



August 2024

THRIFT SAVINGS PLAN

Investment Board Needs to Greatly Improve Acquisition Management and Contractor Oversight

Why GAO Did This Study

The TSP, administered by FRTIB, is the largest retirement plan in the U.S. with about \$895 billion in retirement assets and approximately 7 million participants and beneficiaries.

In 2020, FRTIB contracted with AFS to predominantly own the underlying infrastructure and operate the services for the modernized TSP recordkeeping system. The contract length was a base of 3 years with options for up to 9 additional years. The total estimated cost to participants, if all options are exercised, is about \$4.6 billion. Included in this cost are fees for transactions participants initiate through the system.

GAO was asked to review FRTIB's efforts in modernizing TSP services. This report examines (1) the extent to which the agency implemented key acquisition management practices to monitor progress before deployment of the new TSP recordkeeping system; (2) the key problems encountered by participants after the deployment of the new system and the actions taken to address them; (3) the extent to which the agency oversaw the actions of its contractor; and (4) the extent to which the agency implemented federal customer satisfaction requirements to improve customer service.

View [GAO-24-106319](#). For more information, contact Jennifer R. Franks at (404) 679-1831 or FranksJ@gao.gov.

THRIFT SAVINGS PLAN

Investment Board Needs to Greatly Improve Acquisition Management and Contractor Oversight

What GAO Found

The Federal Retirement Thrift Investment Board (FRTIB) did not fully implement key acquisition management practices to ensure the success of Thrift Savings Plan (TSP) products and services. Specifically, while the agency identified its needs and assessed alternatives to meet those needs, it did not

- develop policies and procedures to govern the way it acquires products and services until after the TSP services acquisition was underway;
- ensure that the new TSP recordkeeping system was consistent with federal requirements for loan repayment, court-ordered benefits, and accessibility;
- verify that the contractor had completed tests in accordance with plans;
- ensure that all milestones were met before progressing through the acquisition process; and
- confirm that personnel requirements for training, background investigations, and contract monitoring were met.

By not fully implementing these practices, FRTIB significantly increased the risk of a problematic rollout of the new system.

When the TSP recordkeeping system deployed in 2022, participants encountered a variety of problems (see figure). According to Accenture Federal Services (AFS), it received about 120,000 calls on the first day of operation. The average wait time went from 35 minutes on the first day to two hours by the third day. The agency and its contractor subsequently took action to address many of these issues, although in some cases, resolution took months.

Examples of the Issues Encountered by Thrift Savings Plan (TSP) Participants When Using the New System

Some participants reported being unable to:

- Access their TSP retirement accounts,
- Complete basic transactions,
- Obtain the minimum distributions required by the Internal Revenue Service,
- Receive beneficiary benefits and court order awards, and
- Get adequate assistance through TSP contact center — the ThriftLine.



Sources: GAO (analysis and circle illustration); Vladwel/stock.adobe.com (desktop and web browser illustration). | GAO-24-106319

GAO evaluated FRTIB's acquisition procedures, contract solicitation and administration efforts, the TSP services contract, and contract personnel data against key acquisition management practices. GAO also summarized reported issues encountered by the TSP participants, and the actions taken to address them.

Additionally, GAO analyzed the TSP contract to summarize the agency's oversight approach and evaluated contractor performance documentation against that approach. Further, GAO analyzed participant satisfaction and interaction survey results, and contractor performance data against key actions for improving customer service, among other things.

What GAO Recommends

GAO is making seven recommendations to FRTIB's Executive Director, including to:

- develop a process to ensure that requirements developed for the TSP recordkeeping system are consistent with applicable federal requirements;
- develop a process to review testing documentation to ensure planned testing is complete for any system enhancements or upgrades;
- develop a process to review milestone-related documentation to ensure that it fully addresses the milestone requirement;
- expedite negotiations with its contractor to modify, where feasible, the TSP services contract to ensure that all pertinent data necessary for performance oversight is provided by the contractor; and
- reevaluate and adjust the allowable credits and penalties to focus on areas with the largest financial impact to participants.

FRTIB agreed with GAO's recommendations and stated that it plans to implement them either through re-competition of the recordkeeping contract or through ongoing negotiations with AFS.

View [GAO-24-106319](#). For more information, contact Jennifer R. Franks at (404) 679-1831 or FranksJ@gao.gov.

THRIFT SAVINGS PLAN

Investment Board Should Improve Acquisition Management and Contractor Oversight Processes

To enable FRTIB's oversight of AFS, the contract includes a process with performance metrics. The agency can credit or penalize the contractor for its performance in meeting the metrics. In the first 2 years of service, it did both (see table).

Credits Earned and Penalties Incurred by the Contractor for the New Thrift Savings Plan System, June 2022 through December 2023

Service category	Year 1		Year 2	
	Credits earned	Penalties deducted	Credits earned	Penalties deducted
Participant services	—	\$4,017,137	—	\$1,326,553
	—	—	\$656,424	—
Administrative services	\$272,965	—	—	—
	—	—	\$407,637	—
	\$270,378	—	—	—
Regulatory, accounting, & compliance	—	—	\$223,549	—
Security and information technology	\$543,343	—	\$553,297	—
Total	\$1,086,686	\$4,017,137	\$1,840,907	\$1,326,553

Legend: — = not applicable

Source: GAO (analysis), Federal Retirement Thrift Investment Board (data). | GAO-24-106319

Note: Credit and penalty totals for Year 2 are for June 2023 through December 2023, not the entirety of Year 2.

However, the agency was unable to adequately oversee the contractor's performance in key areas such as court order and death claim timeliness because it did not have the information needed to do so. The contract does not require AFS to provide this information. For nearly 2 years, FRTIB and its contractor have discussed contract modifications that would require such information to be provided. It is unknown when the two parties will reach agreement.

In addition, the agency was limited in its ability to penalize AFS for poor performance because the contract only allows a subset of performance metrics to be eligible for penalty each year. Many of these metrics do not focus on areas that would have the most financial impact on participants. This misalignment of incentives will likely continue to persist without action by the agency to issue penalties in areas that have the most impact on participant outcomes.

FRTIB, in coordination with its contractor, implemented key actions to improve the way it delivers services to the TSP participants. Specifically, the agency and its contractor

- integrated customer service into the agency's existing activities;
- used annual surveys to identify what its customers want;
- made services for the new TSP recordkeeping system available through multiple channels; and
- identified improvements and enhancements to the TSP recordkeeping system based on participant feedback and industry information sharing.

As a result, participant-reported satisfaction with the modernized system has improved significantly since its deployment.

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Abbreviations

AFS	Accenture Federal Services
CMMI	Capability Maturity Model® Integration
CO	Contracting Officer
FAR	Federal Acquisition Regulation
FISMA	Federal Information Security Modernization Act of 2014
FRTIB	Federal Retirement Thrift Investment Board
KPI	key performance indicator
OMB	Office of Management and Budget
PRCA	performance related compensation adjustment
PSR	Participant Service Representative
QASP	Quality Assurance Surveillance Plan
RMD	required minimum distribution
SLR	service level requirement
TSP	Thrift Savings Plan

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August 1, 2024

Congressional Requesters

The Thrift Savings Plan (TSP), established by the Federal Employees' Retirement System Act of 1986, is a central component of federal employees' retirement savings.¹ It is intended to resemble the 401(k) pension plans offered in the private sector. Through the TSP, federal employees can contribute a portion of their compensation through payroll deductions and allocate the contributions, along with any associated earnings, to a variety of investment options.² As of March 2024, the TSP held about \$895 billion in retirement assets and had approximately 7 million participants and beneficiaries, making it the largest retirement savings plan in the United States.

The Federal Employees' Retirement System Act of 1986 also established the Federal Retirement Thrift Investment Board (FRTIB), an independent agency in the executive branch, to administer the TSP. The act vests this responsibility to the board and the agency's Executive Director.³ The four-member board is tasked with managing the TSP prudently and solely in the interest of the participants and their beneficiaries.⁴ The TSP is managed through an online system also called the Thrift Savings Plan (hereinafter called the TSP recordkeeping system). In June 2022, a new system was implemented by FRTIB that was intended to provide TSP participants with more modernized features, such as chat and a mobile

¹TSP participants include federal civilian employees in all branches of government, employees of the U.S. Postal Service, and members of the uniformed services.

²Participants can invest their contributions in the following funds: Government Securities Investment Fund (G Fund); Fixed Income Index Investment Fund (F Fund); Common Stock Index Investment Fund (C Fund); Small Cap Stock Index Investment Fund (S Fund); International Stock Index Investment Fund (I Fund); 10 Lifecycle Funds (L Funds) that are custom target-date funds invested exclusively in the G, F, C, S, and I Funds; and mutual funds available in a mutual fund window.

³5 U.S.C. § 8472. The five members of the board, one of whom is designated as Chairman, are appointed by the President with the advice and consent of the Senate and serve on the board on a part-time basis. The members appoint the Executive Director, who is responsible for the management of the agency and the TSP.

⁴Although the board is intended to be five members, the Senate could not agree on the fifth nominee in 2022.

application. However, soon after implementation, participants reported widespread problems accessing their retirement savings and account information.

You asked us to review FRTIB's efforts in modernizing TSP services. Our specific objectives were to determine (1) the extent to which FRTIB implemented key acquisition management practices to monitor progress before deployment of the new TSP recordkeeping system; (2) the key problems encountered by participants after the deployment of the new system and the actions taken to address them; (3) the extent to which FRTIB oversaw the actions of its contractor; and (4) the extent to which the FRTIB implemented federal customer satisfaction requirements to improve customer service.

To address the first objective, we identified key acquisition management practices we previously reported and supplemented them with related industry and federal guidance.⁵ These practices focused on the acquisition of services and products, system development, software lifecycle processes, and building digital services. The key acquisition management practices are to

- develop acquisition governance policies and processes to govern the way an agency performs the acquisition function,
- identify needs,
- assess alternatives to select the most appropriate solution,
- clearly establish well-defined requirements,
- demonstrate that the acquired solution meets the desired outcomes,
- utilize milestones and exit criteria, and
- establish an adequate program workforce.

⁵GAO, *Homeland Security: DHS Requires More Disciplined Investment Management to Help Meet Mission Needs*, [GAO-12-833](#) (Washington, D.C.: Sept. 18, 2012). For the supplemental guidance, see Software Engineering Institute, *Capability Maturity Model® Integration for Acquisition*, Version 1.3 (Pittsburgh, Pa.: November 2010); Software Engineering Institute, *Capability Maturity Model® Integration for Development*, Version 1.3 (Pittsburgh, Pa.: November 2010); Institute of Electrical and Electronics Engineers/ International Organization for Standardization/ International Electrotechnical Commission, *International Standard for Systems and Software Engineering—System Life Cycle Processes*, ISO/IEC/IEEE 15288-2015 (E) (New York: N.Y.: May 15, 2015); and Office of Management and Budget, *Digital Services Playbook* (Washington, D.C.: August 2014). Capability Maturity Model® Integration (CMMI) is currently owned by ISACA. CMMI Model and ISACA ©[2021] All rights reserved. Used with permission.

We compared actions taken by FRTIB to these identified practices. Specifically, we analyzed FRTIB's Contracting Procedures, solicitation documents for the TSP services acquisition, the TSP services contract and its appendices between FRTIB and Accenture Federal Services (AFS), and personnel-related data for individuals assigned to the contract.⁶

To address the second objective, we categorized numerous reports of issues that TSP participants experienced with the new system between June 2022 and April 2023.⁷ We then identified the most commonly reported issues in each category by using the issue descriptions we received from TSP participants. We also identified common issues reported and tracked by AFS between June 2022 and September 2023. We summarized these issues and the actions that the contractor reported taking to address them.

Further, we identified trends in data regarding the number of opened participant cases that could not be initially resolved by calling the TSP customer service telephone number (called the ThriftLine) for the time period of January 2023 through December 2023. These participant cases included requests regarding loans, withdrawals, rollovers-in, beneficiary designations, death benefits, court orders, escalated cases, and those reported to FRTIB through congressional staff.

To address the third objective, we assessed the TSP services contract, including its appendices, to describe the agency's contractor oversight process. We then compared the agency's actions against the established oversight process by evaluating contractor performance reports and associated feedback that the FRTIB provided to AFS for the time period of June 2022 through December 2023.

To address the fourth objective, we used federal law, policies, and guidance to identify key actions that agencies must or should take in

⁶AFS is the contractor that provides managed services for the TSP, including the TSP recordkeeping system. We discuss this in more detail later in this report.

⁷These issues were sent to us through email, FraudNet complaints, social media posts, and letter correspondences. GAO maintains the FraudNet hotline to support accountability across the federal government when fraud, waste, abuse, or mismanagement of federal funds is alleged.

delivering services and improving customer satisfaction.⁸ We analyzed FRTIB and AFS efforts to implement these key actions. To do so, we assessed relevant documentation, such as the *FRTIB Strategic Plan for Fiscal Year 2022-2026* and associated strategic road map; Participant Satisfaction Surveys conducted by a private sector polling company in 2017 and 2020 through 2023; and relevant AFS contractor performance data for the time period of June 2022 through December 2023.⁹ We also compiled TSP participant interaction survey results from June 2022 through December 2023 to determine whether participant satisfaction with the new system had improved since it was first deployed. These survey results show participant-reported satisfaction with the TSP recordkeeping system.

To assess the reliability of the AFS contractor performance data and TSP participant interaction survey results, we analyzed FRTIB's process for the verification of the performance data and reviewed the related documentation to identify any missing entries and obvious errors. We determined that the data were sufficiently reliable for the purposes of assessing FRTIB's oversight of the performance data and the contractor's ability to maintain participant satisfaction with the new TSP recordkeeping system.

For all four objectives, we supplemented our analysis with interviews of relevant FRTIB officials in the offices of Participant Experience, Technology Services, Resource Management, and Planning and Risk.

⁸White House, *Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government*, Exec. Order No. 14058 (Washington, D.C.: Dec. 13, 2021); 21st Century Integrated Digital Experience Act, Pub. L. No. 115-336, 132 Stat. 5025 (2018); GPRA (Government Performance and Results Act) Modernization Act of 2010, Pub. L. No. 111-352, 124 Stat. 3866 (2011); *Streamlining Service Delivery and Improving Customer Service*, Exec. Order No. 13571 (Washington, D.C.: April 27, 2011); *Setting Customer Service Standards*, Exec. Order No. 12862 (Washington, D.C.: Sept. 11, 1993); Office of Management and Budget, *Preparation, Submission, and Execution of the Budget, Sec. 280, Managing Customer Experience and Improving Service Delivery*, Circular No. A-11 (Washington, D.C.: Aug. 15, 2022); and *Digital Services Playbook* (Washington, D.C.: August 2014).

⁹For the 2023 Participant Satisfaction Survey, a private sector polling company employed a stratified sample design to meet the objectives of the FRTIB Participant Satisfaction Survey. The TSP participant pool was used as the sampling frame. As such, the polling company mailed and/or emailed the survey to the 34,031 TSP participants it included in its total sample size. When responses with unusable results were excluded, the final sample size was 4,092, for a response rate of 12%. The polling company compared the survey respondents against TSP population data to help ensure the 12% included coverage across the TSP population. The margin of error after considering design effects due to disproportional sample allocation will be around $\pm 1.5\%$ at a 95% level of confidence.

We also interviewed relevant contractor officials at AFS and its subcontractors. These interviews assisted in corroborating evidence and providing additional context to the actions taken by FRTIB and its contractors prior to and after implementation of the new TSP recordkeeping system. A more detailed description of our objectives, scope, and methodology can be found in appendix I.

We conducted this performance audit from November 2022 to August 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Prior to the implementation of the new TSP recordkeeping system in June 2022, the FRTIB served as the integrator for the system and owned the hardware and software used to support the TSP recordkeeping service and applications.¹⁰ According to FRTIB, it had made incremental and ad-hoc improvements to the legacy system that often introduced duplicative capabilities that were not fully integrated with the agency's enterprise IT architecture. These modifications were not scalable and adaptable to the latest available technology, the agency added. As a result, the agency was limited in its ability to fully leverage more modern technology, such as cloud-based services, to improve the user experience.

In August 2017, FRTIB announced that it was proceeding with a plan to use a performance-based acquisition to secure a commercial recordkeeper or systems integrator to

- manage and operate recordkeeping processes including the IT infrastructure, applications, call centers, and processing centers,
- discontinue the FRTIB's practice of serving as integrator and owning hardware and software in support of recordkeeping, and
- provide additional services that allow TSP participants to make more informed choices and feel more confident about their retirement security.

¹⁰According to FRTIB, the legacy TSP recordkeeping system consisted of approximately 50 commercial off-the-shelf applications and approximately 20 custom applications.

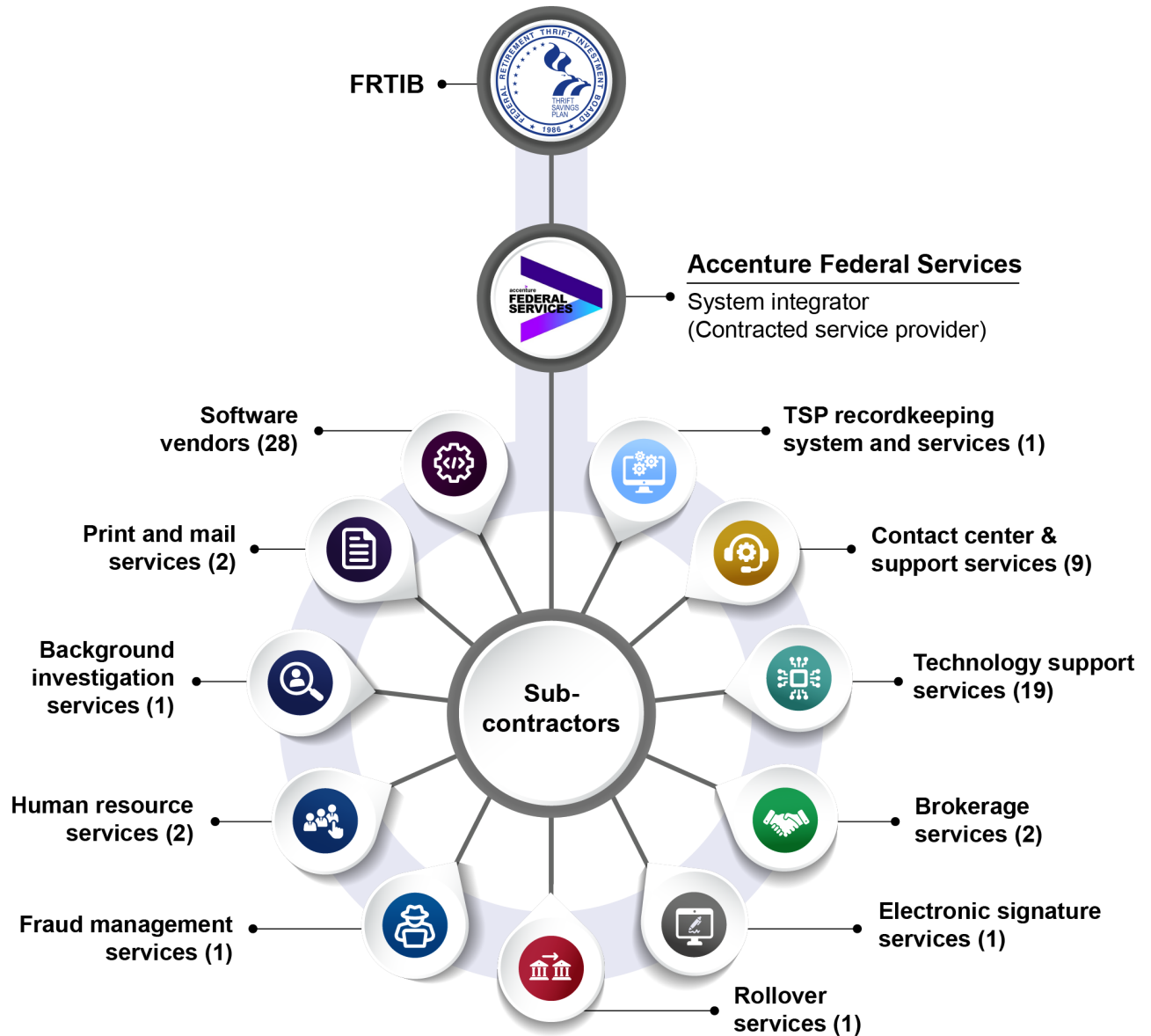
According to the Federal Acquisition Regulation (FAR), in performance-based acquisitions, the agency describes the work in terms of the required results rather than either how the work is to be accomplished or the number of hours to be provided.¹¹ Agencies are to enable the assessment of work performance against measurable performance standards and rely on those performance standards and financial incentives to encourage competitors to develop and institute innovative and cost-effective methods of performing the work.

To that end, the FRTIB posted a draft statement of objectives and a request for interested vendors to provide a response to how they would be able to meet minimum qualifications. The agency received various responses, and subsequently, in November 2020, the FRTIB signed a contract with AFS to serve as the system integrator for the TSP and manage recordkeeping services on behalf of the agency.¹² AFS then sub-contracted with 39 companies to provide various services supporting the TSP recordkeeping system, ThriftLine support, printing services, and technical support, among other services. In addition, AFS purchased software products or services from 28 companies to support the system. Figure 1 illustrates the contract between FRTIB and AFS, and describes the various services provided by the sub-contractors for the new TSP recordkeeping system.

¹¹See FAR § 2.101; FAR Subpart 37.6.

¹²In August 2019, FRTIB distributed a request for proposals to vendors they deemed acceptable in meeting the minimum qualifications.

Figure 1: Relationship Between the Federal Retirement Thrift Investment Board (FRTIB) and Accenture Federal Services, and Description of the Services Provided by the Sub-contractors for the New Thrift Savings Plan (TSP) Recordkeeping System



Sources: GAO (analysis); FRTIB (logo); Accenture Federal Services (logo); Icons-Studio/stock.adobe.com (icons); Rasarin/stock.adobe.com (pointed circle illustration). | GAO-24-106319

In June 2022, eighteen months after FRTIB and AFS signed the TSP services contract, the new system was deployed, which consists of, among other things, a

- processing engine designed to support plan administration;
- self-service platform that is to enable participants, beneficiaries, and plan sponsors to access data and perform transactions 24 hours a day, seven days a week; and
- mobile application intended to allow participants to access services from a smart phone.

The contract included cost estimates for performing the necessary TSP services, including managing the TSP recordkeeping system and related transactions, such as withdrawals and loans.¹³ The contract included a transition period, which began at contract award, where AFS performed work to convert the legacy TSP recordkeeping data to the new environment.

Once the transition period was complete, the contract included various periods of performance with estimated costs. The contract includes a base period of three years and three additional option periods if FRTIB decides to continue the contract after the base period expires. The actual costs for each period of performance could vary slightly depending on participation in the TSP and the transactions that occur since the costs include transaction fees. Table 1 below shows the various periods of performance and their actual or estimated costs.

Table 1: Thrift Savings Plan Services Contract Costs and Cost Estimates for Each Period of Performance

Period of performance	Actual costs and cost estimates
Transition period	\$149,639,757.71
Program year 1 (base period) ^a	\$269,701,023.30
Program year 2 (base period) ^b	\$232,987,143.90
Program year 3 (base period) ^c	\$358,004,833.42
Program year 4 (option period 1)	\$ 374,317,304.41
Program year 5 (option period 1)	\$ 393,272,356.59
Program year 6 (option period 1)	\$ 396,882,913.47

¹³FRTIB is a self-funded federal agency with independent budgetary authority that receives no annual appropriations from Congress. The TSP recordkeeping system is funded through forfeitures and administrative expenses paid by TSP participants.

Period of performance	Actual costs and cost estimates
Program year 7 (option period 2)	\$ 398,498,698.58
Program year 8 (option period 2)	\$ 402,345,905.04
Program year 9 (option period 2)	\$ 409,997,498.88
Program year 10 (option period 3)	\$ 414,553,168.39
Program year 11 (option period 3)	\$ 421,858,614.84
Program year 12 (option period 3)	\$426,244,649.53
Estimated total if all options exercised	\$4,648,303,868.06

Source: GAO (analysis); Federal Retirement Thrift Investment Board (data). | GAO-24-106291

^aProgram year 1 is June 2022 through May 2023.

^bProgram year 2 is June 2023 through May 2024. At the time of this report, the information for this year only includes June 2023 through March 2024. Therefore, this information is not a total for program year 2.

^cProgram year 3 is June 2024 through May 2025.

FRTIB Did Not Fully Implement Key Acquisition Management Practices for the New TSP Recordkeeping System

Our prior work, along with leading acquisition practices, have highlighted key acquisition management practices for acquiring services.¹⁴ These include

- developing policies and processes to govern the way an agency performs the acquisition function,
- identifying needs,
- assessing alternatives to select the most appropriate solution,
- clearly establishing well-defined requirements,
- demonstrating that the acquired solution meets the desired outcomes,
- utilizing milestones and exit criteria, and
- establishing an adequate program workforce.

While the agency identified its needs and assessed alternatives to meet these needs, it did not fully address other key acquisition management practices. Specifically, in planning for the TSP acquisition, FRTIB initially lacked policies and procedures for acquiring managed services and

¹⁴ [GAO-12-833](#); Software Engineering Institute, *Capability Maturity Model® Integration for Acquisition*, Version 1.3 (Pittsburgh, Pa.: November 2010); Software Engineering Institute, *Capability Maturity Model® Integration for Development*, Version 1.3 (Pittsburgh, Pa.: November 2010); Institute of Electrical and Electronics Engineers/ International Organization for Standardization/ International Electrotechnical Commission, *International Standard for Systems and Software Engineering—System Life Cycle Processes*, ISO/IEC/IEEE 15288-2015 (E) (New York: N.Y.: May 15, 2015); and Office of Management and Budget, *Digital Services Playbook* (Washington, D.C.: August 2014).

developed them while in the acquisition process. FRTIB also defined high-level requirements for the services it desired but did not ensure the TSP recordkeeping system was consistent with these requirements before the system was launched. In addition, many tests were conducted on the system, but FRTIB did not ensure that the test results demonstrated that the system met its desired performance outcomes before it was deployed. FRTIB also utilized milestone and exit criteria to support its decision for the new TSP recordkeeping system but did not always ensure that they were fully met before progressing through the acquisition process. Lastly, FRTIB established requirements for the key contractor and government personnel involved in managing and carrying out work for the TSP services contract, but the agency did not always confirm these requirements were met.

FRTIB Initially Lacked Comprehensive Policies and Procedures for Acquiring Managed Services for TSP

Policies and procedures embody the basic principles that govern the way an agency performs the acquisition function.¹⁵ These policies and procedures should

- clearly define the roles and responsibilities of agency staff,
- empower people across the agency to work together effectively to procure desired goods and services, and
- establish expectations for stakeholders to strategically plan acquisitions and proactively manage the acquisition process.

However, when initially planning for the acquisition of managed services for TSP, FRTIB lacked specific policies and procedures for guiding them through the acquisition planning and management process. After planning for the TSP acquisition was already underway, in 2017 FRTIB developed several plans that would guide the remaining tasks in awarding a contract to a service provider for the business processes, services, and supporting IT for TSP recordkeeping services. However, these plans were developed after key acquisition planning activities had already taken place, such as the analysis of alternatives and market research to identify potential service providers.¹⁶

¹⁵GAO, Framework for Assessing the Acquisition Function at Federal Agencies, [GAO-05-218G](#) (Washington, D.C.: Sept. 2005).

¹⁶An analysis of alternatives is an assessment of alternative solutions to select the most appropriate one prior to acquiring programs and services. We discuss this in more detail later in this report.

Subsequently, in 2018, FRTIB developed a contracting policy and related acquisition processes. These documents set forth FRTIB's policy and procedures related to the acquisition of any products and services for the agency. The policy states that the agency is to follow the FAR for procuring goods and services.¹⁷ The related procedures identify guidance on the various activities that are required for all FRTIB acquisitions, other than those made through agreements with other federal government entities. As a result, FRTIB is better positioned to ensure that required processes are followed and that stakeholders understand their roles and responsibilities.

FRTIB Identified Its Needs for the New TSP Recordkeeping System

Our prior work and leading practices have highlighted that agencies should identify business needs prior to acquiring programs and services.¹⁸ In addition, they also stress the need to identify current capabilities and gaps in those capabilities. Doing so assists agencies with determining their current and long-term needs that align with their mission and potential solutions to fill any identified gaps. FRTIB took steps to identify their needs for a more modernized TSP recordkeeping system and related services. In addition, it identified gaps in current capabilities that were hindering progress in providing adequate service to participants.

The *FRTIB 2017 through 2021 Strategic Plan* identified the legacy TSP recordkeeping system's capabilities, gaps, and potential solutions for a more modernized system. Specifically, the strategic plan states that the legacy IT infrastructure, which dated back to 2003, required lengthy enhancement implementation and constrained system integration efforts. Additionally, it prevented adoption of innovative technology, and introduced security vulnerabilities. Furthermore, in 2016 the agency reported that its primary strategy for operating and maintaining the TSP,

¹⁷According to the FRTIB's Thrift Federal Acquisition Supplement, there may be instances where adhering to FAR would infringe upon the agency's fiduciary obligations under the Federal Employees' Retirement System Act. To that end, FRTIB has identified when FRTIB policies and practices deviate from the FAR.

¹⁸[GAO-12-833](#); Office of Management and Budget's U.S. Digital Service Digital Services Playbook (Washington, D.C.: August 2014); Software Engineering Institute, *Capability Maturity Model® Integration for Development*, Version 1.3 (Pittsburgh, Pa.: November 2010); Software Engineering Institute, *Capability Maturity Model® Integration for Acquisition*, Version 1.3 (Pittsburgh, Pa.: November 2010); and Institute of Electrical and Electronics Engineers/ International Organization for Standardization/ International Electrotechnical Commission, *International Standard for Systems and Software Engineering—System Life Cycle Processes*, ISO/IEC/IEEE 15288-2015 (E) (New York: N.Y.: May. 15, 2015).

at that time, was considered ineffective for meeting the challenges faced by FRTIB and hindered the agency's ability to leverage industry best practices.

To address these challenges, the plan outlines a goal to implement a physical and technology infrastructure that optimizes and supports TSP administration, FRTIB operations, and the evolution of a new participant experience. As previously discussed, FRTIB announced, in August 2017, that it was proceeding to secure a commercial recordkeeper or systems integrator to

- manage and operate recordkeeping processes, including the IT infrastructure and applications, call centers and processing centers;
- discontinue the FRTIB's practice of serving as integrator and owning hardware and software in support of recordkeeping; and
- provide additional services that allow TSP participants to make more informed choices and feel more confident about their retirement security.

According to FRTIB's strategic plan, the agency believed that modernizing the IT infrastructure was a complex but necessary effort that supported its business mission, was aligned with the agency's strategic goals, and would move the agency to a future state that applied best practices of IT system design. The strategic plan further states that the FRTIB believed a move to a managed service would eliminate key deficiencies and allow the agency to take advantage of modern software products and technologies. By identifying the needs and gaps in capabilities for TSP, FRTIB was better positioned to determine potential solutions to fill its current and long-term needs and any identified gaps.

FRTIB Assessed Alternatives for the TSP Recordkeeping System Modernization

Based on our prior work, as well as leading practices, agencies should assess alternatives to select the most appropriate solution prior to acquiring programs and services.¹⁹ Doing so assists agencies in identifying relevant issues and determining recommended solutions. Specifically, an analysis of alternatives should (1) compare the performance, costs, and risks of various solutions by evaluating them against established criteria using a structured process to identify relevant

¹⁹GAO-12-833; Software Engineering Institute, *Capability Maturity Model® Integration for Development*, Version 1.3 (Pittsburgh, Pa.: November 2010); and Software Engineering Institute, *Capability Maturity Model® Integration for Acquisition*, Version 1.3 (Pittsburgh, Pa.: November 2010).

issues and the most promising solution; and (2) be conducted early in the acquisition process, before requirements are set, and be broad enough to evaluate alternatives across multiple concepts.

FRTIB's executive leadership council authorized a cross-functional team to conduct an analysis of alternatives from June 2016 to October 2016, which assessed three alternative models. Subsequently, FRTIB also evaluated a fourth alternative to modernize the existing infrastructure owned by the agency at the request of senior leadership.

FRTIB evaluated the following models:

1. **Predominantly build.** FRTIB would build a completely new environment that is owned by the government and operated by a contractor. According to the analysis of alternatives, with this model, FRTIB would be responsible for designing, engineering, building, testing, implementing, operating, and maintaining the business and IT aspects of every TSP administration activity in which the agency engages. The analysis notes that this model would not include services related to independent audits, management of the Government Securities Investment Fund (or G fund) offered by TSP, a mutual fund window, and trustee services (custodial bank), among other things.²⁰
2. **Hybrid model.** This model represents a contractor owned and operated sourcing option. According to the analysis of alternatives, this model outsources the IT aspects of every TSP administration activity in which FRTIB engages and the agency would oversee the contractor's activities. This model would also outsource the business aspects of every activity, except those business services that cannot be outsourced due to legal constraints and business services that senior leadership had expressed a preference for retaining in-house.²¹

²⁰According to the TSP website, the mutual fund window allows TSP participants to invest a portion of their savings in available mutual funds. A mutual fund pools money from many investors and invests the money in securities such as stocks, bonds, and short-term debt. Trustee services are intended to provide the safe holding of TSP assets in a trust.

²¹Agencies are not permitted to contract for "inherently governmental functions." See, e.g., Office of Management and Budget, Circular No. A-76 (May 29, 2003). According to the analysis of alternatives, plan document services and plan amendments, which roughly equate to publishing regulations and amending the Federal Employees' Retirement System Act of 1986, can never be outsourced because they are inherently governmental functions.

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3. **Predominantly buy.** This model would consist of a contractor owned and operated sourcing option with FRTIB oversight. According to the analysis of alternatives, this model outsources the business and IT aspects of every TSP administration activity in which the agency engages, except business services that cannot be outsourced due to legal constraints.
 4. **Enhance existing IT infrastructure.** This model represents a government owned, contractor operated sourcing option for recordkeeping services and the agency's ongoing efforts to enhance existing IT architecture and application platforms.

FRTIB then analyzed each alternative and scored them based on established criteria such as the model's ability to provide industry-standard cybersecurity, address business risks, control costs over time, accommodate growth and flexibility, enable participant-focused experiences, and minimize negative impacts to participants during the transition.

The analysis included inherent risks to each alternative. According to the analysis, all the alternatives would require substantial effort to address identified risks, such as the lack of skills needed to articulate business requirements and the need to ensure the quality of participant data for a successful data conversion process. For the models offering outsourced services—models two and three—risks of knowledge retention to conduct oversight of contractor activities and lack of transparency into participant data security controls were identified, among others.

According to the results of the analysis, the third alternative—predominantly buy—received the most favorable overall score, followed by alternative two and four, and the first alternative—predominately build—received the least favorable score. Ultimately, FRTIB selected the second alternative—the hybrid model—as the solution for modernizing TSP services.²² By assessing various alternatives, FRTIB was better positioned to make an informed decision on the most appropriate solution.

²²The non-outsourced services for this model include providing the branding, look and feel, and tone for the TSP; federal agency outreach and TSP training; investment management; annuity services; trustee services (Custodial Bank); and regulatory and compliance services.

FRTIB Defined High-Level Requirements but Did Not Ensure the TSP System Was Consistent with Them

Requirements for services should be clearly defined so that they can be understood by potential offerors.²³ For performance-based acquisitions, requirements are generally defined during acquisition planning in a statement of objectives and performance work statement.

As previously discussed, FRTIB developed a statement of objectives as part of its request for proposals, in August 2019. The objectives were intended to describe the agency's high-level requirements, or expected outcomes, for acquiring the services supporting the new TSP recordkeeping system. The statement of objectives also stated that the recordkeeping services must comply with federal regulations.²⁴

FRTIB also developed narratives to provide additional details regarding the scope of services that were to be included in the management of the new system. The narratives included a description of the legacy system's operation. According to the agency, they were to be used to generate ideas about regulatory, policy, and process changes that could provide a better experience for participants and simplify the transition to a new contractor.

In October 2020, AFS provided FRTIB a proposed solution to its statement of objectives and narratives by submitting, among other things, a contractor performance work statement. FRTIB evaluated the proposed solution and determined that it would meet its objectives. After the contract was awarded, AFS used the information provided by FRTIB in the statement of objectives and narratives to develop more-specific operational, functional, technical, and system requirements.

However, FRTIB did not always ensure that AFS's proposed solution was consistent with its high-level requirements before the new system was deployed. For example, the system was not consistent with federal laws and regulations related to loan repayments, court ordered benefits, and accessibility.

- **Loan repayments.** The initial payment on a loan is due on or before the 60th day following the loan issue date.²⁵ However, the TSP recordkeeping system was not allowing certain participants to have a

²³See, e.g., FAR § 37.503.

²⁴See, e.g., 5 C.F.R. Part 1600.

²⁵5 C.F.R. § 1655.14(c).

full 60-day grace period for their first loan repayment. Instead, the system required loan repayments by the last day of the month following the month the loan was initiated. As a result, some participants were considered late on a loan repayment before 60 days had passed, increasing their risk of delinquency. According to AFS, the system was coded based on their understanding of the federal regulations, specifically the language indicating that the initial payment on a loan is due on or before the 60th day following the loan issue date. Based on this interpretation and without AFS having visibility into payroll schedules, AFS stated that participants who are paid monthly could have had an initial payment due in less than 60 days.

According to feedback FRTIB provided to AFS on this issue, the contractor's solution does not provide a realistic time frame for employing agencies to submit the first loan repayment via their payroll system. In May 2024, FRTIB officials stated that the 60-day grace period issue for participants with weekly and bi-weekly loan repayment amortizations was fixed in April 2023. However, those participants with monthly loan repayments continued to not get the benefit of the full 60-day grace period to which they were entitled. In July 2024, AFS stated that this issue impacted 352 participants.

- **Court ordered benefits.** Federal regulations specify how court ordered retirement benefits should be calculated.²⁶⁵ However, the TSP recordkeeping system was calculating it differently and, as a result, the payees were not given the correct amount. According to a log AFS maintains on system issues, the method of calculation was verbally discussed with FRTIB but never documented. In May 2024, FRTIB was in the process of updating its regulations to reflect AFS's approach for calculating these benefits. The agency expected the publication of a proposed regulatory amendment in the third quarter of 2024. Once the regulation is final, FRTIB plans to evaluate the population of participants that were calculated under the previous regulation and adjust their earnings calculations accordingly. According to AFS, approximately 5,000 court ordered benefits were impacted by this calculation.
- **Accessibility.** Section 508 of the Rehabilitation Act of 1973 (hereinafter referred to as section 508) requires that agencies provide individuals with disabilities comparable access to electronic

²⁶⁵ C.F.R. § 1653.4. According to the TSP website, a retirement benefits court order is a court order, judgment, or decree that is issued under a state's domestic relations law. It recognizes the right of a participant's current or former spouse, child, or dependent (referred to as the payee) to receive all or part of the participant's TSP account.

information and data comparable to those who do not have disabilities unless an undue burden would be imposed on the agency.²⁷

However, shortly after system launch in 2022, FRTIB began receiving complaints from participants that the TSP.gov website was not compliant with section 508 requirements. For example, multiple website pictures and buttons did not include image descriptions for screen readers, which prevented visually impaired participants from receiving all the information on the website and from properly being able to navigate the site. AFS had remediated the most critical of these issues by November 2022 and, as of April 2024, only one issue remained related to a section of the website that may not be viewable to low vision users due to the contrast in the colors being used. According to FRTIB officials, they expect it to be remediated by July 2024.

These issues occurred, in part, because FRTIB relied on AFS to have decision-making authority on all necessary business policies and procedures—reflected in system requirements—to meet the objectives outlined in FRTIB’s statement of objectives. During the 18 months preceding the new system launch, AFS requested that FRTIB develop more-specific requirements. However, according to FRTIB officials, by obtaining a managed service contract, it intended to transfer all operational and technical decision-making to AFS for the new TSP recordkeeping system. As a result, FRTIB had decreased assurance that the new TSP recordkeeping system would adequately meet its needs, produce desirable outcomes for its participants, and comply with federal requirements.

FRTIB Did Not Always Ensure That the Contractor’s Technology Solution Met the Desired Performance Outcomes through Testing

Industry guidance highlights the need for acquirers of products and services to ensure that an acquired solution meets the desired outcomes.²⁸ Specifically, these practices encourage the acquirers to conduct reviews to verify progress, ensure that contractual requirements are met, and determine if the system fulfills business objectives for delivering services. In addition, FRTIB’s Contracting Procedures state that the Contracting Officer’s Representative, an FRTIB employee, must

²⁷29 U.S.C. § 794d.

²⁸Software Engineering Institute, *Capability Maturity Model® Integration for Acquisition*, Version 1.3 (Pittsburgh, Pa.: November 2010) and Institute of Electrical and Electronics Engineers/ International Organization for Standardization/ International Electrotechnical Commission, *International Standard for Systems and Software Engineering—System Life Cycle Processes*, ISO/IEC/IEEE 15288-2015 (E) (New York: N.Y.: May 15, 2015).

verify that the work performed by the contractor is in accordance with the contract requirements.

The TSP services contract required AFS to provide demonstrable proof that it could meet requirements for the proposed solution via a system test plan and test results that FRTIB was to approve. According to the contract, the test plan and results should include

- user test case scenarios that demonstrate the TSP participant experience with the proposed solution,
- interface testing between the contractor's system(s) and FRTIB and third-party systems to demonstrate the successful conversion of data including the integrity of the data, and
- system testing to demonstrate the recordkeeping solution can meet the requirement for transaction volumes and availability.

In addition, the contractor's plan for transitioning services for the TSP notes that FRTIB involvement is necessary to transfer knowledge, grant access to documentation, and appropriately review and sign-off on requirements, data, and system functionality.

The contractor performed various system tests in preparation for the deployment of the new TSP recordkeeping system. For example, functionality testing was conducted from March 2021 to February 2022. Functionality testing was intended to demonstrate that the recordkeeping solution met certain requirements to ensure there were no disruptions in service at the time of transitioning from the legacy system to the new one.

User acceptance testing was conducted from December 2021 to February 2022. This testing focused on functionality related to the user's interaction with the website, mobile application, and the virtual assistant to ensure they were all intuitive for the participant.²⁹

In addition, data conversion testing was conducted from April 2021 to April 2022. This testing was intended to ensure data could be successfully transferred from the legacy system to the new one. Load testing was also performed from March 2022 to May 2022 to ensure the

²⁹TSP's virtual assistant, AVA, is an online chat feature intended to provide participants with answers to general TSP questions.

TSP recordkeeping system could handle the activity by participants and other entities interfacing with the system during operation.

To demonstrate testing outcomes, AFS provided FRTIB with documentation that contained, among other things, the area being tested such as beneficiary designations; the specific test being conducted; testing criteria; whether the test passed or failed; and screenshots that were to show evidence of testing outcomes.

However, FRTIB could not provide evidence that it verified that AFS successfully completed all testing in accordance with its test plans prior to the new system launch. For example, FRTIB and its contractor could not provide evidence that some system functions were ever successfully tested, such as recordkeeping functionality test results relating to spousal consent for loan initiation. These results included tests that were listed as “unverified” with functionality configuration still in progress.³⁰ In addition, some tests related to beneficiary asset transfers were unverified, stating that the contractor was awaiting system configuration for several items. The testing documentation indicated that the testing for these cases would take place later. However, FRTIB could not provide evidence that its contractor demonstrated that those tests were conducted in subsequent testing activities. Nonetheless, FRTIB approved the testing documentation. According to officials, they did not expect to see 100 percent pass of all subcomponents in the test results and that AFS provided many screen shots as evidence to demonstrate work had been performed.

However, in many cases, the screenshots provided in the testing documentation that were intended to demonstrate evidence of testing outcomes were unreadable and overlapped within the documentation. This made it impossible to determine which test the screenshot was associated with and what information the screenshot was conveying.

In addition, various issues were discovered throughout data conversion testing that affected participants after system launch. For example, beneficiary designations were not converting correctly and participant names, dates of birth, and social security numbers were not matching up for some participants. According to FRTIB, this happened for a variety of reasons, such as inaccurate information in the legacy system or data

³⁰These system tests were specifically related to the initiation of general purpose and primary residence loans.

corruption issues. Therefore, FRTIB made the decision not to transfer beneficiary information for approximately 157,000 participants. According to FRTIB officials, images of the beneficiary designations from the legacy system were retained in the event it was necessary to determine the official beneficiary before a participant could resubmit their designation in the new system.

Further, various planned load testing activities—such as annuity withdrawal request, installment withdrawal requests, changes to installment payments, and death claims—were not conducted. According to FRTIB and AFS officials, these tests were not performed because the number of historical transactions from the legacy system was low and did not warrant the need to execute load tests for these specific transactions. AFS added that there have been no system performance issues related to these areas since the system was launched.

Load testing activities were also planned for the TSP virtual assistant, such as those intended to test its capabilities to handle requests for password reset and unlock, beneficiary designations, and death claims. However, FRTIB officials stated that these load tests were not conducted because it was not a requirement for the system to launch.

According to FRTIB officials, obtaining objective evidence to verify that the system meets the requirements is a standard practice but, in the context of a performance-based contract, the evidence should be about achieving the desired outcomes, rather than conforming to a set of detailed specifications. Instead, FRTIB officials stated that their role was to ensure progress was made to confirm AFS was performing the work required and that AFS was responsible for ensuring that system testing was appropriately conducted. However, as previously stated, FRTIB's Contracting Procedures state that FRTIB must verify the work performed by the contractor is in accordance with the contract requirements. By not taking steps to verify that testing was complete and clear evidence was provided, FRTIB could not ensure that the contractor's solution would fully meet the intended outcomes and perform as expected once the system was launched.

FRTIB Established Acquisition Milestones but Did Not Consistently Ensure They Were Fully Met

According to our prior work, agencies should make use of milestones and exit criteria as their acquisitions move through the acquisition phases.³¹ In doing so, exit criteria and decision reviews should be used to ensure that program managers obtain the appropriate level of knowledge to proceed to the next acquisition phase.³² When used, these help to ensure that information is properly shared to make decisions, and reduces the risk of performance shortfalls, among other things.

The TSP recordkeeping services acquisition progressed through two phases before the new system and its related services were moved into operation—acquisition planning and transition. FRTIB developed various milestones for both phases. Completion of these milestones was required before the acquisition could progress. However, the agency did not always ensure that the milestones were fully met before the acquisition progressed further in the process.

Acquisition planning phase

According to the TSP recordkeeping services acquisition plan, various milestones must be met for the acquisition planning phase. These milestones include, for example

- approving an acquisition plan;
- posting a statement of objectives for the acquisition;
- documenting a plan for how the competing offeror proposals will be evaluated and analyzed;
- announcing the official solicitation
- assessing the qualifications of competing offerors; and

³¹See GAO, *VA Acquisition Management: Action Needed to Ensure Success of New Oversight Framework*, [GAO-22-105195](#) (Washington, D.C.: Aug. 11, 2022) and [GAO-12-833](#). Exit criteria consists of specific criteria that programs need to meet during key milestones before being approved to move to the next acquisition phase. Exit criteria can include confirming that a capability meets a business need or ensuring that key documents are approved and signed by key officials.

³²Decision reviews require agreements from key stakeholders that the requisite knowledge was captured and exit criteria was met in deciding to move to the next acquisition phase. To the extent possible, exit criteria should be quantifiable, and decision reviews should be consistent across acquisition programs.

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- preparing a source selection authority memorandum that receives approval from the technical evaluation team chairperson, source selection authority, and the Office of General Counsel.

FRTIB completed these milestones and documented their final decision for awarding the contract and how they came to their decision in a source selection memorandum. This memorandum was prepared by the contracting officer and received approval by the required stakeholders. This allowed FRTIB to move the acquisition to the transition phase.

Transition phase

The TSP services contract included numerous milestones for the transition phase. These milestones related to key activities that had to be completed for the FRTIB to successfully transition from the legacy TSP recordkeeping system to the new modernized system and related services. For example, the transition phase criteria included procuring a new recordkeeping system and software, providing traceability between the delivered solution and the performance work statement, successfully testing the system, and demonstrating the ability to meet performance targets for 90 consecutive days prior to the new system launch, among other things.³³

While AFS provided FRTIB with documentation that was intended to show that each of the established milestones was completed, it did not always show that AFS had fully met them. For example, the TSP testing results were reviewed and accepted by FRTIB despite the agency not verifying that all testing was complete and that test results met expected outcomes, as previously discussed.

In addition, while AFS was to demonstrate its ability to meet performance targets for 90 consecutive days prior to system launch, FRTIB accepted the results of these demonstrations without evidence that the targets could be met for 90 consecutive days. Specifically, AFS demonstrated that it could meet all performance targets by May 2022 (1 month prior to system launch), but the contractor could not demonstrate that it consistently met those targets for the full 90 days. Instead, AFS demonstrated that it could meet only approximately 30 percent of the targets in March 2022 (3 months prior to launch) and 90 percent of the targets in April 2022 (2 months prior to launch). Performance targets not

³³We provide a detailed discussion about how FRTIB monitors its contractor's performance against these performance targets later in this report.

met until May 2022 related to timeliness of legal and death claims, fraud detection investigation reports, and participant satisfaction. Therefore, AFS had not demonstrated that they could meet at least 70 percent of the established performance targets for 90 consecutive days prior to system launch. Nevertheless, FRTIB accepted the results of these performance targets in May 2022.

According to FRTIB officials, although the contract states that AFS was to demonstrate its ability to meet performance targets for 90 consecutive days, an alternative plan was implemented where the contractor was to demonstrate it could meet performance targets within the 90-day period, but not 90 consecutive days. By continuing to progress through the acquisition without ensuring that each milestone was effectively met, FRTIB had less assurance that it had adequate information to make decisions and had increased its risk of experiencing performance shortfalls.

FRTIB Did Not Always Ensure Workforce Requirements Were Met

Our prior work, as well as leading practices, emphasize the need for a strong and knowledgeable workforce to ensure the project is successful and meets business needs.³⁴ To help ensure that the contract, and the work required under it, was managed and overseen by an effective workforce, FRTIB's Contracting Procedures and the TSP services contract identify specific workforce requirements for both FRTIB and AFS. These requirements relate to skills, training, and background investigations for contract personnel; as well as training and certification requirements of FRTIB staff overseeing the contract.

FRTIB Established Minimum Qualifications for Two Key Contractor Positions

According to the TSP services contract, AFS was to provide skilled personnel required for the effective and efficient performance of the contract. The contract established minimum qualifications for two key AFS personnel. Specifically, the Program and Transition Executives were required to have demonstrated experience in managing very large retirement plan recordkeeping programs that included transition and ongoing service delivery.

In response to these requirements, AFS provided FRTIB a summary of the experience of its leadership team, including the two positions mentioned in the contract. In addition, AFS described its experience in

³⁴See [GAO-12-833](#); Office of Management and Budget, U.S. Digital Service Digital Services Playbook (Washington, D.C.: August 2014); and Software Engineering Institute, *Capability Maturity Model® Integration for Acquisition*, Version 1.3 (Pittsburgh, Pa.: November 2010).

Contractor Employees
Required Records
Management Training, but
FRTIB Did Not Verify
Compliance

performing recordkeeping services at other large organizations, including state governments and private companies. It also described its experience in transitioning organizations from one system to another, including data conversion. To support these claims, AFS submitted six examples of past performance at a variety of organizations. FRTIB evaluated these examples and deemed them relevant examples that provided them substantial confidence in AFS being able to successfully perform the required effort.

According to the TSP services contract, all contractor employees assigned to it who create, work with, or otherwise handle records are required to take FRTIB-provided records management training. The contract further states that AFS is responsible for confirming training has been completed according to FRTIB policies, including initial training and any annual or refresher training. In addition, FRTIB's Contracting Procedures state that the Contracting Officer's Representative, an FRTIB employee, must verify that the work performed by the contractor is in accordance with the contract requirements.

However, FRTIB did not ensure that its contractor personnel received initial or refresher training related to TSP participant records management, or that AFS ensured this training was received by its subcontractors. Specifically, AFS provides FRTIB with information on the date individual staff received records management training. However, the information provided does not include all the information that would be needed for FRTIB to ensure the training was received on time, such as the initial hire date. Regardless, according to FRTIB officials, the agency is not verifying that all contractor and subcontractor employees have received initial or refresher training. Officials added that they do have access to training completion records if they request them.

As a result, FRTIB is unaware whether contractor staff who create, work with, or otherwise handle TSP participant records understand proper records management. According to FRTIB officials, the agency plans to modify one of the contract's service level requirements (SLR) to require AFS to substantiate their compliance with records management training.³⁵ FRTIB will then, officials stated, oversee the SLR as part of standard

³⁵An SLR is a defined performance level that a service provider is to achieve to meet program outcomes.

oversight. As of May 2024, the agency did not have a time frame for completing this task.

Contractor Employees
Received Privacy and Security
Awareness Training

According to the TSP services contract, the contractor is to ensure that initial privacy training, and annual privacy training thereafter, is completed by contractor employees who

- have access to a system of records;
- create, collect, use, process, store, maintain, disseminate, disclose, dispose, or otherwise handle personally identifiable information on behalf of an agency; or
- design, develop, maintain, or operate a system of records.

The TSP services contract also states that the contractor is to comply with the Federal Information Security Modernization Act of 2014 (FISMA) and policy directives. Among other things, FISMA requires agency officials and their contractors to have security awareness training to inform personnel, including contractors and other users of information systems that support the operations and assets of the agency, of

- information security risks associated with their activities, and
- their responsibilities in complying with agency policies and procedures designed to reduce these risks.

In addition, FRTIB's Contracting Procedures require the Contracting Officer's Representative to verify that the work performed by the contractor is in accordance with the contract requirements.

FRTIB oversees privacy and security awareness training requirements through an SLR on a quarterly basis. The performance target for this SLR is that 100 percent of contractor employees are to complete either initial or annual security awareness training. During our evaluation period, AFS provided quarterly SLR target reports for August and November of 2022, and February, May, August, and November of 2023.

In August 2022, AFS reported a 53 percent performance achievement. Since that time, AFS reported meeting the 100 percent performance target. However, FRTIB was not able to verify the reported performance target for two of the six quarterly periods due to lack of key information. Specifically, in November 2022, the information AFS provided did not include the date of assignment to the TSP services contract for the staff receiving the training. This date is important for confirming whether the

individual received the training in a timely manner. In addition, in February 2023, the information AFS provided did not include the last completion date of the training, making it difficult to ensure that individuals received either initial or refresher training in a timely manner.

The information necessary for effective oversight was missing because FRTIB had not listed the information in the contract data requirements. Specifically, the Quality Assurance Surveillance Plan (QASP) matrix includes the agreement between FRTIB and AFS on the data necessary for proper oversight of the SLR. The matrix did not include assignment date or last completion date for the SLR related to security awareness training.

According to FRTIB, subsequent to the November 2022 data submission, the agency requested that AFS provide the date of assignment for each individual. In addition, in January 2023, FRTIB requested that AFS include additional information in their future data submissions on the last training completion date. Agency officials stated that AFS and FRTIB met in February 2023 to finalize data submission requirements for this SLR and AFS began providing this additional information in quarterly data submissions beginning in April 2023. Obtaining the additional information allowed FRTIB to conduct oversight of privacy and security awareness training more effectively.

Participant Service Representatives Are Provided Job-Specific Training

Participant Service Representatives (PSR) are the contractor staff that, among other things, respond to participant inquiries and needs through the TSP ThriftLine. According to the TSP services contract, the contractor is to provide three weeks of initial training for PSRs, including instructor-led, computer-based, and on-the-job training. The contract states that PSRs must successfully pass the training prior to assisting participants in live interactions and take periodic refresher, topical, and ad hoc trainings.

AFS established a training program for all newly hired PSRs. The training is an 11-day course consisting of topics such as customer service essentials, caller authentication, common TSP tools, loans, withdrawals, and beneficiaries, among other things. All PSRs are also to receive a 1-day training course at the end of each year in December. According to AFS, refresher training is also provided throughout the year.

We randomly sampled a list of 25 PSRs and AFS provided evidence that showed that all 25 individuals had completed new hire training. Providing this training decreases the risk that PSRs will be unprepared to assist TSP participants.

FRTIB Did Not Always Ensure Proper Background Investigations Were Obtained

According to the TSP services contract, certain contractor personnel are required to undergo a U.S. Government background investigation. The type of background investigation was determined based on the nature of staff's job duties. The contract further states that FRTIB will allow the contractor's employees to begin the performance of their duties once such employees have submitted the necessary background investigation paperwork and FRTIB has satisfied its prescreening process and notified the contractor of the acceptance of that paperwork.

Our review of a subset of contractor staff identified at least 23 contractor employees that did not have the correct background investigation conducted for their position. Specifically, 19 individuals had a more costly tier 2 investigation conducted when their position only required the lower cost tier 1 investigation.³⁶ As a result, we estimate that FRTIB paid an additional \$4560 for these investigations. In addition, four individuals received a lower tier investigation when their position required a higher, more rigorous investigation. Specifically, two of the four individuals received a tier 2 investigation when their position required a tier 4 investigation.³⁷ The other two individuals received a tier 1 investigation when their position required a tier 2 investigation.

The reason the individuals received the incorrect background investigation is that FRTIB does not have a process in place to verify that the investigation type requested by the contractor is the correct type for the contractor's position. As a result, contractor employees performing high-risk tasks were doing so without receiving the proper background investigation for their position. In addition, for individuals receiving higher-level investigations, FRTIB paid additional funds for background investigations that are not required for their job duties.

According to FRTIB, since the time of our review, AFS has modified its processes and procedures to leverage functionality and existing reporting within the National Background Investigation Services system—the federal government's system for processing background investigations. More specifically, the National Background Investigation Services system includes a report that allows AFS to validate the background investigation

³⁶Tier 1 is the level of investigation for positions designated as low-risk, non-sensitive. It is also the minimum level of investigation for a final credentialing determination for physical and logical access. Tier 2 is the level of investigation for non-sensitive positions designated as moderate risk public trust positions.

³⁷A Tier 4 investigation is for positions designated as high-risk public trust.

type prior to the investigation being scheduled. If the investigation was initiated under the incorrect level, the contractor can correct it prior to a cost being incurred by FRTIB. Agency officials stated that this change in the process should identify and minimize errors moving forward. As a result of this modification, FRTIB has increased assurance that its contractor will validate the type of background investigation required against the investigation scheduled to ensure staff assigned to the contract receive the correct background investigation type for their job position.

In addition, the contract does not include a requirement that FRTIB is notified when a new employee is assigned to the contract to include their name and position title. Therefore, FRTIB cannot ensure that all contractor staff have submitted the necessary background investigation paperwork and prescreened them in a timely manner prior to performing their job duties. As a result, the agency is at increased risk that individuals are performing high-risk tasks prior to submitting background investigation paperwork and being prescreened for suitability by the agency.

FRTIB Could Not Always Demonstrate Its Contracting Officers Received Proper Training and Certification

According to FRTIB's Contracting Procedures, a Contracting Officer (CO), with assistance from the Contracting Officer's Representative, is responsible for contract administration. The procedures note that contract administration includes contract oversight and involves several key players, most importantly the CO and Contracting Officer Representative. To fulfill their duties, the procedures require COs to be fully qualified to serve in their position by satisfying the education, experience and training requirements contained in the Federal Acquisition Institute Federal Acquisition Certification in Contracting program.

FRTIB appointed four different COs from 2018 to 2023 for the TSP services contract. The agency provided evidence that two of the four COs had completed the required training and certification requirements. However, FRTIB could not provide evidence that the individuals serving as the CO from 2018 to 2022 had the appropriate training and certifications to perform their duties. As a result, staff charged with overseeing key activities for the TSP services contract may not have been adequately trained to do so.

According to FRTIB, it uses a records management system for Federal Acquisition Certifications to track certification status. FRTIB officials added that the reliance on the system alone as a storage location for the certificates caused a single point of failure when acquisition workforce

members left the agency. This is because, according to officials, validation of their certification status can only occur through the system while they are employed at FRTIB. To correct this deficiency, in December 2023, FRTIB began collecting and storing certificates in a local repository with limited access, as well as in the records management system.

Participants Encountered Various Issues with the New System, and Many of Them Were Addressed

Soon after the modernized TSP recordkeeping system launched in June 2022, participants began experiencing issues accessing their accounts and completing transactions. The main issue at the time of system launch was the need for participants to create a new username and password to access their accounts. Initial security settings in the system made this difficult for some participants, which led to thousands of calls a day to the ThriftLine.

For example, according to AFS reports, the ThriftLine received 120,644 calls the first day of the transition to the new system. The average wait time to speak to a PSR went from 35 minutes the first day of system launch to two hours by the third day after launch. AFS was able to increase the number of PSRs and adjust the system to decrease the number of calls within a few months.

Another key issue at the time of the new system's launch was that beneficiary data had not been transferred for thousands of participants, as we previously discussed, and FRTIB had not informed them ahead of the system's launch. This also contributed to initial high call volumes. To subsequently alert participants of the issue, FRTIB stated that they included information on the TSP website and sent notifications via email and postal mail for those participants affected.

In June 2023, a year after system launch, seven individuals filed a class action lawsuit against the FRTIB, AFS, and the subcontractor that provides the recordkeeping services under the new TSP recordkeeping system. The lawsuit alleges that federal employees and uniformed service members suffered financial hardships due to some of the issues they experienced because of the problems with the transition from the legacy system to the new system.

TSP participants have continued to encounter a variety of issues while using the new system and FRTIB and its contractor took action to address many of them. Among others, participants experienced issues with

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- TSP account access,
 - TSP transactions,
 - required minimum distributions,
 - beneficiary benefits and court order awards,
 - spousal consent for transactions,
 - electronic signatures, and
 - ThriftLine assistance.

TSP account access

When participants set up their TSP account online, the system uses a variety of methods to establish an individual's identity. As part of this identity verification process, some participants are sent a six-digit unique number—a passcode—to complete the account setup process. This passcode is mailed to participants via the U.S. Postal Service. However, participants reported that they were unable to access their account because they were continuously being notified that they would be sent a one-time passcode via the mail every time they attempted to enter the passcode they had already received.

According to AFS, this issue existed because of a failure in the process to verify the participant's identity. As part of the identity verification process, participants are asked to upload relevant documentation, such as a driver's license. This document upload process was failing, and participants were attempting to verify their identity multiple times, triggering another passcode to be mailed.

Another reason for this issue is that the system would only recognize the last passcode issued as being valid. So, participants would enter a previous passcode, not realizing which passcode was the most current, and the system would reject it. This would then trigger the system to send the participant another passcode. According to AFS, changes were made to the system so that all issued passcodes would be valid. In addition, AFS stated that participants can call the ThriftLine and the PSR can verbally relay the passcode to a participant, after their identification is verified, to complete the account setup process.

TSP transactions

Participants reported that funds were not received in the form of a physical check in response to requests for withdrawals and moving retirement funds from the TSP to another provider, or rollovers. According to FRTIB, there are a variety of reasons this could occur. One known cause the officials attributed to this problem was outdated or incorrect addresses on file for the participants or the institutions for fund transfers, as well as checks being stolen during transit. Active federal employees must update their address with their employing agency. Retired or separated participants can update their address using the TSP recordkeeping system or by calling the ThriftLine.

Additionally, AFS identified that invalid addresses for approximately 266,000 participants were converted to the new system even though they had a bad address indicator on the account in the legacy system.³⁸ The bad address indicator did not transfer over with these accounts, making the addresses appear valid. This transfer of invalid addresses may have also contributed to participants not receiving physical checks in response to withdrawal requests. As a result, there was a backlog of check re-issue requests in 2022 that was resolved by the end of the first quarter in 2023, according to AFS. AFS added that subsequently they saw a decrease in check re-issue requests. According to FRTIB, it sends regular communication to participants to remind them to update their addresses.

Participants also reported that their loan repayments did not post to their account, and some reported receiving a delinquency notice as a result. AFS attributed this issue to errors in the TSP recordkeeping system's code and logic supporting these transactions. According to AFS, changes were made to the system to fix this problem in April 2023. In addition, AFS states that the 1,614 affected participants were removed from delinquency and sent a notice making them aware of the issue.

³⁸A bad address indicator was applied to an account where there was a "returned mail" designation from the legacy system or returned mail under the new system.

Required minimum distributions

Participants reported that they had not received their required minimum distributions (RMD), which has tax implications for the participant.³⁹ According to the TSP website, if the total amount of a participant's withdrawals and distributions does not satisfy the RMD, the participant will be issued a supplemental payment for the remaining amount before the deadline each year. However, some participants were not receiving this supplemental payment. This occurred because some participant's accounts—nearly 2600 between December 2022 and April 2023—were incorrectly flagged as having bad or invalid addresses. Therefore, the system was not sending RMD payments to these individuals. According to FRTIB, this amounted to just over \$8 million in unpaid RMDs.

In December 2023, AFS stated that they had worked throughout the year to address those individuals affected by the missed RMD payments by paying out the RMD amount plus any earnings made. In addition, AFS stated that they had adjusted their internal processes to prevent this from reoccurring. Specifically, AFS made an update to the system that will allow the system to look for additional valid addresses on file, such as an address for direct deposit, and send RMD payments there. In addition, in situations where participants have no valid addresses on file, the TSP recordkeeping system will still process the RMD, but the participant's check will not be sent until the participant provides a valid address.

FRTIB reported that they also took a number of actions, including communicating with participants about the issue and requesting that they update their address on file. In addition, FRTIB reported that they communicated with affected participants about how they can report the missed RMD payment to the Internal Revenue Service and request an individual waiver of any excise tax penalty. FRTIB made the Internal Revenue Service aware that this was their failure through a memorandum to the Director of Employee Plans. Subsequently, FRTIB entered into an agreement with the Internal Revenue Service to ensure excise tax penalties would not be incurred from the impacted participants and beneficiaries.

³⁹The Internal Revenue Code requires that participants receive a portion of their TSP account (or required minimum distribution) when they reach a specific age and are separated from service. For a beneficiary participant, the deadline for beginning to receive RMDs depends on whether their spouse died before or after their spouse's required beginning date for RMD payments.

Beneficiary benefits and court order awards

Individuals designated as TSP fund beneficiaries reported that, although they had provided all the necessary documentation, they had not received funds from their deceased spouse or family member accounts. In December 2023, AFS stated that they were unaware of the issue. After further researching specific participant issue examples we provided, AFS stated that the examples reflected processing delays that extended beyond the typical processing timelines for beneficiary fund disbursement due to a variety of atypical events. For example, some participants experienced delays because the documentation received (via mail or fax) was incomplete or did not include a bar code on the forms; or there was a fraud freeze placed on the account for security reasons.⁴⁰

In addition, participants with a court order to obtain retirement benefits, reported that they received a benefit amount that was not calculated correctly.⁴¹ This occurred because, as previously discussed, the standard process used by AFS for calculating the award amounts was inconsistent with federal regulations, which the contractor is required by the contract to follow in automating TSP services. As previously discussed, FRTIB planned to propose changing its regulations to align with AFS's commercial approach to calculating these benefits and expected a proposed rule to be completed by the end of September 2024.

Spousal consent for transactions

Participants reported being able to complete new installment requests without first obtaining the consent of their spouse, as required. According to AFS, this occurred because the system function that is supposed to prevent the installment request to process before receiving spousal consent was not working properly. Specifically, the system was recognizing a participant as married, checking for a spousal consent form, and then processing the installment even if there was no spousal consent

⁴⁰TSP-specific forms contain a unique bar code for the forms to be processed by the system. According to FRTIB, the bar-coded forms help to prevent fraud. Participants are to access these forms through the secure mailbox on the website or via U.S. mail. Forms that do not include this bar code are rejected for automated processing by the system and must be manually processed. Some participants reported having difficulty finding the forms and found older forms without the bar code online and submitted those. If the incorrect, older version of the form is submitted, the forms are likely to be rejected.

⁴¹A TSP participant's current or former spouse, child, or dependents could be awarded a portion of the participant's account at any time during a divorce, annulment, or separation proceeding.

form on file. According to AFS, the system's code was changed to stop the transaction from processing until spousal consent is obtained. In addition, AFS stated that they conducted outreach to the known affected participants to obtain spousal consent for the installment requests, and as of January 2023, had obtained consent for all affected participants.

Electronic signatures

Participants with a pending request needing consent or witness signature through the electronic signature (or e-signature) feature reported having their request cancelled. This issue was reported by TSP participants in September 2022, shortly after the new TSP recordkeeping system launched. In December 2022, FRTIB sent a memorandum to AFS stating their concerns with the continued issues with the e-signature feature. According to AFS, this issue began as soon as the new TSP recordkeeping system launched, and as of January 2023, 11,662 participants were impacted by the issues with e-signature. These impacted participants were attempting a variety of transactions, such as designating a beneficiary and taking out a loan from their TSP account. For this issue, AFS determined that some individuals never received the e-signature document to sign, while others received it and signed via the system, but the transaction was never completed by the system.

According to AFS officials this occurred because of three main reasons. First, the subcontractor that manages the e-signature feature had limited the amount of e-signature requests that could be received in an hour to 5000. Any requests exceeding this limit were rejected. Subsequently, AFS officials stated that adjustments were made to how many e-signature requests were allowed within an hour to address this issue. Secondly, some emailed e-signature requests were not making it to the intended recipient due to

- inaccuracies in the email address;
- the email going to the junk or spam mailbox and never retrieved by the intended recipient; or
- the intended recipient having an automatic reply enabled on their email account, which caused the e-signature request to be dropped by the system.

Another reason some e-signature requests were not making it to the intended recipient was that the system was not capturing the recipient's first name, a requirement for the request to process, and it was rejecting

the request. Subsequently, AFS adjusted the system to make the first name field a required field for e-signature requests.

A third cause of the e-signature issues was that some participants submitted the same e-signature request multiple times in the same day. If an individual completed the requested signature on the earlier request, the TSP recordkeeping system did not recognize the consent form as valid. To remedy this, AFS stated that an identifier was placed on the valid request all the way through the process so that the system would be clear on what requests were valid and which ones were not. The contractor stated that it communicated with the affected participants to obtain signatures from the witnesses or spouses, as appropriate.

ThriftLine assistance

Participants reported having to make multiple calls to the ThriftLine to have their issues resolved. Users reported that, even then, PSRs were unable to explain what was happening with their requests, or provide the information needed to fix the issue.

To address the issues with multiple calls to the ThriftLine, AFS hired additional PSRs and provided additional training for them to improve assistance to the TSP participants. In addition, AFS has made improvements to the system the representatives use to assist participants. We discuss those improvements in more detail later in this report. While these improvements are positive steps, participants continued to express to us that they had issues with getting assistance through the ThriftLine as of May 2024.

Individuals also reported that PSRs forwarded their cases to the “Operations Team” for remediation. However, participants reported that the cases were deemed closed even though the issue was not resolved, and they were not able to speak to anyone in the Operations Team to obtain an update on the status of their request.

According to AFS, closing duplicative tickets for the same issue is intentional. Specifically, the contractor stated that a case is created for every call made to the ThriftLine. When a participant calls the ThriftLine to discuss an existing case, the original case is updated with the new information and the most recent case number is marked as resolved.

AFS officials stated that cases are also closed if the Operations Team does not have enough information to resolve the issue and is unable to

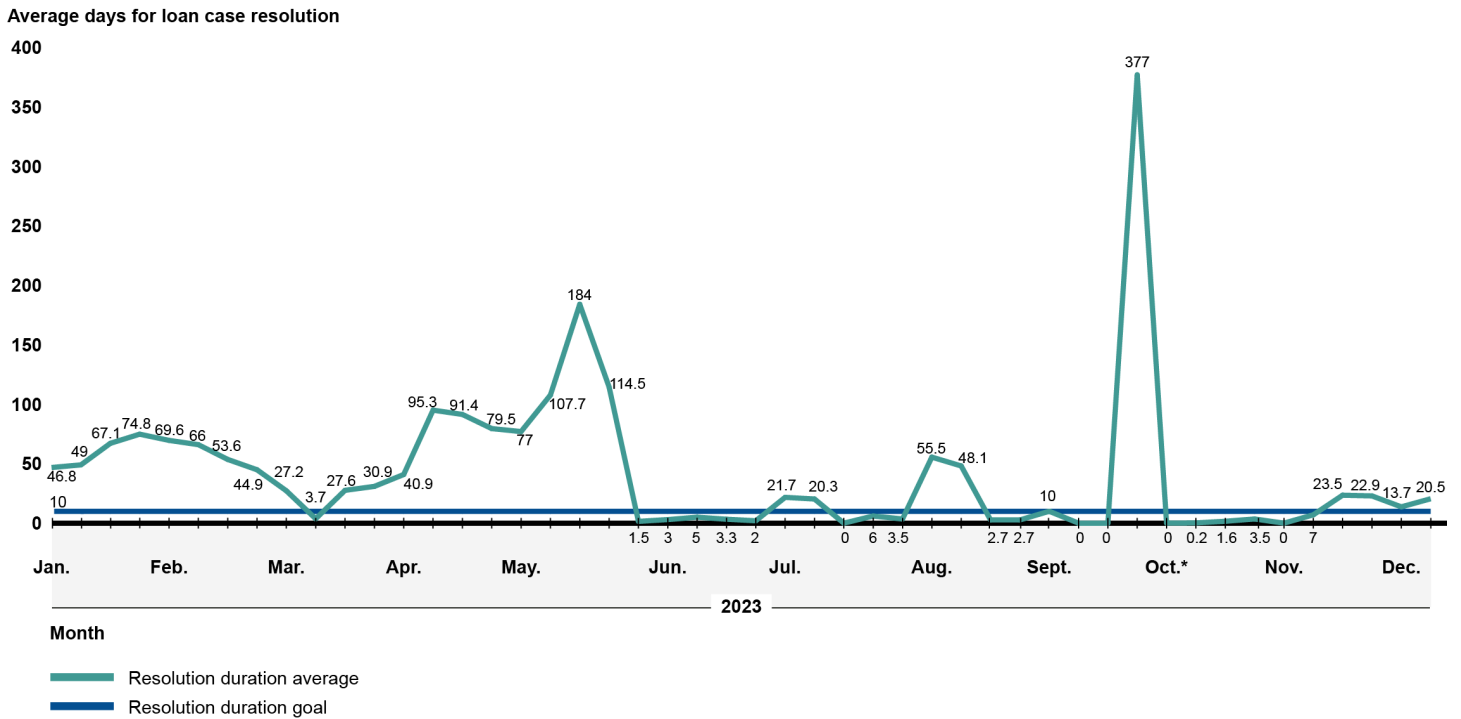
contact the affected participant. Officials also stated that they do not have a way for participants to speak to the Operations Team once a case has been forwarded to them, but that the status of the case should be updated, as applicable, so that the PSR can relay the status to the caller. Although this is the intended process, AFS stated that, in December 2022, they made updates to how PSRs are to document and track the issues reported to the ThriftLine, including those forwarded to the Operations Team.

AFS has reported improvements in the time it takes for participant issues that need additional research—or those sent to the “Operations Team”—to be addressed. AFS tracks these issues and reports the status of them to FRTIB on a weekly basis.⁴² The participant issues AFS tracks on a weekly basis relate to those discussed above such as TSP loans, withdrawals, death benefits, beneficiary designations, and court orders, among others. The reports include issue resolution goals that AFS has established for themselves and actual resolution time averages.

For loan issues, AFS’s internally established goal for resolution is 10 days. However, for 28 of the 52 weeks in 2023, the contractor reported exceeding that time frame for the more difficult cases—14 of the 28 weeks averaging over 50 days for resolution. Figure 2 below depicts loan issue resolution averages per month for 2023.

⁴²According to AFS, in addition to participant issues, these reports could also include cases for action items.

Figure 2: Average Number of Days for the Accenture Federal Services' Operation Team to Close Loan Cases in 2023



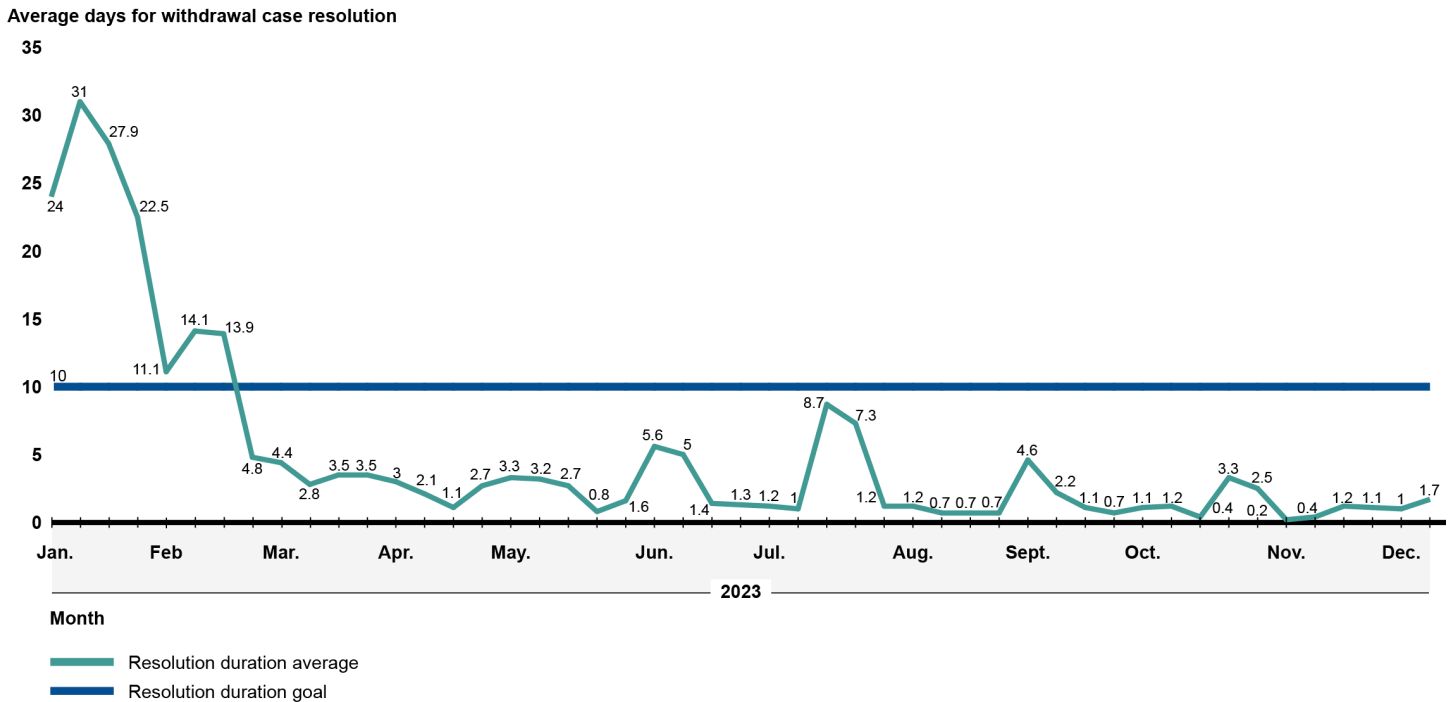
Sources: GAO (analysis); contractor (data). | GAO-24-106319

*=this month's reporting data was missing information for one of the four reporting weeks.

Note: According to Accenture Federal Services, the average resolution duration for these cases is calculated based on the number of days between the date cases were opened and closed in the previous two weeks. The case that had an average number of days of 377 represents a case that was closed and subsequently reopened.

For withdrawals, AFS's internally established goal for issue resolution is 10 days. AFS reported meeting this time frame for the more difficult cases for 42 of the 52 weeks in 2023. The goal was not met in the first two months of 2023 with the highest weekly resolution duration average of 31 days in mid-January. Figure 3 below depicts withdrawal issue resolution averages per month for 2023.

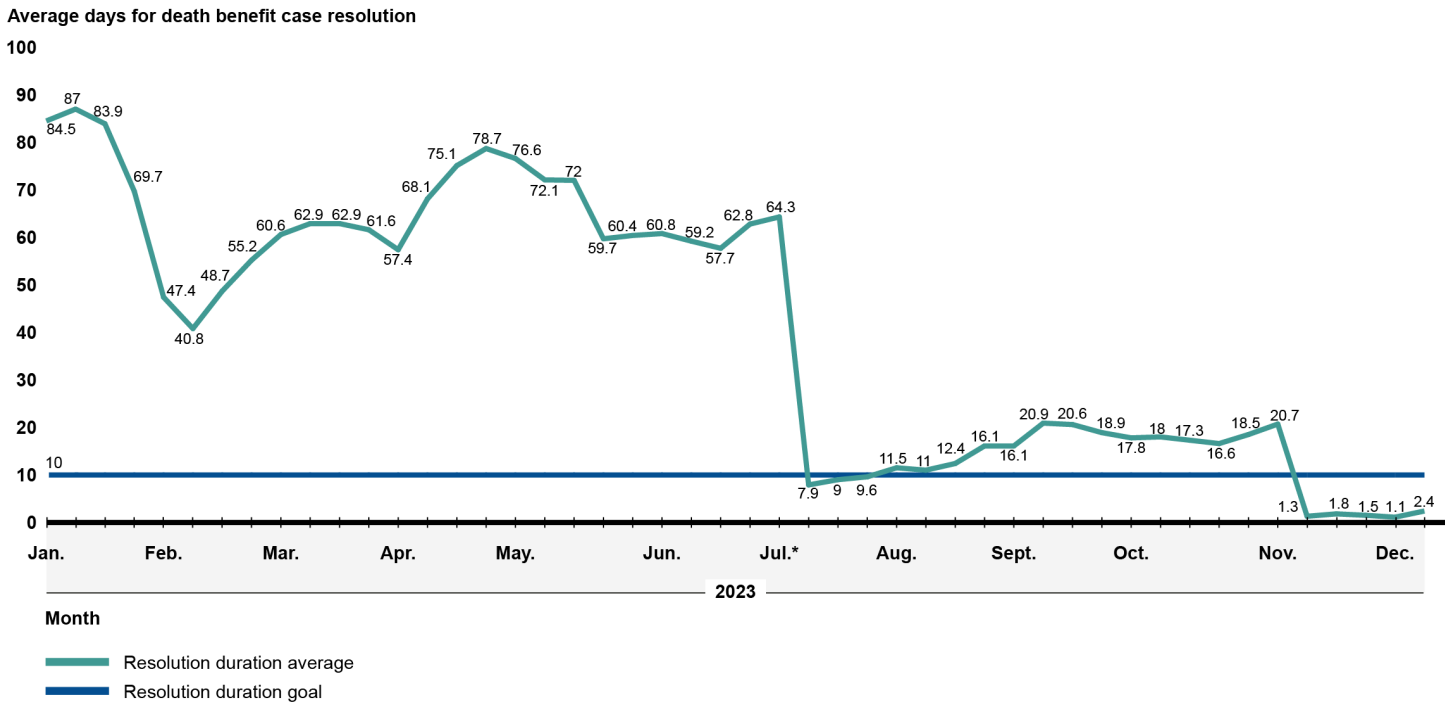
Figure 3: Average Number of Days for the Accenture Federal Services' Operation Team to Close Withdrawal Cases in 2023



Sources: GAO (analysis); contractor (data). | GAO-24-106319

For participant issues related to death benefits, AFS's internally established goal for resolution is 10 days. However, AFS reported exceeding that time frame for more difficult cases in 43 of the 52 weeks in 2023—23 of the 43 weeks averaging over 50 days for resolution. Figure 4 below depicts death benefits issue resolution averages per month for 2023.

Figure 4: Average Number of Days for the Accenture Federal Services' Operation Team to Close Death Benefit Cases in 2023



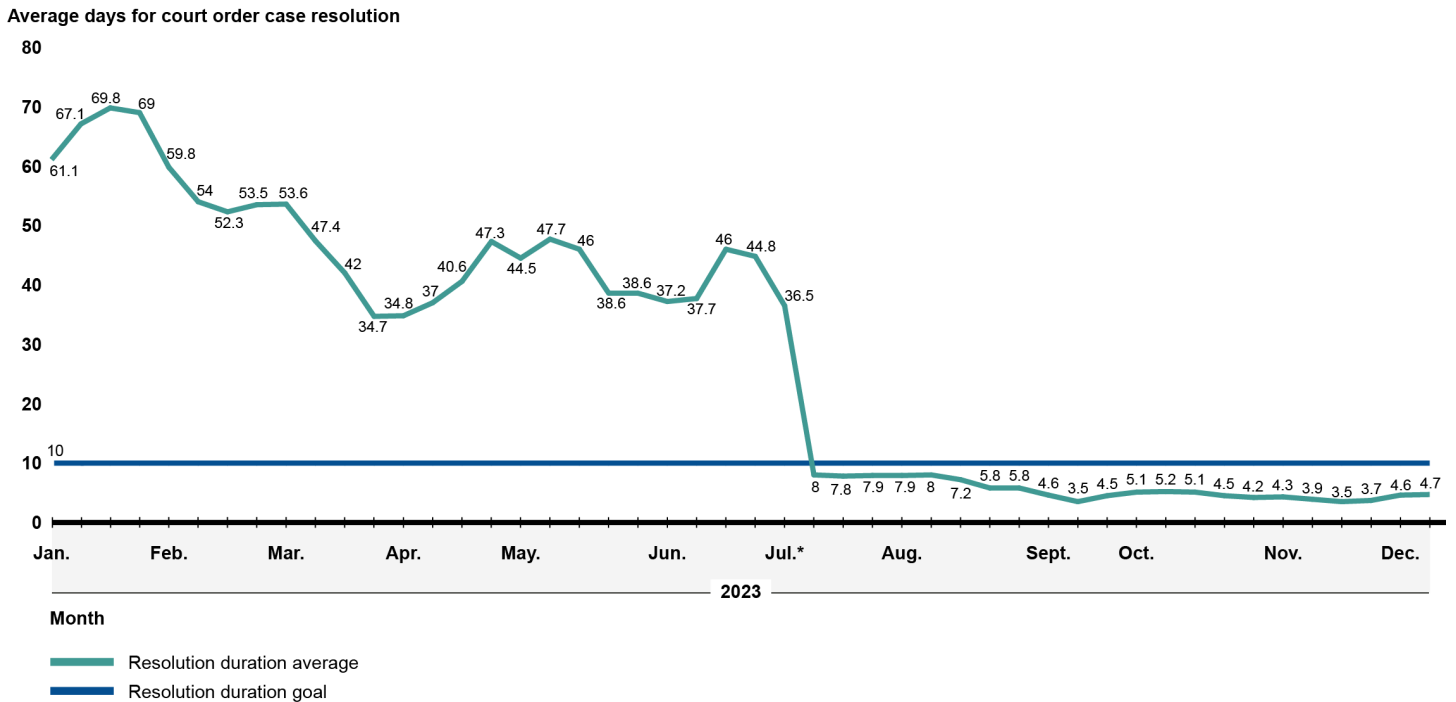
Sources: GAO (analysis); contractor (data). | GAO-24-106319

*=this month's reporting data was missing information for one of the four reporting weeks.

AFS's internally established goal for resolving issues related to beneficiary designation is two days. AFS reported that it had essentially met that goal for 2023—averaging 2.7 or two days for each of the 52 weeks.

For participant issues related to court orders, AFS's internally established goal for resolution is 10 days. AFS reported exceeding that time frame for the first 26 weeks in 2023 and meeting the goal for the remaining 26 weeks in 2023. Figure 5 below depicts court order issue resolution averages per month for 2023.

Figure 5: Average Number of Days for the Accenture Federal Services' Operation Team to Close Court Order Cases in 2023



Sources: GAO (analysis); contractor (data). | GAO-24-106319

*=this month's reporting data was missing information for one of the four reporting weeks.

FRTIB Established an Oversight Approach for Contractor Performance but Lacked Key Data for Full Implementation

FRTIB established an oversight approach to monitor its contractor's performance for the new TSP recordkeeping system. However, the agency did not fully implement that approach because it often lacked important data that was needed for the approach to be effective. In addition, the FRTIB's ability to penalize the contractor was limited.

FRTIB Established a Process for Overseeing Contractor Performance and Compensation Adjustment

According to FRTIB's Contracting Procedures, conducting contract "surveillance" to verify that the contractor is fulfilling contract delivery and that quality requirements are being met is crucial to the mission of the FRTIB, especially to its participants and beneficiaries. To do this, FRTIB established a process to oversee the performance of the contractor as part of the TSP services contract. The process is documented in the

Quality Assurance Surveillance Plan (QASP) and is categorized into key service areas:

- financial interactions;
- participant services;
- administrative services;
- regulatory, accounting and compliance;
- security and information technology;
- program management and quality; and
- cash management and investment.

The established oversight process included performance metrics and surveillance methods available to FRTIB in its oversight efforts. The performance of the contractor is also tied to a performance-related compensation adjustment framework, which outlines requirements for earning financial credits or issuing penalties to AFS based on the contractor's performance for specific metrics.

Performance Metrics

FRTIB's oversight process uses performance metrics, known as service level requirements (SLRs) and key performance indicators (KPIs), to monitor, or surveil, the performance of the contractor to ensure they are meeting the desired program outcomes. Each performance metric has an established performance target that FRTIB expects the contractor to achieve. The performance metrics were divided among the key service categories. Figure 6 below lists the SLRs and KPIs used by FRTIB to oversee the contractor's performance by service category. Detailed descriptions of each performance metric are in appendix II.

Figure 6: Performance Metrics Used by the Federal Retirement Thrift Investment Board to Measure Contractor Performance by Service Category

Service category	Service level requirement	Key performance indicator
Financial interactions	1.1 Schedule compliance	
Participant services	2.1 Participant satisfaction 2.2.1 Participant phone channel availability 2.2.2 Participant web channel availability 2.3 Participant processing accuracy 2.4 Processing time 2.5 Responsive participant support	2.1 Participant channel availability – other than phone and website 2.2 Employing agency satisfaction ^b 2.3 Response time across channels 2.4 First engagement issue resolution
Administrative services	3.1 Transaction processing time 3.2 Transaction processing accuracy 3.3 Payroll processing time 3.4 Payroll processing accuracy 3.5 Timeliness of reports and correspondence 3.6 Timeliness of statement reports and correspondence ^a	
Regulatory, accounting and compliance	4.1 Timeliness of legal and death claims 4.2 Timeliness of accounting feeds ^a 4.3 Audit finding response 4.4 Audit finding corrective action plan	4.1 Audit finding closure
Security and information technology	5.1 Validated security events 5.2 Security awareness training ^a 5.3 Plan of Action and Milestones resolution 5.4 Security and Privacy Impact Assessment completion 5.5 Vulnerability remediation	5.1 Fraud detections investigation reports 5.2 Federal Information Security Modernization Act maturity ^c 5.3 Vulnerability remediation
Program management and quality	6.1 Innovation council summits ^c 6.2 Timeliness of program management plans 6.3 Quality of program deliverables ^c 6.4 Quality assurance reviews ^a	6.1 Continuous innovation ^b 6.2 Continuous improvement ^b
Cash management and investment	7.1 Cash management and investment availability	7.1 Timeliness of technology incident response

^a = Submitted quarterly ^b = Submitted semi-annually ^c = Submitted annually

Sources: GAO (analysis); Federal Retirement Thrift Investment Board (data). | GAO-24-106319

Note: Performance reports for all service level requirements and key performance indicators are submitted monthly unless otherwise noted by the above legend.

The QASP and associated matrix also include specific requirements for each performance metric. Specifically, these documents

- describe the performance requirements for each SLR and KPI, to include the established performance target and the formula used to calculate the contractor's progress in achieving that target;
- define what transactions are to be monitored for each SLR and KPI;
- list the data required by FRTIB to verify the performance reported by the contractor for each KPI and SLR; and
- describe the contractor's reporting frequency for each SLR and KPI (i.e., monthly, quarterly, semiannually, and annually).

Further, the contract outlines the deliverables (or documentation) required from the contractor to facilitate FRTIB's oversight efforts. This documentation includes performance reports with pertinent operational information needed to validate the contractor's performance.

Surveillance Methods

The QASP outlines FRTIB's approach for surveilling contractor performance to ensure that AFS meets contract requirements and desired outcomes. FRTIB can use various surveillance methods included in the surveillance plan to verify contractor performance. These methods are

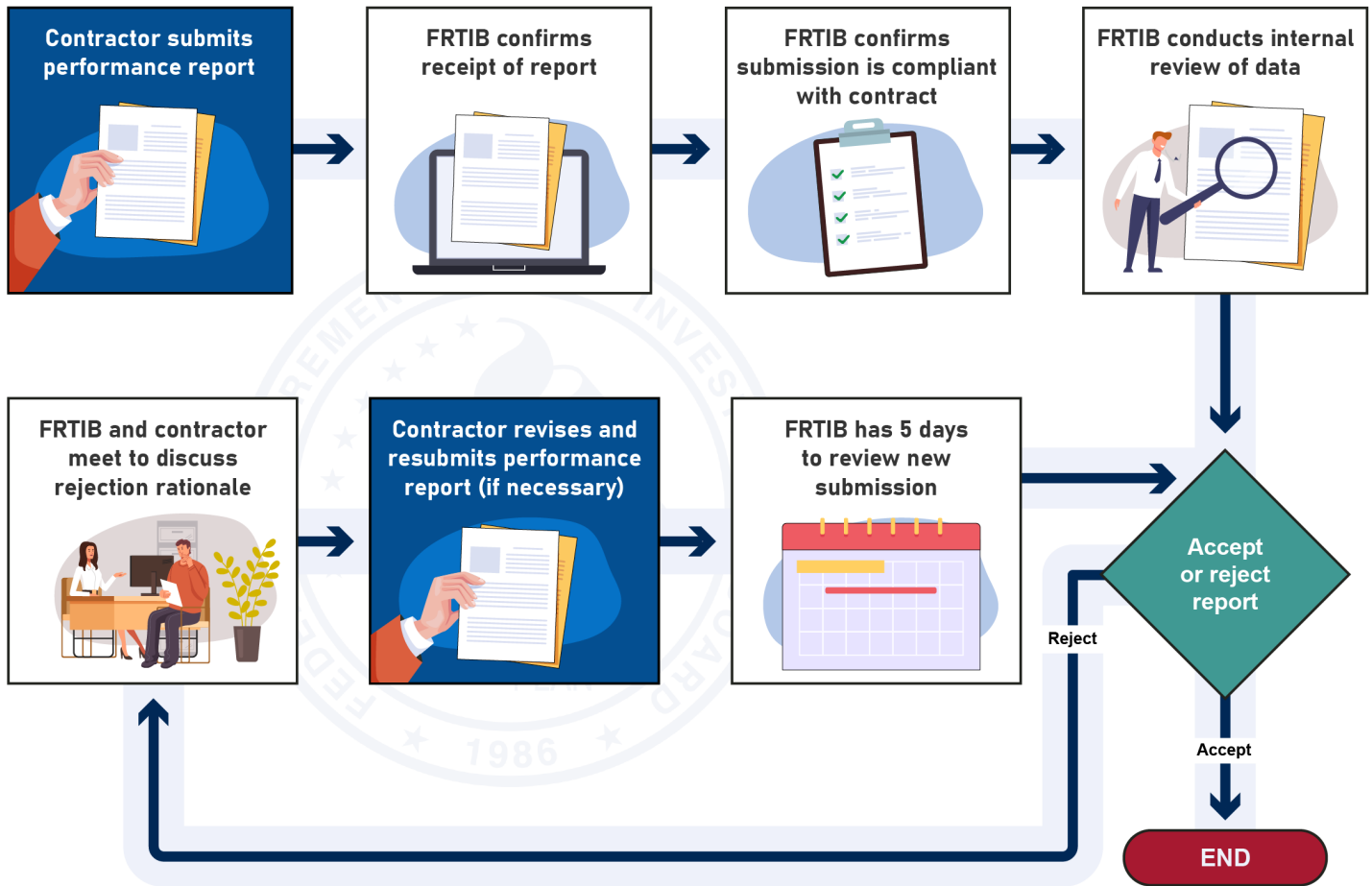
- random monitoring that can use various data sampling methods, such as random and statistical sampling;
- 100 percent inspection, which includes a review of all contract deliverables;
- periodic inspection, which could include inspection of ThriftLine call recordings;
- participants, beneficiaries, and employing agency feedback, which could include customer satisfaction surveys;
- independent verification and validation, which is performed by an entity independent of FRTIB to determine that the contractor is meeting contract requirements; and
- performance requirement monitoring, which requires the contractor to provide reports on its own performance against established performance measures.

Surveillance Process

According to the TSP services contract, the contractor is to submit a set of performance reports for each SLR and KPI at specified intervals (i.e., monthly, quarterly, semiannually, annually, or as needed). These reports include the performance level reported as achieved by AFS and a breakdown of the volume and performance of the transaction types in-scope for the SLR or KPI. FRTIB is to then review these reports and any relevant evidence of performance provided by the contractor to determine if it met or did not meet the performance target. For example, the contractor will provide a sample of transactions processed within a month and FRTIB is to review a subset of those transactions to verify the reported accuracy and timeliness.

If the contractor has not met the performance target, it may be asked by FRTIB to develop a corrective action plan to show how, and by what date, it intends to improve performance in the affected area. According to the TSP services contract, FRTIB has 15 days to review the contractor's performance report and validate the contractor's performance assertion using the various surveillance methods outlined in the QASP. Figure 7 below depicts FRTIB's process for reviewing contractor performance reports.

Figure 7: Federal Retirement Thrift Investment Board (FRTIB) Contractor Performance Report Review Process



Sources: GAO (analysis); Federal Retirement Thrift Investment Board data and logo; Irina/stock.adobe.com (illustrations). | GAO-24-106319

Performance-Related Compensation Adjustment

The TSP services contract includes a Performance-Related Compensation Adjustment (PRCA) framework, which sets requirements for earning financial credits and issuing penalties to AFS based on the contractor’s performance. According to FRTIB officials, the framework was intended to be an incentive for the contractor to achieve standards. The framework identifies a subset of SLRs that are eligible for credits and

penalties for each program year.⁴³ According to FRTIB, by selecting specific categories of services that can earn credit or penalty amounts, the agency intends to focus AFS activity on areas needing improvement or enhancement.

On a monthly basis, AFS estimates the credit or penalty it should receive for that month based on its performance. FRTIB then verifies whether the estimated credit or penalty amount complies with the PRCA framework. Table 2 below outlines each SLR and the credits and penalties that can be issued for a subset of them.

Table 2: Credit and Penalty Eligible Service Level Requirements for Year 1 (June 2022 through May 2023) and Year 2 (June 2023 through May 2024)

Service category	Service level requirement	Year 1		Year 2	
		Credit eligible	Penalty eligible	Credit eligible	Penalty eligible
Financial interactions	1.1 Schedule compliance	—	●	—	●
Participant services	2.1 Participant satisfaction	—	●	—	●
	2.2.1 Participant phone channel availability	—	—	—	—
	2.2.2 Participant web channel availability	—	—	—	—
	2.3 Participant processing accuracy	—	—	—	—
	2.4 Processing time	●	—	●	—
	2.5 Responsive participant support	●	—	●	—
Administrative services	3.1 Transaction processing time	●	—	—	—
	3.2 Transaction processing accuracy	—	—	●	—
	3.3 Payroll processing time	—	●	—	●
	3.4 Payroll processing accuracy	—	—	●	—
	3.5 Timeliness of reports and correspondence	●	—	—	—
	3.6 Timeliness of statement reports and correspondence	—	—	—	—
Regulatory, accounting and compliance	4.1 Timeliness of legal and death claims	●	—	—	●
	4.2 Timeliness of accounting feeds	—	●	●	—
	4.3 Audit finding response	—	—	—	—
	4.4 Audit finding corrective action plan	—	—	—	—

⁴³For the purposes of the PRCA framework, each program year is one calendar year. The first program year, year 1, was from June 2022 through May 2023. The second program year, year 2, is from June 2023 through May 2024.

Service category	Service level requirement	Year 1		Year 2	
		Credit eligible	Penalty eligible	Credit eligible	Penalty eligible
Security and information technology	5.1 Validated security events	—	●	—	●
	5.2 Security awareness training	—	—	—	—
	5.3 Plan of action and milestones resolution	●	—	●	—
	5.4 Security and privacy impact assessment completion	—	—	—	—
	5.5 Vulnerability remediation	—	●	—	●
Program management and quality	6.1 Innovation council summits	—	—	—	—
	6.2 Timeliness of program management plans	—	—	—	—
	6.3 Quality of program deliverables	—	—	—	—
	6.4 Quality assurance reviews	—	—	—	—
Cash management and investment	7.1 Cash Management and investment availability	—	●	—	●

Legend: ● = credit or penalty eligible — = not eligible for credit or penalty

Source: GAO (analysis), Federal Retirement Thrift Investment Board (data). | GAO-24-106319

Credits can be earned by the contractor when the performance of an eligible SLR meets or exceeds the credit threshold established in the PRCA framework. Credits accumulate for each 12-month program year and are reset at the beginning of the next program year. Credits are used to offset penalties and are not paid to the contractor. The contractor cannot earn credits in the same month that a penalty is assessed in the same category.

Penalties are incurred by the contractor when the performance of a penalty-eligible SLR does not meet the performance target established in the contract. The maximum monthly penalty that can be assessed against the contractor is 10 percent of the applicable month's invoice.⁴⁴

FRTIB Did Not Always Have Key Data Necessary to Fully Implement Contract Oversight Process

Although the TSP services contract established an oversight process for AFS's performance, FRTIB was limited in its ability to fully implement the process. Specifically, FRTIB did not always have key data necessary to effectively perform oversight of the contractor's performance for certain SLRs and KPIs. For example, FRTIB reported that it did not have sufficient data to verify transactions at the participant level related to

⁴⁴Monthly invoices include, among other things, participant fees, storage and access of historical data, and foreign and metered mail.

payroll processing accuracy in monthly reports from June 2022 to December 2023.⁴⁵ According to FRTIB, it did not have information necessary for verifying payroll processing accuracy, such as payroll input data and loan repayment amounts. FRTIB officials stated that, as of May 2024, this was still an issue, and the agency was working with AFS to determine a solution.

Compounding this issue, information on loan repayments through the Federal Reserve Bank was not included in monthly performance submissions from June 2022 to July 2023, making it difficult for FRTIB to confirm the contractor's performance for SLRs related to payroll processing time and accuracy. The data for loan repayments through the Federal Reserve Bank was included in the subsequent performance report submissions.

In addition, FRTIB was not always able to verify the accuracy and timeliness of court order and death claims transactions due to insufficient data. For example, FRTIB officials reported that they did not have access to documentation used to process court order and death claims and they could not identify when documents were received or when transactions were processed. According to FRTIB, they have requested the additional data be provided by AFS and is able, as of May 2024, to effectively perform oversight of court order and death claims transactions.

Even though FRTIB had issues with data verification, it accepted the performance reports related to these SLRs. The data necessary for effective oversight was missing from the contractor's performance reports often because the contract did not require AFS to provide it. FRTIB and AFS have been discussing modifications to the contract to include this information for nearly 2 years, since the fall of 2022.

As of May 2024, FRTIB stated that approximately 50 changes to the SLRs and KPIs identified in the QASP are being discussed. AFS stated that 26 of these changes went into effect on June 1, 2024, when the contract modification was executed for program year 3. FRTIB officials stated that the majority of these changes related to making practices already in place contractually binding. The remaining changes, according to FRTIB, will take additional time to negotiate and implement and will follow later. None of the issues we have identified above related to FRTIB

⁴⁵Our review of AFS's performance focused on the time period of June 2022 through December 2023. For a full description of our scope and methodology, see appendix I.

not having enough data for effective oversight were included in the June 2024 update to the QASP. Until FRTIB and AFS agree on a modification to the contract to include all the necessary data requirements, AFS is not obligated to provide recordkeeping data in support of the performance reports to FRTIB unless it is specified in the contract. Therefore, FRTIB may continue to be hindered in its ability to conduct oversight of the contractor's performance in certain areas to ensure they are meeting the agency's expected outcomes.

In addition, FRTIB did not always ensure that the contractor would be capable of providing all the data necessary to monitor performance. For example, the performance data for the SLR related to processing time did not include transactions processed by some third parties. Specifically, performance reports submitted by AFS did not include data necessary to verify rollover transactions processed by a financial service company for retirement savings and account consolidation.

AFS was unable to provide the information because the system that is used to generate performance data was not integrated with some third-party contractors, such as those processing certain rollover transactions. As a result, FRTIB has limited assurance that transactions processed by all third parties meet accuracy and timeliness performance requirements. According to AFS, in these instances, it conducts internal quality assurance processes and leverages participant feedback to ensure these transactions are processed accurately. However, FRTIB does not receive evidence of AFS's efforts and, therefore, has no ability to verify transaction processing time performance. As of May 2024, AFS officials stated that they were in the process of working with the financial service company to determine how the information can be provided to FRTIB to verify rollover transactions.

The Performance-Related Compensation Adjustment Framework Is Limited

As previously discussed, the PRCA framework allows for credits and penalties for a limited number of service categories and related SLRs. Table 3 below shows the credits and penalties issued to the contractor from June 2022 through December 2023.

Table 3: Credits Earned and Penalties Incurred by the Contractor for the New Thrift Savings Plan System, June 2022 through December 2023

Service category	Service level requirement	Year 1		Year 2	
		Credits earned	Penalties deducted	Credits earned	Penalties deducted
Participant services	2.1 Participant satisfaction	—	\$4,017,137	—	\$1,326,553
	2.4 Processing time	—	—	\$656,424	—
Administrative services	3.1 Transaction processing time	\$272,965	—	—	—
	3.4 Payroll processing accuracy	—	—	\$407,637	—
	3.5 Timeliness of reports and correspondence	\$270,378	—	—	—
Regulatory, accounting, & compliance	4.2 Timeliness of accounting feeds	—	—	\$223,549	—
Security and information technology	5.3 Plan of action and milestone resolution	\$543,343	—	\$553,297	—
Total		\$1,086,686^a	\$4,017,137	\$1,840,907	\$1,326,553^b

Legend: — = not applicable

Source: GAO (analysis), Federal Retirement Thrift Investment Board (data). | GAO-24-106319

Notes: Credit and penalty totals for Year 2 are for June 2023 through December 2023, not the entirety of Year 2.

^aAccording to Federal Retirement Thrift Investment Board officials, year one credits expired as of May 2024 and the contractor did not use them to offset penalties.

^bAccording to Accenture Federal Services, as of March 2024, no credits have been used in year 2 to offset penalties.

AFS earned the most credits in the SLR related to plan of action and milestone resolution. AFS also earned credits in payroll processing accuracy even though FRTIB was unable to verify the contractor’s performance in this area. In addition, AFS received the most penalties in the area of participant satisfaction. These penalties were incurred in the early months after the new system launched and continued until the performance target was met in August 2023. Penalties related to participant satisfaction are determined by the results of participant satisfaction surveys focusing on using various TSP services—ThriftLine, website, chat, automated virtual assistant, email, and mobile application.

However, between June 2022 and December 2023, the contractor was not penalized in areas where participants experienced significant issues and potential financial losses. For example, participants reported that their requests to move funds from the TSP to another investment firm were not completed in a timely or accurate manner, potentially resulting in the loss of funds. In some cases, the contractor received credits in these areas, which could have been used to offset penalties.

According to FRTIB, it did not penalize the contractor in these areas for two main reasons:

- The contract included a “burn-in” period in which penalties could not be assessed. The purpose of this period was, in part, to confirm that the methods for measuring the SLRs and expectations about SLR performance were realistic and reasonable. The “burn-in” period was from June 1, 2022 to November 30, 2022. The incentive period for qualifying SLRs became effective on December 1, 2022.
- As previously stated, each performance metric has a performance target. These targets are not always 100 percent, so AFS could have still met the performance target even though a small percentage of participants reported issues. Nevertheless, some SLRs, such as those related to participant processing accuracy and processing timeliness, include potentially millions of transactions of different types. Therefore, an issue with a specific transaction type, such as those related to participants requesting to move funds from the TSP to another investment firm, may not have a clear impact on the contractor’s ability to meet the performance target. See appendix II for a breakdown of each SLR and KPI and the performance targets associated with each.

In addition, the framework did not initially focus contractor efforts where poor performance would have the greatest financial impact to participants, such as issue resolution, the timeliness and accuracy of transactions, and death claim processing. Therefore, FRTIB was limited in its ability to effectively penalize the contractor for poor performance because the framework only allows selected SLRs to be penalty eligible in each program year. If the contractor does not meet performance targets in an area that is not penalty eligible for that year, FRTIB cannot impose penalties. The TSP services contract allows the agency flexibility in selecting which SLRs are credit and penalty eligible prior to executing each program year. According to FRTIB officials, this was by design to allow the agency to adjust incentives and penalties in response to on-going contractor performance.

FRTIB has adjusted the framework to focus attention on areas of concern based on past performance. Specifically, due to consistent issues with the contractor not meeting performance targets for timeliness of legal and death claims, FRTIB added that SLR to be penalty eligible in program year 2. However, other areas where poor performance by the contractor would have financial impact to the participants were still not penalty eligible in program year 2, such as transaction processing time and

FRTIB Implemented Key Actions to Improve Customer Satisfaction with the New TSP Recordkeeping System

accuracy. Without continued attention from FRTIB to issue penalties in areas that have the most impact on participant outcomes, the limited scope of the penalties within the PRCA framework may allow issues to persist, potentially resulting in participants experiencing loss of funds.

Federal law, policy, and guidance have emphasized the need to improve the way the federal government delivers services to the public and ensures that its customers are satisfied with the services.⁴⁶ Together, these federal authorities highlight the following key actions:

- integrate customer service efforts into existing activities;
- identify the services that your customers want;
- make services available through digital and traditional channels, and ensure services are accessible and functional; and
- assess customer satisfaction with services and use the assessments to improve those services.⁴⁷

⁴⁶White House, *Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government*, Exec. Order No. 14058 (Washington, D.C.: Dec. 13, 2021); 21st Century Integrated Digital Experience Act, Pub. L. No. 115-336, 132 Stat. 5025 (2018); GPRA (Government Performance and Results Act) Modernization Act of 2010, Pub. L. No. 111-352, 124 Stat. 3866 (2011); *Streamlining Service Delivery and Improving Customer Service*, Exec. Order No. 13571 (Washington, D.C.: April 27, 2011); Setting Customer Service Standards, Exec. Order No. 12862 (Washington, D.C.: Sept. 11, 1993); Office of Management and Budget, *Preparation, Submission, and Execution of the Budget, Sec. 280, Managing Customer Experience and Improving Service Delivery*, Circular No. A-11 (Washington, D.C.: Aug. 15, 2022); and *Digital Services Playbook* (Washington, D.C.: August 2014).

⁴⁷The Office of Management and Budget (OMB) defines customer service, or the delivery of services, as the actions taken by federal agencies to provide a benefit or service to a customer. This can include applying for a benefit or loan; requesting a document such as a passport or social security card; complying with a rule or regulation such as filing taxes or declaring goods; or seeking information such as public health or consumer protection notices. Additionally, according to OMB guidance, customer satisfaction includes factors, such as ease and simplicity, efficiency and speed, equity and transparency of the process, effectiveness and perceived value of the service itself, and the interaction with any employees.

FRTIB, in coordination with its contractor, implemented these key actions by

- using its strategic plan and associated roadmap to integrate customer service into its existing activities,
- identifying what its customers want through annual surveys,
- making services for the new TSP recordkeeping system available through multiple channels, and
- identifying improvements and enhancements to the TSP recordkeeping system based on participant feedback and industry information sharing.

FRTIB Integrated Customer Service into Its Strategy

FRTIB used its strategic plan to describe how the agency planned to integrate customer service into its operational processes. Specifically, the *FRTIB Strategic Plan for Fiscal Years 2022 through 2026* describes the agency's plans for delivering services to meet its mission to administer the TSP solely in the interest of participants and beneficiaries. In this regard, the plan includes two goals that are focused on improving the delivery of services to the TSP participants:

- **Provide top-tier defined contribution services to participants.** As part of this goal, the agency intended to provide top-tier services to participants by matching or exceeding other recordkeeper standards, to include those related to security, new tools, and new features. The strategic plan describes the actions FRTIB planned to take to meet the participant services goal, which includes (1) understanding and responding to participant service needs and expectations and (2) collaborating with employing agencies and payroll offices to deliver more seamless services to participants.
- **Transition successfully to a managed services operating model.** As part of this goal, the FRTIB intended to successfully transition from its legacy TSP recordkeeping system to a managed service operation model to provide retirement plan services to TSP participants. The strategic plan outlines actions that the agency planned to take to meet the transition strategy goal, such as maintaining program performance and participant satisfaction levels during and after the transition to the new TSP recordkeeping system.

To further integrate customer service into its plans, FRTIB developed a roadmap that defined the agency's activities and initiatives that are intended to meet the goals in the strategic plan. For example, for the goal related to providing services to participants, the roadmap describes the

agency's plan for improving its participant satisfaction survey to better understand participant service needs and expectations. Specifically, it states that FRTIB planned to use the annual participant satisfaction surveys to better understand participant behaviors and feelings about TSP offerings for the new system, and to allow for participant input into the future of the TSP.⁴⁸ By including its plans for improving service delivery in its strategy and defining specific actions for doing so, FRTIB is better positioned to achieve its goals related to TSP participant satisfaction.

FRTIB Used Annual Participant Surveys to Identify the Services Customers Want

As previously discussed, FRTIB planned to use its annual participant satisfaction surveys to better understand participant behaviors, their feelings about TSP offerings, and any input into the future of the TSP. Prior to the implementation of the new TSP recordkeeping system, the agency used the 2017 and 2020 through 2022 Participant Satisfaction Surveys to identify potential features or improvements that TSP participants may want to see in a new, more modern system. The survey results showed that participants thought that the TSP could do better in meeting their retirement planning needs if, among other things,

- there were better instructions and information,
- it provided investment advice and retirement planning,
- there was more transaction availability, and
- there were more investment options.⁴⁹

In addition, survey respondents in 2017 and 2020 through 2022 also provided feedback on TSP options they would most like to see. Participants responded in 2017, 2020, and 2021 that they would most like to see an estimate of all their federal benefits, including Social Security and pension, in one statement. In 2022, survey respondents reported that they would most like to see tools offered that could estimate the

⁴⁸More information on the annual participant satisfaction and other feedback surveys, to include how they are used to meet FRTIB's strategic goals, is included later in this report.

⁴⁹Of the 39,000 2017 surveys sent to participants by a private sector polling company, a total of 6,725 surveys were completed (excluding unusable results), for a response rate of 17.2 percent. Of the 36,253 2020 surveys sent to participants by the polling company, a total of 4,963 surveys were completed (excluding unusable results), for a response rate of 13.7 percent. Of the 34,006 2021 surveys sent to participants by the polling company, a total of 5,062 surveys were completed (excluding unusable results), for a response rate of 14.9 percent. Of the 37,402 2022 surveys sent to participants by the polling company, a total of 5,208 surveys were completed (excluding unusable results), for a response rate of 14 percent.

withdrawals needed to last through retirement. They also responded that they would like to have tools available for showing how much they needed to save for retirement, among other things.

After the new system launched, the FRTIB released the 2023 Participant Satisfaction Survey. This survey, similar to past surveys, was intended, in part, to identify potential additional features that TSP participants wanted for the new system and better understand participant behaviors and feelings about TSP offerings. The results of the 2023 survey largely mirrored those in 2017 and 2020 through 2022 and showed that participants desired

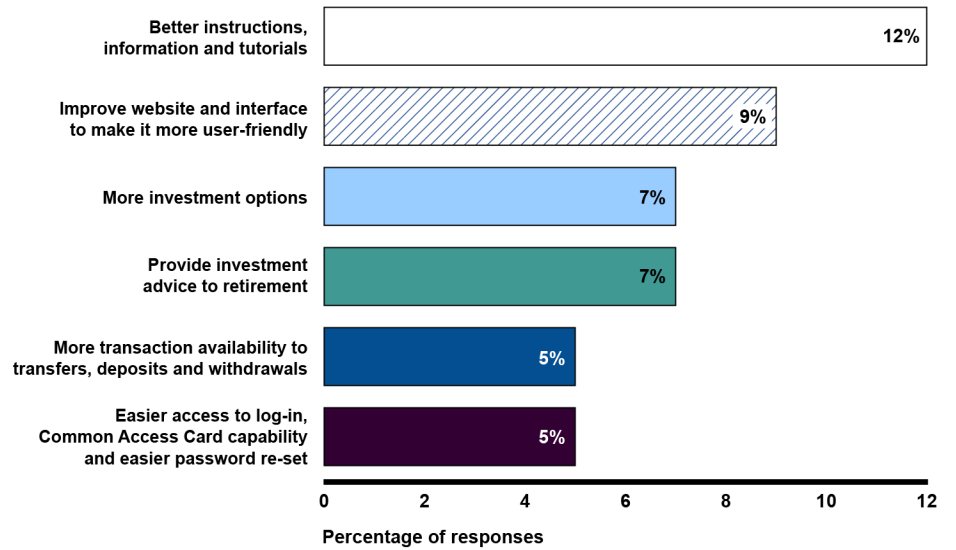
- better instructions, information, and tutorials;
- improvements to the website;
- more investment options; and
- investment and retirement advice, among other things.⁵⁰

Figure 8 below shows the results for participant needs from the 2023 Participant Satisfaction Survey.

⁵⁰Of the 34,031 2023 surveys sent to participants by a private sector polling company, a total of 4,092 surveys were completed (excluding unusable results), for a response rate of 12 percent.

Figure 8: Results for Participant Retirement Planning Needs from the 2023 Participant Satisfaction Survey

What ONE thing could the Thrift Savings Plan do to better meet your retirement planning needs?



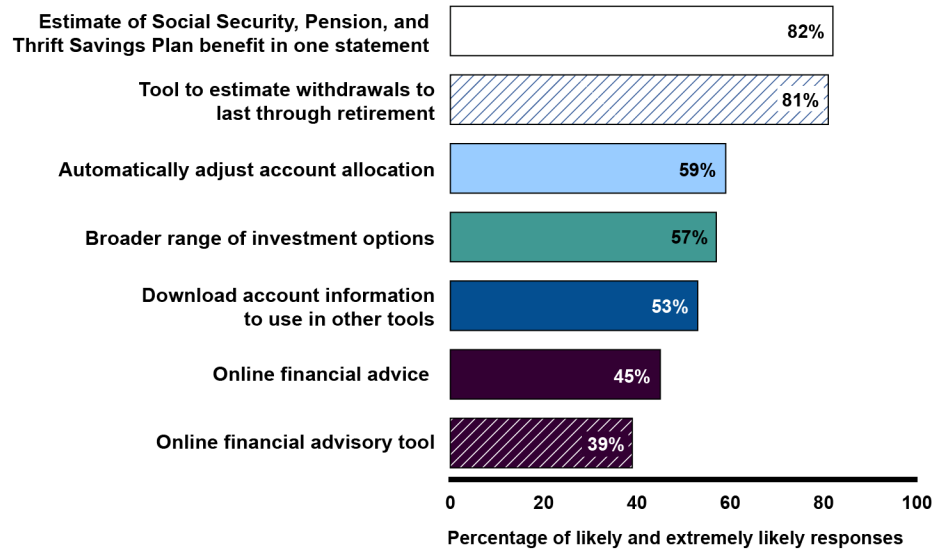
Source: Federal Retirement Thrift Investment Board (data). | GAO-24-106319

Note: When responses with unusable results were excluded, the final sample size for this survey was 4,092. Of the final sampled surveys, 1,876 participants responded to this open-ended question. The sample was pulled on February 15, 2023 and the survey field period lasted from March 27 to May 18, 2023. The margin of error for the full survey after considering design effects due to disproportional sample allocation is around $\pm 1.5\%$ at a 95% level of confidence. See appendix I for more information regarding the 2023 FRTIB Participant Satisfaction Survey methodology.

In addition, as part of the 2023 Participant Satisfaction Survey, participants were asked about their likelihood of using additional features of the TSP if offered. Survey respondents reported that, if offered, they were most likely to use an estimate of all of their federal benefits in one statement and a tool to estimate withdrawal amounts needed to last through retirement, among other things. Figure 9 below shows the results on additional TSP options, if offered, from the 2023 Participant Satisfaction Survey.

Figure 9: Results on Additional Thrift Savings Plan Options from the 2023 Participant Satisfaction Survey

How likely would you be to use the following if offered by the Thrift Savings Plan?



Source: Federal Retirement Thrift Investment Board (data). | GAO-24-106319

Note: When responses with unusable results were excluded, the final sample size for this survey was 4,092. The sample was pulled on February 15, 2023 and the survey field period lasted from March 27 to May 18, 2023. The margin of error for the full survey after considering design effects due to disproportional sample allocation is around $\pm 1.5\%$ at a 95% level of confidence. See appendix I for more information regarding the 2023 FRTIB Participant Satisfaction Survey methodology.

By acquiring managed services for the TSP, including a new system and website, the FRTIB offered participants some of the features they desired in the surveys. For example, a new investment option, the mutual fund window, was added. In addition, a new online tool was offered called the Retirement Income Modeler, intended to allow participants to manually aggregate all sources of retirement income to develop a holistic picture of their retirement savings. Other tools are also included on the TSP website, such as those for calculating TSP contributions and annuities. The FRTIB and its contractor also intended for the new system to allow users more flexibility in completing transactions and requests entirely online.

However, as we previously discussed, some users have had difficulty with completing online transactions, such as making loan repayments and obtaining spousal consent or a witness signature for withdrawals and

TSP Services Are Available through Multiple Channels

beneficiary designations. Nevertheless, by continuing to perform outreach to participants via the annual surveys, FRTIB is better positioned to understand what its customers want to see in future updates to the TSP recordkeeping system and related services.

The TSP services contract requires AFS to manage participant interactions and enable a seamless and personalized participant experience based on their preferred mode of access. In this regard, the contractor is required to enable access to TSP information or services via a variety of channels: telephone (the ThriftLine), live agent chat, email, virtual assistant (called AVA), website, fax, postal mail, and mobile application.⁵¹ As previously discussed, AFS tracks and reports to FRTIB its efforts to meet performance metrics in delivering services to the TSP participants, to include ensuring that the various channels of communication are accessible and functional.

Between June 2022 and December 2023, AFS reported that it mostly met the performance targets for availability of the ThriftLine, live agent chat, AVA, website, and mobile application.⁵² Specifically, the contractor reported that it met its availability performance target for

- the ThriftLine and website during core hours for 16 of the 19 months;
- the website for non-core hours for 18 of the 19 months; and
- all other channels—live agent chat, AVA, and mobile application—for core hours for 18 of the 19 months.

By making TSP services available through multiple channels and monitoring their availability, FRTIB has better assurance that participants have options available to them when seeking TSP-related services.

⁵¹FRTIB does not monitor the availability of email, fax, and postal mail as part of its oversight process. The agency does monitor response times across all channels for SLR 2.5—responsive participant support. For more details regarding this and other SLRs, see appendix II.

⁵²According to the contract, the ThriftLine is to be available for 99.5 percent or more of core hours (Monday through Friday from 7am to 9pm Eastern Standard Time). The website is to be available for 99.5 percent or more of core hours and for 98 percent or more of non-core hours. Channels other than phone and website—live agent chat, AVA, and mobile application—are to be available for 99 percent or more of core hours. These performance metrics do not include scheduled down time and federal holidays.

AFS Assessed Participant Satisfaction and Used Feedback to Improve Services

The TSP services contract requires AFS to achieve high participant satisfaction and to assess its performance monthly in doing so. In addition, the contract directs AFS to continuously identify improvements and innovation for the new TSP recordkeeping system.

AFS measures participant satisfaction with the TSP and its related services by asking them to respond to surveys after each interaction. The surveys focused on participant satisfaction with their interactions through the TSP recordkeeping system’s website, mobile app, phone, email, and chat features. These surveys include questions about the participant’s reason for interacting with the system, their ability to complete the needed task, and the ease in using the website. The survey also requests specific written feedback regarding what went well and what needs improvement. The participant is asked to rate their satisfaction on a scale of one to five.⁵³

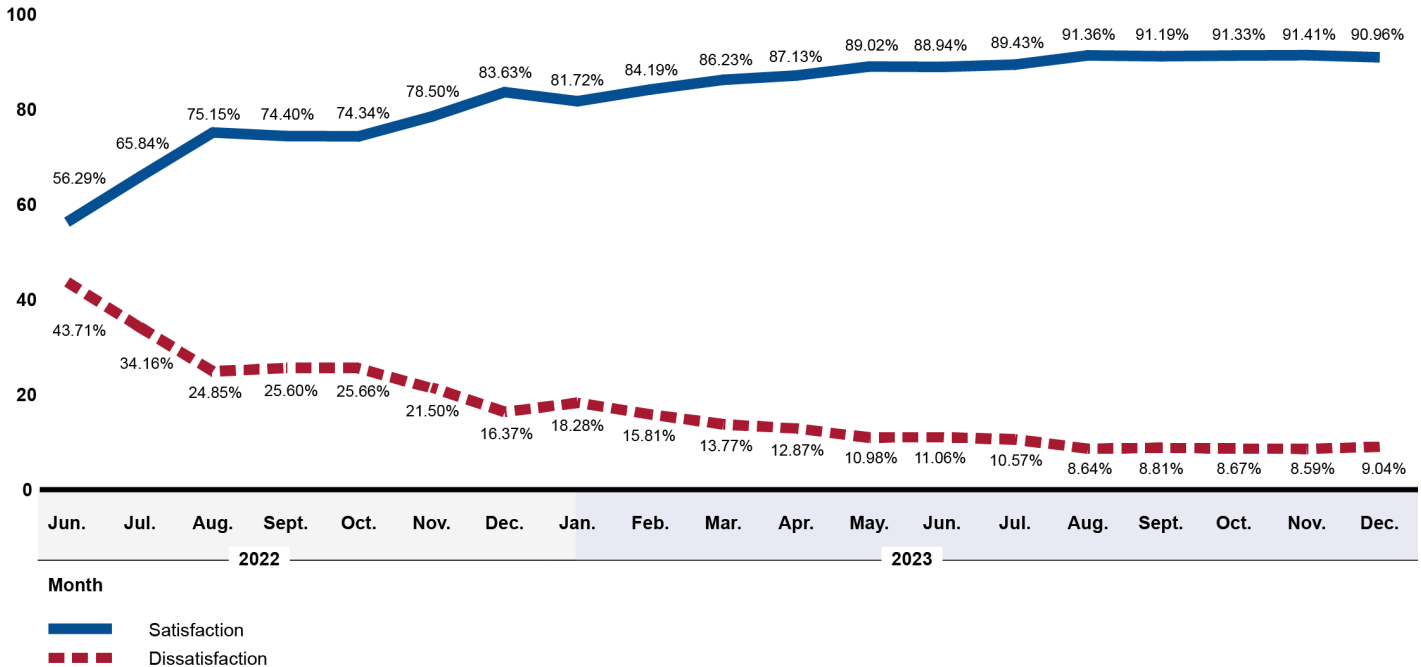
Per its contract with FRTIB, AFS is to maintain a participant satisfaction rate of 90 percent. AFS did not achieve that performance target for the first 14 months after the system was deployed—June 2022 to July 2023. However, participant satisfaction has shown consistent improvement since that time.⁵⁴ Figure 10 below illustrates TSP participant satisfaction with the new system between June 2022 and December 2023.

⁵³The five-point Likert scale used by AFS considers TSP participants “satisfied” for all responses of three, four, or five. The satisfaction rate is calculated by adding the total number of respondents selecting three, four, and five and dividing that number by the total number of responses.

⁵⁴Our review of AFS’s performance in maintaining a participant satisfaction rate of 90 percent focused on the time period of June 2022 through December 2023. For a full description of our scope and methodology, see appendix I.

Figure 10: Thrift Savings Plan Participant Reported Satisfaction with the New System, Between June 2022 and December 2023

Participant satisfaction and dissatisfaction percentage



Sources: GAO (analysis); contractor (data). | GAO-24-106319

Note: The five-point Likert scale used by AFS considers TSP participants “satisfied” for all responses of three, four, or five. The satisfaction rate is calculated by adding the total number of respondents selecting three, four, and five and dividing that number by the total number of responses.

AFS also utilizes participant interaction surveys to make improvements and enhancements to the TSP recordkeeping system and related services.⁵⁵ Specifically, AFS analyzed written feedback obtained from TSP participants’ responses to the interaction surveys and identified areas for improvement. For example, between December 2022 and December 2023, AFS reported that it implemented various TSP website improvements, including

- improving the useability and design of the My Account homepage to address specific participant feedback about general navigation,

⁵⁵An improvement is a normal continuous improvement to the base solution for all clients. An enhancement is an improvement to an existing capability specifically for FRTIB (e.g., new features) that delivers added value to users such as participants, beneficiaries and FRTIB.

-
- adding the ability for participants to manage installments without calling the ThriftLine,
 - adding a historical annual statement information page,
 - increasing participant visibility of loan history by adding links between the payment history page and loan page,
 - adding guidance and hover text on the withdrawal landing page, and
 - providing real-time updates regarding the status of requested loans.⁵⁶

In addition, during that same time period, AFS also identified TSP recordkeeping system enhancements that are intended to improve participant satisfaction.⁵⁷ These enhancements, when presented, are proposed ideas that have not yet been implemented but could be implemented in the future if FRTIB agrees to them or the contractor chooses to implement them.

One proposed enhancement was an online tool intended to integrate all the TSP participants' future retirement income sources (e.g., TSP, Social Security, retirement annuities, military pension, and other savings and investment account information)—a feature requested in multiple Participant Satisfaction Surveys. According to AFS, this enhancement would provide a comprehensive outlook of retirement income, to include information on how to maximize future retirement outcomes. FRTIB stated that they explored implementing this feature, but was informed by the Social Security Administration in 2022 that the agency does not have authority under the Internal Revenue Code to access tax return information to create a Social Security retirement benefit estimate at FRTIB's request.

Other enhancement proposals related to the case management system used to track participant issues to resolution. Most of these enhancements related to improving the accessibility of information that PSRs have access to in order to provide better assistance to participants. For example, one such proposed enhancement was to allow the PSRs to

⁵⁶The contract requires AFS to implement four improvements between June and November and December and May of each year and report those efforts to FRTIB on a semiannual basis in December and June.

⁵⁷The contract requires AFS to propose six enhancements between June and November and December and May of each year and report those efforts to FRTIB on a semiannual basis in December and June.

view all comments across a participant's list of cases. According to FRTIB officials, this enhancement was implemented in March 2023.

Additional capabilities for PSRs proposed were to improve the representatives' ability to initiate transactions on behalf of a participant. AFS implemented this proposed enhancement in February 2023. As a result, the representatives are now able to stop installments and change withholding or payment destination information for a participant if requested via the ThriftLine in one call. Prior to this improvement, participants would have to call the ThriftLine twice, once to stop the installment, and another (after 24 hours) to change the withholding or payment destination information. In addition, the option to perform these changes to installments online was also offered in May 2023.

FRTIB and AFS also participated in other, broader activities to identify and discuss potential improvements or enhancements to TSP. For example, the agency and AFS participated in the biannual Innovation Council Summit, which is intended to provide an avenue for information sharing regarding future trends in the retirement plan industry and potential participant wants as technology changes. At the Innovation Council Summit held in June 2023, subject matter experts and industry guest speakers participated in a technology showcase that focused on the use of generative artificial intelligence to support the work of PSRs. By taking these various actions to obtain participant feedback and proactively identify needed improvements, FRTIB is better positioned to identify and address issues in service delivery and improve participant satisfaction with the new TSP recordkeeping system.

Conclusions

Effective management of the TSP services acquisition is imperative to ensuring that millions of federal employees and their beneficiaries can access their retirement savings when needed. However, FRTIB did not fully implement key acquisition management practices, such as those related to system requirements and testing, acquisition milestones, and workforce. Further, FRTIB officials intended to transfer all operational and technical decision-making to AFS for the system, thereby increasing the risk that its needs and federal requirements would not be adequately met. Fully implementing key acquisition management practices would provide FRTIB with increased assurance that the TSP recordkeeping system is effectively managed and the plan's participants and beneficiaries can access and manage their retirement savings when needed.

Initial issues with the system were wide-ranging and FRTIB and its contractor have taken actions to address many of them. However, FRTIB

often lacked the information necessary to implement its approach to oversee its contractor's performance in managing TSP services because the plan used to oversee the contractor's performance was not fully defined. Expediting contract modifications that would more clearly define the information needed to perform contract oversight would better position the agency to ensure its contractor is meeting performance outcomes.

In addition, the framework for penalizing the contractor for poor performance often did not focus on areas where participants could be financially impacted. Continued attention by FRTIB to focus contractor performance on these areas would increase assurance that participants would not lose out on potential financial gains due to the delayed actions of its contractor.

Although the FRTIB has been challenged in ensuring that performance requirements are met, the agency and its contractor have taken action to improve customer satisfaction with TSP service delivery. By taking these actions, FRTIB and its contractor are better positioned to ensure that TSP participants are satisfied with the services provided.

Recommendations for Executive Action

We are making the following seven recommendations to FRTIB:

The FRTIB Executive Director should develop a process to ensure that any future requirements developed for the new TSP recordkeeping system are consistent with the board's objectives, including applicable federal requirements, defined for the system. (Recommendation 1)

The FRTIB Executive Director should develop a process that requires FRTIB to review testing documentation to ensure planned testing is complete, the evidence for testing outcomes is clear, and that the solution meets the desired outcome for participants for any new system enhancements or upgrades. (Recommendation 2)

The FRTIB Executive Director should develop a process that requires FRTIB to review milestone-related documentation to ensure that it fully addresses the milestone requirement. (Recommendation 3)

The Executive Director of FRTIB should expedite negotiations with its contractor to modify, where feasible, the TSP services contract to ensure that all pertinent data necessary for performance oversight is provided by the contractor. (Recommendation 4)

The FRTIB Executive Director should negotiate with its contractor to modify, where feasible, the TSP services contract to include a requirement that FRTIB is notified of any new staff assigned to the contract, including the name and title of the staff, to help ensure appropriate background investigations are conducted. (Recommendation 5)

The Executive Director of FRTIB should establish a documented procedure to ensure any future third parties providing services for the TSP are able to provide transactional data needed for oversight prior to performing these services. (Recommendation 6)

The Executive Director of FRTIB should reevaluate and adjust the Performance Related Compensation Adjustment framework to focus on areas with the largest financial impact to participants, including issue resolution and timeliness and accuracy of transactions processing. (Recommendation 7)

Agency Comments, Third-Party Views, and Our Evaluation

We provided a draft of this report to FRTIB and AFS for review and comment. The Executive Director of FRTIB provided written comments that are reprinted in appendix III and summarized below. FRTIB also provided technical comments, which we incorporated as appropriate. AFS did not provide written comments, but provided technical comments, which we incorporated as appropriate.

In their written comments, FRTIB agreed with our recommendations and stated that the first three recommendations will be addressed when the agency prepares for its re-competition of the recordkeeping contract. The remaining four recommendations, according to the agency, will require a continuation of negotiations with AFS and will be a key component to those negotiations.

The Executive Director of FRTIB discussed the importance of the recordkeeping contract and how cybersecurity and the advantages a modernized system influenced the approach they took to look for a solution for the new TSP system. The Executive Director also discussed the flexibility they now have in adjusting to necessary changes, such as those that arise from new legislation.

The comments also discuss specific areas in the report related to data conversion testing and compliance with federal requirements. The Executive Director stated that these issues have already been resolved or will be in the near future.

The comments further state that our report seems predicated on the concept that 100 percent accuracy in processing every transaction is possible. We do not agree with this statement. Our use of percents of accuracy are only intended to provide a reason that FRTIB did not penalize its contractor in areas where participants experienced issues.

Lastly, the Executive Director stated in the written comments that the agency respectfully disagrees with our statement regarding their reliance on the contractor. We indicated that because the agency relied on its contractor to have decision-making authority on all necessary business policies and procedures, the FRTIB had decreased assurance that the new TSP recordkeeping system would adequately meet its needs and comply with federal requirements. The Executive Director noted that the terms of the contract clearly require the contractor to comply with all applicable Federal laws, regulations, and binding authorities. We agree that the contract requires compliance with federal laws and regulations. However, as we state in the report, FRTIB also has responsibilities, in accordance with its policies and guidance, to ensure contract requirements are being met.

We are sending copies of this report to the appropriate congressional committees, the Executive Director of FRTIB, AFS, and interested other interested parties. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staff have any questions about this report, please contact Jennifer R. Franks at (404) 679-1831 or franksj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix IV.



Jennifer R. Franks, Director
Center for Enhanced Cybersecurity
Information Technology and Cybersecurity

List of Requesters

The Honorable Jamie Raskin
Ranking Member
Committee on Oversight and Accountability
House of Representatives

The Honorable Gerald E. Connolly
Ranking Member
Subcommittee on Cybersecurity, Information Technology, and
Government Innovation
Committee on Oversight and Accountability
House of Representatives

The Honorable Donald S. Beyer, Jr.
House of Representatives

The Honorable Eleanor Holmes Norton
House of Representatives

The Honorable Abigail Spanberger
House of Representatives

The Honorable Jennifer Wexton
House of Representatives

Appendix I: Objectives, Scope, and Methodology

Our specific objectives were to determine (1) the extent to which the Federal Retirement Thrift Investment Board (FRTIB) implemented key acquisition management practices to monitor progress before deployment of the new Thrift Savings Plan (TSP) recordkeeping system; (2) the key problems encountered by participants after the deployment of the new system and the actions taken to address them; (3) the extent to which FRTIB oversaw the actions of its contractor; and (4) the extent to which the FRTIB implemented federal customer satisfaction requirements to improve customer service.

To address the first objective, we first identified key acquisition management practices we previously reported.¹ We supplemented these practices with industry guidance on the acquisition of services and products, system development, and software lifecycle processes, as well as federal guidance on building digital services.² We reviewed the prior report and industry guidance and identified the practices that were common amongst each. The resulting key acquisition practices we identified were

- developing policies and processes to govern the way an agency performs the acquisition function,
- identifying needs,
- assessing alternatives to select the most appropriate solution,
- clearly establishing well-defined requirements,
- demonstrating that the acquired solution meets the desired outcomes,
- utilizing milestones and exit criteria, and
- establishing an adequate program workforce.

We then compared the actions taken by FRTIB to meet these key practices. To do this, we analyzed relevant documentation, such as the

¹GAO, *Homeland Security: DHS Requires More Disciplined Investment Management to Help Meet Mission Needs*, [GAO-12-833](#) (Washington, D.C.: Sept. 18, 2012).

²Software Engineering Institute, *Capability Maturity Model® Integration for Acquisition, Version 1.3* (Pittsburgh, Pa.: November 2010); Software Engineering Institute, *Capability Maturity Model® Integration for Development, Version 1.3* (Pittsburgh, Pa.: November 2010); Institute of Electrical and Electronics Engineers/ International Organization for Standardization/ International Electrotechnical Commission, *International Standard for Systems and Software Engineering—System Life Cycle Processes*, ISO/IEC IEEE 15288-2015 (E) (New York: N.Y.: May 15, 2015); and Office of Management and Budget, *Digital Services Playbook* (Washington, D.C.: August 2014).

agency's Contracting Procedures, 2017-2021 Strategic Plan, and the Recordkeeping Services Acquisition's Business Case. We also analyzed the Analysis of Alternatives Report, Acquisition Plan, Statement of Objectives, and associated narratives describing the scope of services that were to be included in the TSP services contract. We further analyzed the TSP services contract requirements; the Quality Assurance Surveillance Plan and matrix; Risk Management Plan; and TSP recordkeeping system test plans and results documentation. We also assessed personnel-related data, including Federal Acquisition Institute certifications for key FRTIB personnel conducting contract oversight; security awareness and privacy training records for contractor staff; and evidence of contractor background investigations.

For our review of background investigations, we assessed FRTIB's requirements for background investigation types for each job position for the contractors assigned to the TSP services contract. We compared a list of all contractor staff and their job positions against background investigation type requirements to determine the type of investigation required for their job position. FRTIB then provided evidence of background investigations initiated by the agency for TSP contractor staff from June 2022 to August 2023. We compared this evidence to background investigation type requirements for each staff.

Through this comparison, we identified a subset of contractor staff that were not included in FRTIB's evidence of background investigations.³ We then selected, from this subset, a non-generalizable random sample of 25 contractors to determine whether they had the appropriate background investigation. We then assessed evidence provided by FRTIB for these 25 individuals against background investigation requirements.

To address the second objective, we first compiled numerous reports of issues that TSP participants reported to us that they experienced with the new system between June 2022 and April 2023 and then categorized

³Evidence of contractor background investigations was not included in the initial submission of information for a variety of reasons, including the timing of the evidence obtained, and does not necessarily indicate that the contractor staff did not undergo a background investigation.

them based on common themes.⁴ The issue categories we identified were

- website functionality, features, and navigation;
- processing account fund transfers and transactions;
- beneficiary designation and consent issues;
- account access and lockout;
- ThriftLine Service Center;
- Annoyances;⁵ and
- miscellaneous issues.⁶

We then identified the most commonly reported issues in each of the above identified categories that we received from TSP participants. We also reviewed and identified common issues that were tracked by the TSP contractor, Accenture Federal Services (AFS), in its issues log between June 2022 and September 2023. We summarized these issues and the actions that the contractor reported taking to address them. We also analyzed information contained in weekly governance reports for the time period of January 2023 through December 2023 to identify trends in the number of open participant cases that could not be initially resolved by calling the ThriftLine each week, and the amount of time it took the contractor to close those cases. These participant cases included requests regarding loans, withdrawals, rollovers-in, beneficiary designations, death benefits, court orders, escalated cases, and those reported through congressional staff.

To address the third objective, we assessed the TSP services contract and associated documentation, such as the Contract Data Requirements List, Quality Assurance Surveillance Plan and matrix, and Performance Related Compensation Adjustment Framework, to summarize FRTIB's contractor oversight process. We then compared the actions taken by

⁴These issues were sent to us through email, FraudNet complaints, social media posts, and letter correspondences. GAO maintains the FraudNet hotline to support accountability across the federal government when fraud, waste, abuse, or mismanagement of federal funds is alleged.

⁵We defined annoyances as nuisances or minor inconveniences, such as unwanted communications (i.e., emails) and other issues not directly interfering or impacting participants use of the system.

⁶Issues that did not fall into the other categories were defined as miscellaneous.

FRTIB against the established oversight process by reviewing contractor performance reports and the associated feedback that the FRTIB provided to AFS regarding those performance reports for the time period of June 2022 through December 2023.

To address the fourth objective, we assessed federal law, policies, and guidance with requirements and practices for improving customer satisfaction, to include through digitizing services.⁷ We used these federal authorities to identify key actions that agencies must or should take in delivering services and improving customer satisfaction. These actions are

- integrating customer service efforts into existing activities;
- identifying the services that your customers want;
- making services available through digital and traditional channels, and ensuring services are accessible and functional;
- establishing customer service goals and measuring agency performance against those goals; and
- assessing customer satisfaction with services and using the assessments to improve those services.

We then analyzed FRTIB and AFS efforts to improve customer service against these key actions. We did this by assessing relevant documentation, such as the *FRTIB Strategic Plan for Fiscal Year 2022-2026* and associated strategic roadmap. In addition, we assessed the 2017, 2020, 2021, 2022, and 2023 Participant Satisfaction Surveys

⁷White House, *Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government*, Exec. Order No. 14058 (Washington, D.C.: Dec. 13, 2021); 21st Century Integrated Digital Experience Act, Pub. L. No. 115-336, 132 Stat. 5025 (2018); GPRA (Government Performance and Results Act) Modernization Act of 2010, Pub. L. No. 111-352, 124 Stat. 3866 (2011); *Streamlining Service Delivery and Improving Customer Service*, Exec. Order No. 13571 (Washington, D.C.: April 27, 2011); *Setting Customer Service Standards*, Exec. Order No. 12862 (Washington, D.C.: Sept. 11, 1993); Office of Management and Budget, *Preparation, Submission, and Execution of the Budget, Sec. 280*; *Managing Customer Experience and Improving Service Delivery*, Circular No. A-11 (Washington, D.C.: Aug. 15, 2022); *Digital Services Playbook* (Washington, D.C.: August 2014).

conducted by a private sector polling company.⁸ We also assessed relevant AFS contractor performance data for the time period of June 2022 through December 2023. We also compiled TSP participant interaction survey results from June 2022 through December 2023 to determine whether satisfaction with the new system had improved since it was first deployed in June 2022. These survey results show participant-reported satisfaction with the TSP recordkeeping system.

We assessed the reliability of the AFS contractor performance data and TSP participant interaction survey results we collected. Specifically, we analyzed documentation of FRTIB's assessment and verification of the AFS-provided data for the time period of June 2022 through December 2023 and identified that the agency reported high percentages of accuracy for most of that data. In some instances, FRTIB reported that they could not verify the data due to their inability to access it. In those instances, we assessed FRTIB's actions to obtain the data. We also reviewed the data to identify any missing entries and obvious errors. In addition, we interviewed FRTIB about its process for data for verification, including sampling methodologies. For participant interaction surveys, we used Excel formulas to verify participant satisfaction percentages. Based on this work, we determined that the AFS contractor performance data and participant interaction survey results were reliable for our review.

We supplemented our analysis for each objective with interviews of relevant FRTIB officials in the offices of Participant Experience, Technology Services, Resource Management, and Planning and Risk. We also interviewed relevant contractor officials at AFS and other subcontractors. These interviews assisted in corroborating evidence and providing additional context to the actions taken by FRTIB and its

⁸For the 2023 Participant Satisfaction Survey, a private sector polling company employed a stratified sample design to meet the objectives of the FRTIB Participant Satisfaction Survey. The TSP participant pool was used as the sampling frame. The total sample was allocated optimally across different strata to ensure an adequate sample size for different groups and subgroups of interest to FRTIB. Once the polling company finalized the sample size to be allocated to a particular substratum, FRTIB staff selected a simple random sample of the specified size that was drawn from each sub-stratum and sent it to the polling company for processing. The sample was pulled on February 15, 2023. The polling company mailed and/or emailed the survey to the 34,031 TSP participants it included in its total sample size. When responses with unusable results were excluded, the final sample size was 4,092, for a response rate of 12%. The polling company compared the survey respondents against TSP population data to help ensure the 12% included demographic coverage across the TSP population. The survey field period lasted from March 27, 2023 to May 18, 2023. The margin of error after considering design effects due to disproportional sample allocation will be around $\pm 1.5\%$ at a 95% level of confidence.

contractors prior to and after implementation of the new TSP recordkeeping system.

We conducted this performance audit from November 2022 to August 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Performance Metrics Used to Monitor Contractor Performance for the New Thrift Savings Plan Recordkeeping System

The Federal Retirement Thrift Investment Board (FRTIB) uses performance metrics, known as service level requirements (SLR) and key performance indicators (KPI), to monitor the performance of its contractor to ensure that they are meeting program outcomes. These performance metrics are organized by service categories and include performance targets that the contractor is to meet. Table 4 provides a description of each of the SLR and KPI performance targets by service category group.

Table 4: Description of the Service Level Requirements (SLR) and Key Performance Indicators (KPI) by Service Category Group for the New Thrift Savings Plan (TSP) Recordkeeping System and Related Services

Service category	SLR and KPI performance target descriptions
Financial interactions	<i>SLR 1.1—Schedule compliance:</i> process all daily feeds from the recordkeeper on time (timestamped by 12:45 pm Eastern Standard Time) and without error to meet the accounting schedule of the Federal Retirement Thrift Investment Board's (FRTIB) Office of the Chief Financial Officer.
Participant services	<i>SLR 2.1—Participant satisfaction:</i> based on survey responses, 90 percent or more of participants are satisfied with their interactions through all channels (web and mobile app, phone, live agent chat, email, and AVA virtual assistant). ^a
	<i>SLR 2.2.1—Participant phone channel availability:</i> phone is available for 99.5 percent or more of core hours (Monday through Friday from 7am to 9pm Eastern Standard Time), excluding scheduled down time and federal holidays.
	<i>SLR 2.2.2—Participant web channel availability:</i> website is available for 99.5 percent or more of core hours, excluding scheduled down time and federal holidays, and 98 percent of non-core hours.
	<i>SLR 2.3—Participant processing accuracy:</i> Process 99 percent or more of critical participant-initiated transactions accurately. ^b
	<i>SLR 2.4—Processing time:</i> Process 95 percent or more of critical participant-initiated transactions, including all changes, within the 24-hour or 48-hour turnaround time by the end of the business day following the business day in which a transaction was initiated or on the second business day following the receipt of a valid and approvable form. ^c
	<i>SLR 2.5—Responsive participant support:</i> Respond to 95 percent or more of participant requests across all channels within the agreed upon turnaround time based on channel. ^d
	<i>KPI 2.1—Participant channel availability—other than phone and website:</i> channels other than phone and website are available for 99 percent or more of core hours, excluding scheduled down time and federal holidays.
	<i>KPI 2.2—Employing agency satisfaction:</i> based on survey responses, 85 percent or more of agency employees with an active Employing Agency user profile are satisfied with the new system.
	<i>KPI 2.3—Response time across channels:</i> Respond to participant requests across each channel within the targeted timeframe described for SLR 2.5.
	<i>KPI 2.4—First engagement issue resolution:</i> based on participant reported information, 80 percent or more of interactions intended to address an issue(s) are resolved during the first contact.
Administrative services	<i>SLR 3.1—Transaction processing time:</i> Process 95 percent or more of non-payroll, system-initiated transactions within 24 hours. ^e

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Service category	SLR and KPI performance target descriptions
Administrative services	<p><i>SLR 3.2—Transaction processing accuracy:</i> Process 98 percent or more of critical non-payroll, system-initiated transactions with the expected outcome.</p>
	<p><i>SLR 3.3—Payroll processing time:</i> Process 97.5 percent or more of payroll transactions (loan repayments, contributions, Federal Reserve Board payments, and Human Resources indicative data changes and updates) within 48 hours.</p>
	<p><i>SLR 3.4—Payroll processing accuracy:</i> Complete 99.5 percent or more of payroll transactions (loan repayments, contributions, and Federal Reserve Board payments) with the expected outcome.</p>
	<p><i>SLR 3.5—Timeliness of reports and correspondence:</i> Deliver 95 percent or more of reports and correspondence within the agreed upon timeframe.</p>
	<p><i>SLR 3.6—Timeliness of statement reports and correspondence:</i> Send 99.9 percent or more of quarterly statements within 20 days of the end of the quarter and annual statements are sent by the later of the 25th calendar day after the end of the year or 10 calendar days after the pertinent information is provided to Accenture Federal Services (AFS) from the FRTIB.</p>
Regulatory, accounting and compliance	
	<p><i>SLR 4.1—Timeliness of legal and death claims:</i> Process 98 percent or more of all legal and death claims within 48 hours of receipt of a valid and complete claim.^f</p>
	<p><i>SLR 4.2—Timeliness of accounting feeds:</i> Process 95 percent or more of accounting feeds within the agreed upon schedule.</p>
	<p><i>SLR 4.3—Audit finding response:</i> Respond to all financial statement, Federal Information Security Modernization Act (FISMA), Employee Benefits Security Administration, and GAO audit findings within 7 business days, and internal FRTIB audits within 30 business days.</p>
	<p><i>SLR 4.4—Audit finding corrective action plan:</i> Provide a corrective action plan to FRTIB for all new audit findings within 90 days.</p>
	<p><i>KPI 4.1—Audit finding closure:</i> Provide FRTIB evidence proving closure of 90 percent or more of audit findings within 30 days of the due date for financial statement, Employee Benefits Security Administration, and GAO audits.</p>
Security and information technology	
	<p><i>SLR 5.1—Validated security events:</i> Report all validated security events to FRTIB within the standard reporting timeframe based on the security category.</p>
	<p><i>SLR 5.2—Security awareness training:</i> Provide all staff assigned to the TSP recordkeeping system modernization with FRTIB- and project-specific security awareness training.</p>
	<p><i>SLR 5.3—Plan of action and milestones resolution:</i> Resolve 95 percent or more of plan of action and milestones by the required completion date.^g</p>
	<p><i>SLR 5.4—Security and privacy impact assessment completion:</i> Complete security impact and privacy assessments on all system changes, where required.</p>
	<p><i>SLR 5.5—Vulnerability remediation:</i> Remediate 95 percent or more of security deficiencies and vulnerabilities on high value assets within 15 calendar days of initial detection for critical vulnerabilities and within 30 calendar days of initial detection for high vulnerabilities.^h</p>
	<p><i>KPI 5.1—Fraud detection investigation reports:</i> Investigate, review, and determine a disposition for all detected fraud prior to daily batch processing.</p>
	<p><i>KPI 5.2—FISMA maturity:</i> Obtain a FISMA maturity level of at least Level 4: Managed and Measurable after the first full year of system operation.</p>

Appendix II: Performance Metrics Used to Monitor Contractor Performance for the New Thrift Savings Plan Recordkeeping System

Service category	SLR and KPI performance target descriptions
Program management and quality	<p><i>KPI 5.3—Vulnerability remediation:</i> Remediate security deficiencies or vulnerabilities (as defined in the Cybersecurity and Infrastructure Security Agency’s Binding Operational Directive on Reducing the Significant Risk of Known Exploited Vulnerabilities, BOD-22-01) with specific remediation instructions within the required timeframe.</p>
	<p><i>SLR 6.1—Innovation council summits:</i> Conduct at least two Innovation Council Summits per year, and document and summarize the results on an annual basis.ⁱ</p>
	<p><i>SLR 6.2—Timeliness of program management plans:</i> Deliver 95 percent or more of program management plans, such as the Security Management Plan, Financial Management Deliverables, Business Continuity Plan, Contract Management Plan, Quality Assurance Plan, and Risk Management Plan within the agreed upon timeframe defined in the project schedule.</p>
	<p><i>SLR 6.3—Quality of program deliverables:</i> Produce 95 percent or more of program deliverables, such as the program management plans listed above, with acceptable quality as defined in the contract.</p>
	<p><i>SLR 6.4—Quality assurance reviews:</i> conduct quarterly quality assurance reviews and present the results to FRTIB.</p>
	<p><i>KPI 6.1—Continuous innovation:</i> identify six innovations or enhancements twice a year.^j</p>
	<p><i>KPI 6.2—Continuous improvement:</i> implement four improvements twice a year.^k</p>
Cash management and investment ^l	<p><i>SLR 7.1—Cash management and investment availability:</i> available 99.5 percent or more of core hours, excluding federal holidays and non-core hours.</p>
	<p><i>KPI 7.1—Timeliness of technology incident response:</i> 99 percent of confirmed incidents are responded to and assigned to the appropriate resolution group within 2 hours during core hours.</p>

Source: GAO (analysis), Federal Retirement Thrift Investment Board (data). | GAO-24-106319

^aAVA is a virtual assistant that can be accessed through the TSP website. Participants can use AVA to get answers to general and account-specific questions.

^bCritical participant-initiated transactions are defined as any transactions that have an impact on participants’ funds or are security related. Critical participant-initiated transactions are: investment election changes; fund reallocations or direct fund-to-fund transfers; transfers into and out of the mutual fund window; rollovers/transfers into the TSP; all disbursements, including in-service and post-termination withdrawals, installments, annuities, beneficiary disbursements, and retirement benefits and child support court order disbursements; general purpose and primary residence loans; adding or removing a bank account to or from a TSP account; modifying contact information, such as phone number, email address, or alternate address (where contractor owns the data); and beneficiary and retirement benefits and child support court order asset transfers.

^cTransactions subject to the 24-hour turnaround time include the critical participant-initiated transactions defined above and security-related transactions, such as password reset or changing knowledge-based responses. Transaction subject to the 48-hour turnaround time include paper-based transactions, such as rollovers/transfers into the TSP, beneficiary designations, and primary residence loans.

^dAccording to the contract, 80 percent of calls should be answered in 20 seconds; 90 percent of inbound chat texts via live agent chat and AVA should be answered in 120 seconds; 90 percent of email should be answered in 1 business day; and 90 percent of Mail should be processed in 5 business days.

^eNon-payroll, system-initiated transactions or events posted to the recordkeeping system are force out distributions, loan taxations, loan foreclosures, automatic forfeitures of non-vested balances, and required minimum distributions. These types of transactions also include similar transactions once forms and/or electronic signatures are received, if required.

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^fLegal claims in scope for SLR 4.1 are death claims, retirement benefits and child support court orders, powers of attorney, guardianships and conservatorships, subpoenas, tax levies and Mandatory Restitution Act (criminal restitution) orders, and exception to spousal requirements forms.

^gAccording to the National Institute of Standards and Technology, a plan of action and milestones is a document that identifies tasks needing to be accomplished to resolve a deficiency.

^hAccording to the Cybersecurity and Infrastructure Security Agency, a high value asset is information or an information system that is so critical to an organization that the loss or corruption of the information or loss of access to the system would have serious impact to the organization's ability to perform its mission or conduct business.

ⁱThe Innovation Council Summit is a conference with attendees from FRTIB and Accenture Federal Services, as well as guest speakers from the recordkeeping industry. The conference is intended to reflect on current and future trends in the industry and potential participant wants as technology changes.

^jAn enhancement is improving an existing capability that delivers added value specifically to the TSP participants, beneficiaries, and the FRTIB. An innovation is adding a new capability that is considered leading edge and enables better retirement outcomes and/or operational efficiencies.

^kAn improvement is normal continuous improvements to the base recordkeeping solution for all clients.

^lThe Cash Management and Investment system is used to facilitate data exchanges between FRTIB's financial management system and interactions with the U.S. Department of the Treasury to ensure the accuracy of the TSP recordkeeping system.

Appendix III: Comments from the Federal Retirement Thrift Investment Board



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
77 K Street, NE Washington, DC 20002

July 22, 2024

Ms. Jennifer R. Franks
Director
Center for Enhanced Cybersecurity
Information Technology and Cybersecurity
Government Accountability Office
441 G St., NW
Washington, DC 20548

Dear Ms. Franks:

I would like to thank you for the Government Accountability Office's (GAO or you) thorough review of the Federal Retirement Thrift Investment Board's (FRTIB or we) conversion of the Thrift Savings Plan (TSP) recordkeeping system.

We concur with GAO's seven recommendations. The three recommendations focused on the procurement process will be addressed when the FRTIB prepares for its re-competition of the recordkeeping contract. The four recommendations focused on the current contract will require a continuation of our ongoing negotiations with the current vendor, Accenture Federal Services (AFS), and, while I cannot guarantee their outcome, I can assure you that these recommendations will be a key component in the negotiations.

The transition to AFS as the TSP's new recordkeeper was of utmost importance to the FRTIB and TSP participants. As the report notes in detail, the FRTIB undertook a painstaking process to determine how to best provide services to TSP participants. The transition on June 1, 2022, clearly did not meet the standards that we, and our participants, expect and deserve. Since that time, we and AFS have made continuous changes and updates intended to achieve that expected level of performance. Based on the participant satisfaction score of over 92% for each of the past six months, I believe we have now reached that level.

I want to emphasize the importance of this recordkeeping contract to the evolution of the TSP. Since the inception of the TSP, the recordkeeping function has been outsourced. The FRTIB's 2017 through 2021 Strategic Plan characterized our legacy IT architecture in part:

The current IT architecture dates back to our 2003 transition to the recordkeeping system OmniPlus. While OmniPlus is at the core of our plan administration platform, the enterprise IT architecture comprised multiple other applications and hardware. Since 2003, we have improved functionality and capacity in portions of

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the architecture, but we have not conducted a comprehensive overhaul of the IT architecture. As a result, we are now operating in an IT environment that has grown organically, is not integrated, and relies upon end-of-life software products, many of which are custom-coded and have duplicative functionality. These deficiencies lead to lengthy implementations of enhancements, constrained system integration efforts, an inability to adopt innovative technology, difficulty in accessing and analyzing data, and security vulnerabilities.

The increase in cyberattacks across the private and public sectors in recent years dramatically influenced the way enterprise IT is designed, implemented, operated, and updated. While the FRTIB had, in 2017, made great strides in hardening and updating our IT architecture, we needed to continue. We wanted to ensure cybersecurity was embedded in the design of the system, as well as the TSP's business processes. The legacy IT environment also limited the TSP's ability to quickly update participant services. For example, adding new withdrawal options took roughly two years due to the programming and testing needed to implement the changes.

Given the extensive effort over many years, I would like to thank you for validating that our planning process was sound and noting that "(b) assessing various alternatives, the FRTIB was better positioned to make an informed decision on the most appropriate solution." The result of our exhaustive planning process was that FRTIB decided to seek a commercial recordkeeper or systems integrator to manage the recordkeeping system, including the underlying IT infrastructure and applications, in addition to managing the contact centers and the processing centers. The FRTIB also wanted to ensure that the new recordkeeper would be capable of adding new services in an expedited manner. As outlined by GAO, this effort was a complex, multi-year process but was essential to ensure that the TSP would have access to the best practices of IT system design and adapt to ever-changing software and technology.

During this entire process, the FRTIB was, and remains, acutely aware that the use of a contractor via any contract type, including a managed services contract, does not absolve the FRTIB from its fiduciary responsibilities. The FRTIB Board Members and the Executive Director are statutorily required to serve as fiduciaries to all TSP participants and act solely in their interest at all times. This does not mean, however, that a FRTIB contractor cannot hold fiduciary responsibility as well. Both TSP asset managers serve as named fiduciaries to the participants. Furthermore, under the Federal Employees' Retirement System Act, other contractors who take certain discretionary actions on behalf of the TSP may also be deemed fiduciaries.

The benefits expected by the FRTIB have been achieved. One of the advantages of a modern, multi-cloud, zero trust architecture is that it makes optimization of security capabilities more cost effective. The system relies upon software as a service, providing a highly secure, yet flexible recordkeeping system. The FY2023 Federal Information Security Modernization Act (FISMA) audit, which included the IT systems used and maintained by AFS, found that the FRTIB's IT security had improved to a rating of Level 5 (out of 5, indicating fully optimized security) for three domains and Level 4 for the

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other six domains. Prior to the transition, our FY 2021 rating reflected seven domains at Level 4, one at Level 2, and one at Level 1. More information can be found at: <https://www.frtib.gov/pdf/minutes/2023/Aug/Att8-FY23-FRTIB-FISMA-Audit-Report.pdf>. The FY 2024 FISMA audit is ongoing, and we anticipate significant progress toward all domains being scored as a Level 5.

On June 1, 2022, more than 26 billion records and \$743 billion for 6.56 million participants converted successfully and all recordkeeping functions were operational and secure, including posting of payroll contributions, investment elections, fund reallocations, loans, disbursements and rollovers. In addition, these new services and options were available to participants:

- Official TSP mobile application;
- Ability for all participants to conduct a transaction entirely online;
- E-signature for participants, spouses, and witnesses;
- A mutual fund window, offering optional access to roughly 5,000 mutual funds;
- Option to take two general purpose loans;
- Ability to use a concierge service for roll-ins to the TSP;
- Option for all participants (including active employees) to add an alternate address they control;
- Monthly loan repayments for separated participants (outstanding TSP loans no longer declared taxable after separation from service);
- Ability to store banking information on your account;
- New antifraud measures;
- A 24/7 virtual assistant (AVA) and live chat with a call center representative during business hours; and
- A retirement income calculator in the TSP My Account¹ that minimizes the participant's need to enter TSP related data.

Building on this secure and resilient foundation, the TSP now has flexibility to adjust to participant feedback or offer new features in an expedited way. As examples, in response to participant feedback, AFS:

- Implemented a redesign of the TSP My Account landing page and navigation to allow the participant to find the information most often sought;
- Added a loan status tracker to allow the participant to follow the processing in real time;
- Allowed participants to use the biometrics native to their device to log into the TSP mobile app;
- Added the option for participants to stop installment payments or change the installment payment amount within the TSP My Account;
- Sends a SMS/email proactive notification when a bad address indicator is added to a participant's account;

¹ The TSP My Account allows participants to log into their TSP account and review information about their account and conduct transactions.

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- Added loan information to the automated ThriftLine to let participants hear relevant information regarding their existing loan, which conveniently addressed the volume of loan-related calls requesting this information; and
- Added tsp.gov enhancements: page scrolling progress bar, dark/light enhancements, and accessibility toolbar overlay.

AFS is also able to respond quickly when changes are needed. For example, when Congress enacted SECURE 2.0 on December 29, 2022, with effective dates of January 1, 2023, for some provisions, AFS was able to adjust the required minimum distribution (RMD) age in time for notices to go out to participants on time in early January 2023. AFS has also updated withdrawal calculations to eliminate Roth money from participants' RMDs and expanded the public safety exception eligibility, as outlined in the law.

This is a marked difference from the TSP's implementation of SECURE 1.0, which was enacted on December 20, 2019, with January 1, 2020, effective dates. In that instance, the FRTIB's former contractor took roughly 5 months to update and test the necessary software update to implement provisions of SECURE 1.0, which led to an increase in manual work for FRTIB and contractor employees in the interim.

Similarly, in June 2022, when it became clear that additional contact center employees were required to respond to participant calls, AFS was able to hire roughly 700 contact center representatives in about three months, bringing the total contact center representatives to over 1,000. This is in stark contrast with late 2017, when the FRTIB determined that an additional contact center was needed. The planning and procurement process to establish that contact center, with roughly 113 contact center representatives, took just over a year.

One of the innovative and valuable features of the recordkeeping contract is FRTIB's ability to unilaterally alter the services for which penalties or credits can be earned by the contractor at the beginning of each contract year. As GAO outlines, the contract contains service level requirements (SLRs) that the contractor is expected to meet. A portion of the contractor's compensation is at risk if certain SLRs are not met. This allows the FRTIB to analyze contractor performance and create incentives or disincentives for the contractor. In addition, if the contractor earns a penalty, it cannot earn a credit in that same month. While FRTIB could distribute penalties across all SLRs, we have determined that having meaningful dollars at risk against high priority SLRs is more effective.

The FRTIB has used this flexibility to focus the contractor's activities. For example, the SLR relating to the timeliness of legal and death claims was credit-eligible in the first year; given FRTIB's own observations and participant feedback about that topic, the FRTIB eliminated the credit eligibility and imposed a penalty eligibility for the second program year. This shift resulted in enhanced contractor focus and improved performance.

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To emphasize that participant satisfaction is one of the FRTIB's highest priorities, since the contract's inception on June 1, 2022, FRTIB has designated participant satisfaction as a penalty SLR. Based on FRTIB's experience in administering the TSP, participant satisfaction serves as a barometer for other transactions and interactions with the Plan. Based on the experience under the new recordkeeping contract, that continues to hold true. As the contractor has improved and matured its service, participant satisfaction has dramatically improved.

GAO points out that not every performance target is set at 100%. Several comments in the report seem predicated on the concept that 100% accuracy in processing every transaction is possible. It is not. However, the contract outlines the acceptable quality level for participant-initiated transaction accuracy at 99% and timeliness at 95%. AFS has averaged, since go-live, 99.07% and 99.4% for accuracy and timeliness, respectively. In 2023, the TSP processed, on average, more than 325,000 withdrawals and 38,000 loans a month.

There are several topics raised in the report that I would like to address specifically. All these topics were known to the FRTIB and had been, or were being, addressed. GAO notes that during the data conversion testing, the FRTIB and AFS discovered that roughly 157,000 beneficiary designations were not converting correctly. As a result, the FRTIB made the decision to not transfer these beneficiary designations into the individual's TSP My Account. Vitally, however, the images were all retained in case it became necessary to determine a beneficiary for one of the 157,000 participants before required information could be updated in their TSP My Account. While this was the correct decision to ensure accurate data was transferred, the FRTIB made an error in not informing the affected participants concurrent with the launch of the new recordkeeping system. By not doing so, the FRTIB created confusion and concern for these participants. We did send a notice to these participants in early August 2022 informing them that we retained their beneficiary designation and apologizing for any concern we had generated, but we acknowledge that it took too long for us to inform participants.

The report also notes that there were three instances in which the recordkeeper was not complying with FRTIB regulations or Section 508 of the Rehabilitation Act of 1973. The first issue, loan repayments, was corrected in April 2023 for weekly and bi-weekly payrolls, which encompasses most of the payroll feeds received by the TSP. The remaining issue, monthly payrolls, is particularly difficult to solve because the payrolls are received at irregular dates throughout the month; they are not all received on the first or last day of the month, for example. We have continued to work with AFS on this issue and believe a solution has been developed that can be tested and deployed by October 31, 2024.

The second issue, court ordered payments, will be resolved by the end of 2024. After evaluating the recordkeeper's procedures, the FRTIB, as noted in the report, will be issuing a proposed regulation that, if adopted as final after public comments, will update the current rules to comport with the recordkeeper's calculation. Participants whose

**Appendix III: Comments from the Federal
Retirement Thrift Investment Board**

calculations did not comply with the current regulation will be manually corrected once the new regulation is finalized. Those who received less money than they would have under the current regulation will be made whole; if someone received more money under the recordkeeper's calculation than they would have under the FRTIB's current regulation, the party will not be asked to return the excess funds.

The third issue, accessibility to electronic information and data for individuals with disabilities, has been fully remediated. The bulk of the issues were resolved within six months and the final issue was resolved in July 2024.

GAO attributes these errors to the FRTIB's reliance on the recordkeeper and the managed service contract construct. GAO concludes that the FRTIB had decreased assurance that the new recordkeeping system would meet the FRTIB's needs and comply with Federal requirements. We respectfully disagree with this assertion. The terms of the contract clearly require the contractor to comply with all applicable Federal laws, regulations, and binding authorities. The fact that the three issues discussed above have been, or will shortly be, resolved is due to that contractual obligation.

FRTIB now has all the data needed to complete performance oversight of AFS. In the months following go-live in June 2022, FRTIB collaborated with AFS to acquire the data required to conduct the appropriate level of oversight of AFS's performance. That data has been refined and ultimately codified within the contract as of June 2024. In July 2024, an agreement was made for AFS to share additional data with FRTIB.

I would like to thank you for your acknowledgement that the FRTIB has integrated customer service into the FRTIB Strategic Plan for Fiscal Years 2022 through 2026. The FRTIB's mission is to operate solely in the interest of the participants and beneficiaries, and we are using the recordkeeping contract to provide them with excellent service. In addition to the participant feedback received by the contractor daily, the FRTIB issues a participant survey annually to obtain a snapshot of participant satisfaction and feedback about new options they want the TSP to offer. The Strategic Plan is also tied to the FRTIB's budget development in our effort to ensure we allocate funds to further our strategic goals.

On behalf of the seven million TSP participants and the employees of the FRTIB who support our mission, thank you for GAO's extensive and detailed evaluation of the TSP's recordkeeping contract. We will use it to inform our ever-evolving improvements to the TSP.

Sincerely,



Ravindra Deo
Executive Director

Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact

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Staff Acknowledgments

In addition to the contact named above, Nicole Jarvis (Assistant Director), Di'Mond Spencer (Analyst in Charge), Olivia Adams, Amanda Andrade, Prisca Anyiam, Brottie Barlow, Donna Epler, Smith Julmisse, Ahsan Nasar, Whitney Starr, Andrew Stavisky, Jason Stonehocker, Walter Vance, and Adam Vodraska made key contributions to this report. Additional staff that contributed to this report were Carl Barden, Shane Homick, Keith Kim, Teague Lyons, Mona Sehgal, and Chaojie Wang.

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