

# Internal Audit Update

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Executive Director  
THE FEDERAL RETIREMENT THRIFT  
INVESTMENT BOARD

January 26, 2021



**Thrift Savings Plan**

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# Agenda

- I. Status of 2020 Internal Audits and Internal Audit Activities
  - A. 2020 Internal Audit Plan
  - B. 2021 Internal Audit Plan
  - C. Special Processing Unit Audit Report (Issued 11/18/20)
  - D. Onboarding/Offboarding of Contractors Audit Report
  - E. IV&V History, Status and Summary
  - F. Summary of Internal Audit Findings
  - G. Other Internal Audit Activities
    - I. Annual FISMA audit
    - II. Internal Audit BPA

# CY2020 Internal Audit Plan

CY2020 Internal Audit Plan

Audit	January	February	March	April	May	June	July	August	September	October	November	December
Budget Process												
Government Purchase Card												
On-Boarding/Off Boarding of Contractors (Rev)												
SPU/Narrowly Defined Scope (Rev)												
Annual FISMA Audit												

## Legend

	Planned
	Revised
	In Process
	Complete



# CY2021 Internal Audit Plan

CY2021 Internal Audit Plan

Audit	January	February	March	April	May	June	July	August	September	October	November	December
Travel Card Audit*												
On-Boarding/Off Boarding of Contractors												
Review of the Capital Asset Management Policy (and Procedures) **												
Insider Threat												
Procurement & Contract Management***												
Cash Investments Audit****												
Compliance Program												
Annual FISMA Audit												

## Legend

	Planned
	In Process
	Complete
	Moved to 2022
	Removed

\* Originally planned to review Travel Card audit findings, however Program Office has provided closure packages for all findings.

\*\* The review of Capital Asset Management policy and procedures is follow up to 2019 Fixed Asset Audit.

\*\*\* Procurement and Contract Management audit will be moved to 2022. This is a component of the FSM conversion which will be completed in October 2021.

\*\*\*\* Adding the Cash Investment audit allow us to ensure that nothing was missed with the 2nd Asset Manager implementation



# Special Processing Unit (SPU)

- **Objective:** Determine whether the FRTIB's processes over Special Processing Unit activities for credit reissues, forms review, account adjustments and loans are effective and in compliance with all applicable laws, regulations, and agency policy.
- **Scope:** The scope period of our review was calendar year August 1, 2019 through July 31, 2020.
- **Findings:** No Notice of Findings and Recommendations were issued.

\*Note: This audit was limited in scope based on a risk assessment and not an audit of the complete SPU.

# On-Boarding and Off-Boarding of Contractors

- **Objective:** Determine whether FRTIB's internal controls over the on-boarding and off-boarding of contractors were in compliance with all applicable laws, regulations, and agency policy.
- **Scope:** The scope period of our review was calendar year August 1, 2019 through July 31, 2020.
- **Findings:** Four Notice of Findings and Recommendations were issued. See next slide.

# On-Boarding and Off-Boarding of Contractors (cont'd)

- **Findings:** Four Notice of Findings and Recommendations were issued.
  - Three Medium Rated Findings:
    - Agency wide high level guidance does not exist for on-boarding and off-boarding of Contractors
    - Adequate training for on-boarding and off-boarding of Contractors is not provided to Contracting Officer Representatives (CORs)
    - FRTIB could not provide a consolidated report of all contractors working at FRTIB from one single source for contractors onboarded before 2019
  - One Low Rated Finding:
    - Completion of off-boarding process did not occur in a timely manner in several instances found in testing



# Independent Verification and Validation (IV&V)

- Purpose:
  - In late 2018, the Board requested that an independent party (IA , Kearney) perform a risk-based Independent Verification and Validation (IV&V) to assess whether the corrective action packages submitted by FRTIB management adequately addressed, concluded, and closed open audit findings issued by KPMG and EBSA.
  - Process was further refined with each new iteration.
  - Review included (but not limited to);
    - Examination of documents in closure packages by Program Offices;
    - Interviews with employees, and independent additional testing, where applicable, through observation of process or sample testing of documentation.



# Status and Summary of IV&V - 1, 2 and 3

IV&V 1 (Jan 2019 –June 2019)		IV&V 2 (Oct 2019 – Dec 2019)		IV&V 3 (Mar 2020 - Present)	
Program Office	No. of Packages	Program Office	No. of Packages	Program Office	No. of Packages
OCFO	6	OCFO	1	OTS	18
OED	5	OGC	1		
OGC	1	OPS	5		
OPS	1	OTS	7		
OTS	1				
Total	14	Total	14	Total	18
<ul style="list-style-type: none"> <li>•Upon initial review, all packages were rejected due to missing relevant support to adequately address the auditor's findings.</li> <li>•<b>Thirteen packages were resubmitted and adequately addressed</b> and one was recinded by the Program Office.</li> </ul>		<ul style="list-style-type: none"> <li>•Developed FRTIB IV&amp;V Guide and checklist with OERM to help streamline process based on issues noted in IV&amp;V 1 and to help ensure auditor finding is properly addressed and appropriate documentation is provided.</li> <li>•<b>All fourteen packages were reviewed and considered closed.</b></li> </ul>		<ul style="list-style-type: none"> <li>•To be efficient with time and level of effort it was determined that only High and Medium rated findings would be submitted for the IV&amp;V process.</li> <li>•As of 1/14 <b>Fifteen packages are considered closed, two are in process, and one will remain open</b> until remediation is complete.</li> </ul>	

# Status of Internal Audit Findings

Status of Internal Audit Findings by Audit Year						
Audit Year/ Status	2015	2017	2018	2019	2020	Grand Total
Closed	51	7	29	0	0	87
In Process	1	0	0	0	0	1
Open	0	0	3	5	6 (+4)	14
Grand Total	52	7	32	5	2 (+4)	102

# Other Audit Activities

- Annual FISMA audit
- Planning for 2021 audits has started
- Planning for IV&V 4 has begun
- Internal Audit Support – Blanket Purchase Agreement for IA services starting in 2022



# Questions?

