

## September 13, 2021 — EBPAQC Alert No. 477

### Dear Center Members:

This alert contains information on the DOL conducting an audit quality assessment of 2020 plan year filings

#### Headlines

#### **DOL to Conduct Audit Quality Assessment of 2020 Plan Year Filings**

The DOL Employee Benefit Security Administration (EBSA) Office of the Chief Accountant (OCA) is planning to conduct a study to assess the quality of audit work performed by independent qualified public accountants (IQPAs) with respect to financial statement audits of employee benefit plans covered under the Employee Retirement Income Security Act of 1974 (ERISA) for the 2020 Form 5500 filing year (plan years beginning in 2020). This includes calendar year 2020 filings filed on extension by October 15, 2021. The DOL previously performed an audit quality assessment of the 2011 plan filing year and reviewed a sample of 400 audits ([click here](#) for the DOL 2011 assessment report).

The EBSA OCA is in the process of developing the sample methodology of plans, and expects to make a sample selection and begin corresponding with plan administrators and IQPA firms later this year. If selected for review, the IQPA firm will be asked to provide the EBSA OCA with a full set of audit workpapers supporting the audit containing all documentation, including workpapers kept in other related files (DOL will not permit supplemental submissions).

Auditors are reminded to be sure they have adequately documented their audits as a record of auditing procedures applied, evidence obtained, and conclusions

#### In This Alert

- [DOL to Conduct Audit Quality Assessment](#)
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#### Additional Resources

- [Alerts \(archived\)](#)
  - [Webcasts \(archived\)](#)
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#### Stay Informed

We welcome any suggestions or questions - please send them by e-mail at [EBPAQC@aicpa.org](mailto:EBPAQC@aicpa.org).

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reached by the auditor in the engagement. AU-C Section 230, *Audit Documentation*, states that audit documentation provides evidence of the auditor's basis for a conclusion about the achievement of the overall objectives of the auditor, and evidence that the audit was planned and performed in accordance with generally accepted auditing standards (GAAS) and the applicable legal and regulatory requirements.

The following EBPAQC resources are helpful to understand best practices and common deficiencies in ERISA EBP audits:

[Performing quality ERISA employee benefit plan audits: Firm best practices](#)

Includes tips for establishing effective quality control policies and procedures specific to your EBP audit practice and provides examples of best practices for each phase of the audit engagement.

[Common EBP audit deficiencies planning tool](#)

Describes some of the most common deficiencies noted in EBP audits by plan type with references to audit procedures in the AICPA Audit and Accounting Guide, *Employee Benefit Plans* and references to additional tools and resources.

[Summary of Frequent "Unacceptable, Major" Deficiencies in 2011 DOL Audit Quality Study](#)

Provides descriptions of the "Unacceptable, Major" findings in the 2011 DOL study in the areas of:

- Investments
- Notes receivable
- Contributions received and receivable
- Participant data, including individual participant accounts
- Plan obligations
- Parties in interest/prohibited transactions
- Plan tax status

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- Commitments and contingencies
- Administrative expenses and subsequent events
- Plan mergers and terminating plans
- Plan representations
- Compliance with GAAS and GAAP
- Compliance with DOL rules and regulations for reporting and disclosure

#### [Peer review findings in employee benefit plan audits](#)

Describes the most frequent Matters for Further Consideration (MFCs) the AICPA Peer Review team has found related to EBP audits and financial statements in peer reviews performed in 2019. The tool includes EBP MFCs related to:

- Quality control policies and procedures
- Engagement letters
- Use of a specialist
- Risk assessment
- Internal control
- Sampling
- SOC 1 reports
- Testing and documentation
- Management representation letters
- The auditor's communication with those charged with governance
- Financial statements and the auditor's report
- Defined benefit plans
- ESOP plans
- Multiemployer plans
- Health & welfare plans

The EBPAQC has many other tools and resources to help your firm perform and document a quality EBP audits.

- [Click here](#) for Practice Management resources.
- [Click here](#) for Audit Engagement resources including audit documentation tools.

The 2011 study found nearly 4 out of 10 audits contained major deficiencies. DOL referred audits with deficiencies to the applicable state board of accountancy and AICPA Ethics.

Sincerely,

AICPA Employee Benefit Plans Audit Quality Center

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