



Highlights of [GAO-03-400](#), a report to Congressional Requesters

FEDERAL PENSIONS

DOL Oversight and Thrift Savings Plan Accountability

Why GAO Did This Study

The Thrift Savings Plan (TSP) is a retirement savings and investment plan for federal employees, governed by the Federal Retirement Thrift Investment Board (the TSP Board). Recent events relating to the TSP Board's contract to upgrade TSP's record keeping system have raised questions about the management of the TSP. In light of the TSP Board's actions relating to the record keeping system and the recent submission of the TSP Board's legislative proposal that would enhance its independence, you asked us to examine federal oversight of the TSP Board. Specifically, our objectives were to (1) describe the Department of Labor's (DOL) oversight authority, under the Federal Employees' Retirement System Act of 1986 (FERSA) and (2) determine the actions DOL has taken in exercising its authority over TSP.

What GAO Recommends

To strengthen DOL oversight and to increase accountability of the TSP Board, Congress should consider amending FERSA to require DOL to establish a formal process by which the Secretary of Labor can report to the Congress issues of critical concern associated with the actions of the Executive Director and TSP Board members.

www.gao.gov/cgi-bin/getrpt?GAO-03-400.

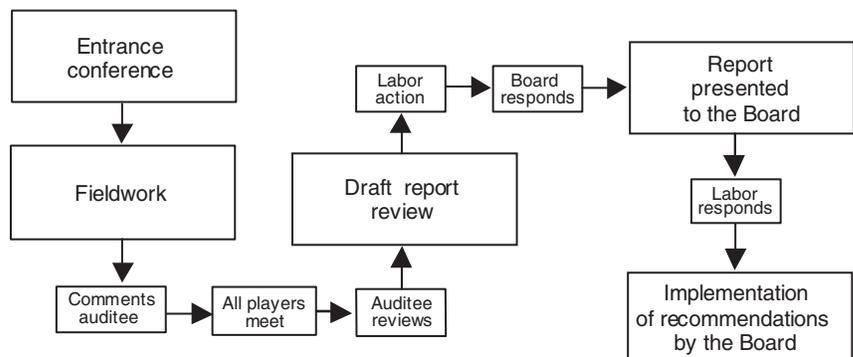
To view the full report, including the scope and methodology, click on the link above. For more information, contact Barbara D. Bovbjerg at (202) 512-7215.

What GAO Found

DOL is charged under FERSA with establishing an audit program of TSP and its operations. The audit program is to ensure that TSP assets have been reasonably safeguarded and that appropriate steps have been taken by TSP fiduciaries to comply with FERSA. If DOL finds that the Executive Director or TSP Board members have breached their fiduciary responsibilities, under FERSA, DOL cannot take legal action or obtain monetary penalties against the Executive Director and TSP Board members, although DOL may do so against other TSP fiduciaries. This limitation contrasts with DOL's authority in overseeing private pension plans under the Employee Retirement Income Security Act of 1974 (ERISA), which set certain minimum standards for pension plans sponsored by private employers and gives DOL authority to interpret and enforce those standards. Under ERISA, DOL is allowed to seek remedies to correct fiduciary violations.

DOL exercises its authority over the TSP Board through recommendations developed in its audit program, which is contracted to a public accounting firm to perform. DOL makes its recommendations to the TSP Board and service providers. However, the TSP Board is not required to implement DOL's recommendations. Since the inception of the audit program, DOL has made 810 recommendations to the TSP Board and its service providers. According to our analysis of DOL and TSP data, the TSP Board has implemented roughly 95 percent of DOL's recommendations, with the majority of the remaining recommendations scheduled for implementation in 2003. While the TSP Board does not always concur with DOL's recommendations, the TSP Board and DOL have resolved disputed recommendations by developing an alternative to address the disputed reviewed areas. However, DOL has also raised issues of concern to the TSP Board, in addition to making recommendations, where the TSP Board has not resolved the issue with DOL. In these instances, there is no formal process with which to ensure that the TSP Board is held accountable for these actions.

Reporting Process for Each TSP Review



Source: GAO's Analysis of DOL's Documentation.