



## BRIEFLY...

### **EBSA CAN PROVIDE GREATER OVERSIGHT OF THE THRIFT SAVINGS PLAN BY STRENGTHENING ITS AUDIT PROGRAM**

October 11, 2018

#### **WHY OIG CONDUCTED THE AUDIT**

Proper oversight of the world's largest retirement plan – the Federal Government's Thrift Savings Plan (TSP) – is vital to ensuring the security of the \$510 billion in retirement assets it holds. The Employee Benefits Security Administration (EBSA) is charged with oversight of the TSP. In that capacity, EBSA has the authority to perform audits, civil investigations and take legal action against certain fiduciaries. However, the agency lacks certain critical aspects of oversight; for example, EBSA cannot perform criminal investigations or take legal action against the Federal Retirement Thrift Investment Board (Board) and Executive Director, arguably the most significant fiduciaries. Moreover, the Board is not required to implement audit recommendations EBSA makes.

By contrast, EBSA has full legal authority to bring legal action against private pension plans to force them to take action to correct issues it discovers in the course of its investigations. This ability is EBSA's most effective enforcement tool.

#### **WHAT OIG DID**

OIG conducted a performance audit to determine the following:

Did EBSA conduct effective oversight of the TSP?

#### **READ THE FULL REPORT**

<https://www.oig.dol.gov/public/reports/oa/2019/05-18-001-12-001.pdf>

#### **WHAT OIG FOUND**

EBSA did not conduct effective oversight of the TSP for several reasons. First, EBSA lacked an ongoing process for assessing changes in risks to the TSP over time. EBSA had available relatively limited funds to expend on TSP audits, and a robust system to prioritize audits would ensure those resources were most effectively used.

Second, EBSA's oversight was not transparent. We found little information available to participants and beneficiaries about audits of the TSP because EBSA did not post its audit reports and recommendations to a forum such as its website. Transparency provides assurances of accountability to participants and beneficiaries.

Finally, EBSA lacks sufficient legal authority to require the Board to act on its recommendations. Although EBSA can conduct audits of the TSP and make recommendations for improvement, the Board is not required to implement them. Despite identifying significant IT security weaknesses, 73 percent of all recommendations made in the TSP audit reports EBSA issued from 2010 through 2017 are still open. The vast majority of those address IT security issues, an increasingly scrutinized area given the prevalence of cyberattacks against large institutions, including one in 2011 against a TSP contractor that compromised more than 120,000 accounts.

Notwithstanding the limits of its legal authority, EBSA needs to strengthen its oversight practices to provide greater assurance that plan assets and personal and financial information are safeguarded.

#### **WHAT OIG RECOMMENDED**

We recommended the Assistant Secretary for the Employee Benefits Security Administration implement a formal risk assessment system for prioritizing audits; post audit reports either redacted or only by title, and at least annually, post a listing of significant unimplemented non-sensitive audit recommendations; and seek amendments to the Federal Employees Retirement System Act granting EBSA additional statutory authority over the TSP.