
Summary of Open Recommendations

Aging Analysis of Open Recommendations - IT Audits



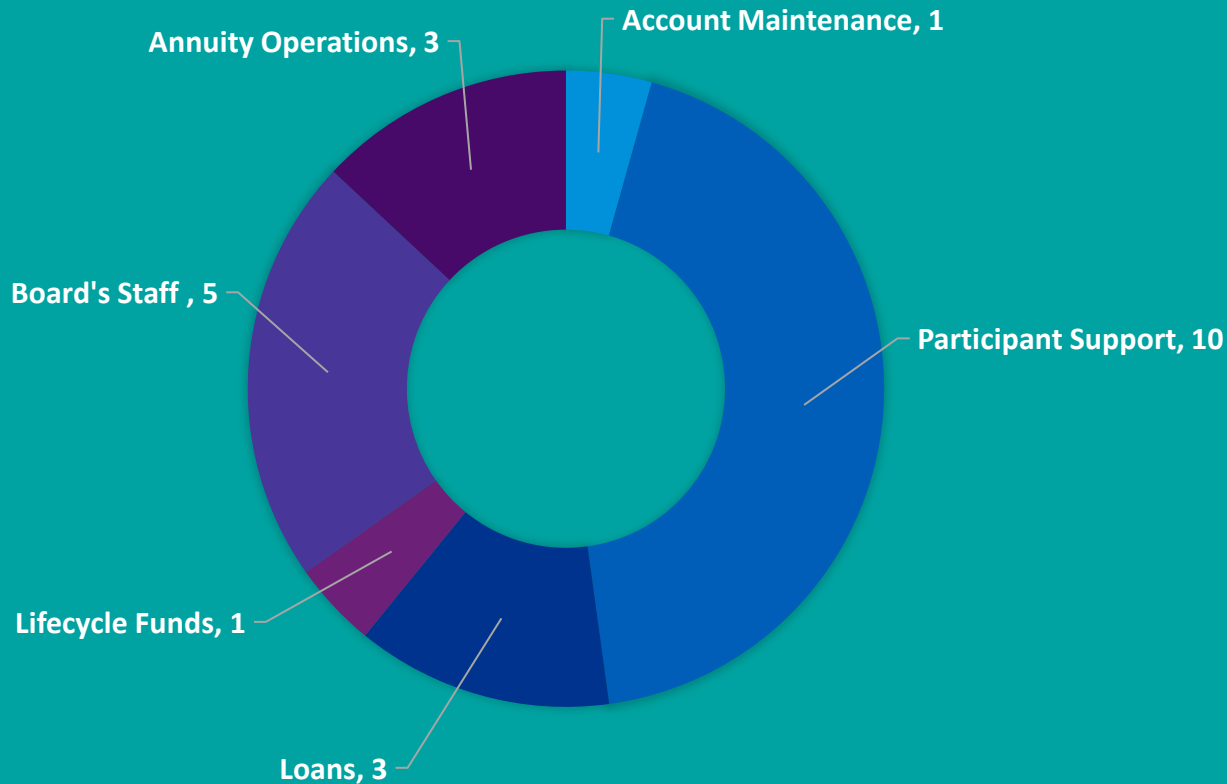
Of the recommendations identified above, approximately 95% are related to fundamental control recommendations, which address significant procedures or processes that have been designed and operate to reduce the risk that material intentional or unintentional processing errors could occur without timely detection.

Summary of Open Recommendations (continued)



Summary of Open Recommendations (continued)

Open Recommendations - Process and Other Audits



Summary of Open Recommendations (continued)

IT Audits	Fundamental Controls	Other Controls	Total	# Open Originating Prior to 2020
1. System Enhancements and Software Change Controls (3)	12	1	13	13
2. IT Operations Management (3)	15	1	16	16
3. Computer Access and Security Controls*	34	--	34	25
4. Technical Security Vulnerability Assessment (1)	4	--	4	4
5. Service Continuity Controls (3)	15	1	16	16

* The total open recommendations for fundamental controls includes one recommendation issued in the *Performance Audit of the Thrift Savings Plan Status Determination of Certain Prior Audit Recommendations* report dated April 26, 2017, four recommendations issued in the *Performance Audit of the Thrift Savings Plan Corrective Action Plans Process and the Status Determination of Certain Prior Year Recommendations* report dated September 6, 2019, and three recommendations issued in the *Performance Audit of the Thrift Savings Plan Status Determination of Certain Prior Year Recommendations* report dated July 22, 2020.

In addition, two recommendations issued in the *Performance Audit of the Thrift Savings Plan Computer Access and Technical Security Controls* report dated July 30, 2012 were not evaluated during 2020 performance audit. These recommendations were included in the System Enhancements and Software Change controls audit in 2021.

Summary of Open Recommendations (continued)

IT Audits	Fundamental Controls	Other Controls	Total	# Open Originating Prior to 2020
6. Participant Website Controls (3)	6	--	6	6
7. Mainframe Configuration and Security Controls	20	1	21	21
8. Mobile Device and Governance Controls (2)	16	--	16	16
9. Insider Threat Controls	2	--	2	2
10. Certain General IT Controls at TSP Remote Contractor Sites (2)	2	--	2	2

Summary of Open Recommendations (continued)

Process Audits	Fundamental Controls	Other Controls	Total	# Open Originating Prior to 2020
11. Participant Support/ Call Center Operations (2)**	10	--	10	10
12. Loan Operations (2)	--	3	3	3
13. Account Maintenance (2)	--	1	1	1
14. Withdrawals	--	--	--	--
15. Lifecycle Funds Operations (3)	--	1	1	1

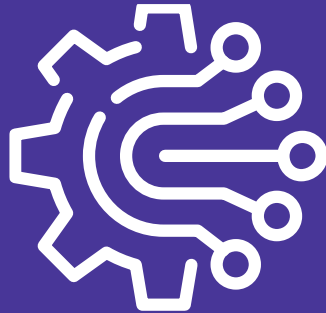
** The total open recommendations for fundamental controls includes three recommendations issued in the *Performance Audit of the Thrift Savings Plan Dallas Contact Center* report dated September 6, 2019.

Summary of Open Recommendations (continued)

Other TSP Audits	Fundamental Controls	Other Controls	Total	# Open Originating Prior to 2020
16. Treasury "G" Fund Investment Operations (3)	--	--	--	--
17. Investment Manager Operations ("F", "C", "S", And "I" Funds)	--	--	--	--
18. Annuity Vendor Operations	1	2	3	--
19. The Board's Staff	<u>3</u>	<u>2</u>	<u>5</u>	<u>3</u>
Total Recommendations	<u>140</u>	<u>13</u>	<u>153</u>	<u>139</u>

- (1) The most recent report was 2013.
- (2) The most recent report was 2018.
- (3) The most recent report was 2019.

OTHER CONSIDERATIONS



Recordkeeping Services Acquisition (RKSA)

TSP audit impact

- Understanding of the new processes, policies, and procedures once in place
- Service provider's ability to provide supporting documentation
- Disposition of prior year recommendations outstanding at time of transition
- Timing of the transition
- Audit planning for FY 2022
- Audit scope periods in FY 2022 and FY 2023

SUPPLEMENTAL INFORMATION



Overview of the EBSA TSP Fiduciary Oversight Program



EBSA's TSP Fiduciary Oversight Responsibility

The Thrift Saving Plan (TSP) was authorized by Congress under the Federal Employees' Retirement System Act of 1986 (FERSA) (Public Law 99-335).

The Employee Benefits Security Administration (EBSA), through the statutory reference to the Secretary of Labor [5 USC 8477(g)], is responsible for establishing a program to carry out audits to determine the level of compliance with the requirements of FERSA relating to fiduciary responsibilities and prohibited activities of fiduciaries.



EBSA's Approach to the TSP Fiduciary Oversight Program

EBSA's TSP audit procedures are designed to comply with *Government Auditing Standards*, published by the U.S. Government Accountability Office (GAO), for conducting the following audits:

- Performance audits, including assessments of program effectiveness, economy, and efficiency; internal control; compliance; and prospective analyses; and
- Financial-related audits, including reviews of certain financial information



EBSA's TSP Fiduciary Oversight Program

EBSA's Program is designed to determine whether:

- The fiduciaries are acquiring, protecting, and using TSP resources effectively, efficiently, and solely in the interest of TSP participants and beneficiaries;
- The fiduciaries have complied with FERSA and other applicable laws and regulations;
- The TSP program activities, functions, and organization are cost effective and efficient; and
- EBSA's previous TSP recommendations have been adequately acted upon.

Examples of TSP Information Obtained for Each Audit

- Prior audit reports
- Organization charts
- Position descriptions
- Flowcharts
- Policies and procedures documents
- Relevant contracts
- Descriptions of support systems
- Identification of key TSP control points
- EBSA, Federal Retirement Thrift Investment Board members, and Agency management concerns

Uses of TSP Information Obtained for Each Audit

- Test internal controls
- Test TSP transactions and activities for compliance with applicable laws, regulations, and contracts
- Address EBSA, Federal Retirement Thrift Investment Board members, and Agency management concerns, as practicable
- Update EBSA's TSP Fiduciary Oversight Program Manual

Audit and Report Process for Each TSP Performance Audit

- Preliminary planning meeting(s), as needed
- Entrance conference
- Completion of walk-through meetings and field work
- Agency's initial review of pre-exit conference draft report (or sections thereof)
- Exit conference
- Agency's 21 day review period of draft report for formal written response to DOL EBSA
- Final report including the Executive Director's formal written response to DOL EBSA
- The Executive Director's presentation of report and formal written response to DOL EBSA at scheduled meetings of the Board
- Summarized final report forwarded to DOL Deputy Assistant Secretary for National Operations for appropriate further action, if necessary
- DOL's and contractors' presentation of significant findings and recommendations and current year's TSP audit plan annually at a scheduled Board meeting

Scope of TSP Audits Since 2017

IT-Related Audits	Plan 2021	2020	2019	2018	2017
1. Systems Enhancements and Software Change Controls	FS	–	FS	–	–
2. IT Operations Management	FS	–	FS	–	–
3. Computer Access and Security Controls	–	FS	–	–	FS
4. Service Continuity Controls	–	–	FS	–	–
5. Participant Website Controls	FS	–	FS	–	–
6. Mainframe Configuration and Security Controls	–	FS	–	FS	–
7. Mobile Device and Security Governance Review	FS	–	–	FS	–
8. Insider Threat Controls	–	FS	–	–	FS
9. Limited General IT Control Review Over Remote TSP Contractor Sites	–	–	–	FS	–
10. Special Projects - IT	SP(1)	SP(2)	SP(2)(4)	SP(2)(3)	SP(2)(3)

FS = Full Scope SP = Special Project

- (1) Assessment of FRTIB Independent Verification and Validation and Other Results
- (2) Status Determination of Certain Prior Year Recommendations
- (3) National Defense Authorization Act for Fiscal Year 2016 related reviews
- (4) Dallas Contact Center

Scope of TSP Audits Since 2017 (continued)

Process Audits	Plan				
	2021	2020	2019	2018	2017
11. Participant Support/Contact Center Operations	FS	–	–	FS	–
12. Loan Operations	FS	–	–	FS	–
13. Account Maintenance	FS	–	–	FS	FS
14. Withdrawals	–	FS	–	–	FS/SP(5)
15. Lifecycle Funds Operations	FS	–	FS	–	–
FS = Full Scope SP = Special Project					

(5) Implementation of the Defending Public Safety Employees' Retirement Act

Scope of TSP Audits Since 2017 (continued)

Other TSP Activities	Plan 2021	2020	2019	2018	2017
16. Treasury "G" Fund Investment Operations	–	–	–	FS	–
17. Investment Manager Operations ("F", "C", "S", and "I" Funds)	–	FS	–	–	FS
18. Annuity Operations	–	FS	–	FS	–
19. The Board's Staff	–	FS	–	FS	–
FS = Full Scope SP = Special Project					

Summary of Most Recent Payroll Service Provider Performance Audits

Uniformed Services and Agencies	Year Performed	Open Recommendations
Defense Finance and Accounting Services (as Uniformed Services Payroll Service Provider)	2019	2
U.S. Department of Agriculture's National Finance Center	2016	1
U.S. Department of the Interior - Interior Business Center	2014	1



Thank You



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