

Audit Quality Study

November 2023



United States
Department of Labor
Employee Benefits
Security Administration

Executive Summary

The Office of the Chief Accountant (OCA), Employee Benefits Security Administration (EBSA), U.S. Department of Labor (DOL), has completed its fourth assessment of the quality of audit work performed by independent qualified public accountants (IQPAs). This assessment focuses on IQPAs' financial statement audits of employee benefit plans covered under the Employee Retirement Income Security Act (ERISA) for the 2020 filing year (plan years beginning in 2020).

Overall, EBSA's review found that 70 percent of the audits fully complied with professional auditing standards or had only minor deficiencies under professional standards. However, 30 percent of the audits (3 out of 10) contained major deficiencies with respect to one or more relevant generally accepted auditing standards requirements. This puts \$927 billion and 11.7 million plan participants and beneficiaries at risk, an increase of \$274 billion compared with prior EBSA studies.

We also found that there continues to be a clear link between the number of employee benefit plan audits a CPA performed and the quality of the audit work. Additionally, peer review and practice monitoring efforts do not help identify deficient plan audits. However, audits performed by members of the American Institute of Certified Public Accountants' (AICPA) Employee Benefit Plan Audit Quality Center had a significantly lower deficiency rate.

To address the issues identified in this report, EBSA has made several recommendations in the areas of enforcement, regulations, and outreach.

Background

Congress enacted ERISA in 1974 to remedy abuses in the nation's private pension and welfare benefit plan system. The bankruptcy of the Studebaker Corporation,¹ an automobile manufacturer, is almost synonymous with ERISA's creation. The company's closure of its South Bend, Indiana, plant in December 1963, left the company bankrupt and unable to fully satisfy the pension obligations to some 4,000 employees. This failure spurred legislation that, 10 years later, became ERISA.

Prior to ERISA, laws in the area of pension plans were complicated, lacked transparency, and made it difficult to ensure that employees would receive promised pension benefits when due.

The Internal Revenue Service (IRS) played a principal role in the oversight of retirement plans dating back to the 1920s. With the passage of the Welfare and Pension Plans Disclosure Act in 1959, the DOL began its oversight role. Today, ERISA covers pension and welfare benefits and is administered by three separate federal agencies: the IRS, DOL, and the Pension Benefit Guaranty Corporation.

The Secretary of Labor is principally responsible for enforcing annual reporting requirements and other fiduciary provisions contained in Title I of ERISA. Specifically, ERISA section 103 requires employee benefit plans to file an annual report of their financial condition and operations with the DOL.

This is accomplished through the Form 5500 Annual Return/Report for Employee Benefit Plan. Integral to the Form 5500 is the requirement that almost all plans with over 100 participants² include an audit report issued

¹ "The Most Glorious Story of Failure in the Business." The Studebaker-Packard Corporation and the Origins of ERISA. James A. Wooten, University at Buffalo School of Law.

² Beginning in April 2002, some small pension plans may also be required to have an annual audit pursuant to 29 CFR 2520.104-46.

by an IQPA³ stating whether the plan's financial statements and other required schedules are presented fairly in conformity with generally accepted accounting principles (GAAP). The audit must be performed in accordance with generally accepted auditing standards (GAAS). While the plan administrator is responsible for selecting and hiring the IQPA, ERISA specifies that they do so on behalf of the plan's participants and beneficiaries.

The Department plays no role in setting GAAP or GAAS. Such standards are set by institutions closely related to the accounting industry: the Financial Accounting Standards Board (FASB) and the AICPA.

Since its creation in 1988, a main function of OCA within EBSA has been to provide compliance assistance and enforce the reporting and disclosure provisions of Title I of ERISA. OCA is responsible for establishing and maintaining relationships with private sector professional organizations and regulatory bodies regarding accounting and auditing issues for employee benefit plans. One of OCA's main goals is to improve the quality of employee benefit plan audits to ensure that participants and beneficiaries are receiving the statutory protections that these audits are intended to provide.

While ERISA's auditing provisions are largely successful in collecting information about the safety of benefit plan operations for plan participants, beneficiaries, researchers, and the DOL, this report shows that an unacceptable number of plan audits continue to fall short of meeting professional auditing standards. This means plan participants may not be receiving the protections provided by a properly performed audit.

Objectives and Scope

This is OCA's fourth Audit Quality Study. Previous studies were performed in 1997, 2004, and 2015. The primary objective of this study was to assess whether the level and quality of audit work being performed by CPAs has improved since OCA's previous study in 2015.⁵

EBSA reviewed the Form 5500 Annual Return/Report filings and related audit report and audit workpapers for the 2020 form year (plan years beginning in 2020). The 2020 form year was chosen because it was the last year before auditors were required to comply with the new audit standard SAS 136, *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA*. This allowed for the development of an audit quality baseline prior to the implementation of SAS 136.

OCA selected a statistically valid sample of 307 plan audits. The workpaper reviews were conducted between December 2021 and October 2022.

For this study, EBSA wanted to assess whether there might be a correlation with the quality of audit work and the type of plan engagement. Accordingly, we structured our sample into two broad categories of plan audits: simple and complex.

For purposes of this study, EBSA is treating audits of 401(k) and 403(b) plans as "simple" plan audits because the structure and operations of the plans tends to be less complex than is true of other audits. "Complex" plan audits, for these purposes, includes audits of defined benefit plans, Employee Stock Ownership Plans (ESOPs), and health and welfare plans.⁶ EBSA recognizes that these broad categories may mask significant variations in the

³ Almost all plan audits are now performed by Certified Public Accountants (CPAs); therefore, throughout the rest of the report we will broadly refer to plan auditors as CPAs.

⁴ The Public Company Accounting Oversight Board (PCAOB) is responsible for setting auditing standards for audits of public companies.

⁵ <https://www.dol.gov/sites/dolgov/files/ebsa/about-ebsa/our-activities/resource-center/publications/assessing-the-quality-of-employee-benefit-plan-audits-report.pdf>

⁶ This study presents results by the most granular breakout of plan audit practice size and audit complexity in several tables but given that the audit complexity breakout did not yield interesting correlations in most cases, in order to simplify the presentation of data, the majority of tables present statistics at the audit practice size strata level.

complexity of audits within each of the categories but, on balance and in the aggregate, audits of defined benefit plans, ESOPs and health and welfare plans tend to be more complicated, and the broad differences between these two categories of audits is helpful in analyzing the data.

Making meaningful distinctions between audit work that complies with professional standards and work that falls short was critical to the success of this study. The peer review process requires its independent reviewers to make similar assessments. The AICPA's Peer Review Board has developed a manual and checklists for use in planning and conducting peer reviews. We met with the AICPA Peer Review staff (including volunteer members from the accounting profession) to discuss audit quality measures and the judgments made during peer review assessments.

The 307 randomly selected audit reports and supporting workpapers were evaluated against the AICPA's *Audit and Accounting Guide, Audits of Employee Benefit Plans* (with conforming changes as of August 1, 2020).

Who Audits Employee Benefit Plans?

The landscape of CPA firms performing employee benefit plan audits has changed significantly since EBSA's previous audit quality study in 2015, which analyzed Form Year 2011 audits, as illustrated in the following two tables.

Table 1: Form Year 2011 CPA Firms Performing Plan Audits⁷

Number of Plans Audited	Number of CPA Firms	Number of Audits Performed
1-2	3,684	4,891
3-5	1,519	5,773
6-24	1,603	17,747
25-99	433	18,910
100+	81	33,841
Total	7,330	81,162

In 2011, there were 81,162 plan audits performed by 7,330 CPA firms. In 2020, there were 86,863 plan audits performed by 4,300 CPA firms.

Table 2: Form Year 2020 CPA Firms Performing Plan Audits

Number of Plans Audited	Number of CPA Firms	Number of Audits Performed
1-2	1,729	2,253
3-5	860	3,314
6-24	1,156	13,556
25-99	422	19,758
100+	133	47,982
Total	4,300	86,863

The number of plan audits has increased modestly (+7 percent) since 2011. Over the same period, the total number of CPA firms performing those audits has decreased sharply (-40 percent).

Firms with 1-2 plan audits decreased from 3,684 to 1,729, now representing 40 percent of total firms (down from 50 percent in 2011). Meanwhile, firms with over 100 audits grew from 91 to 133, representing 3 percent of

⁷ The population of CPA firms is determined through the identification of the accountant or accounting firm as reported on the Form 5500 Schedule H, Part III, Question 3c.

total firms (a 46 percent increase from 2011). The number of audits performed by these large-practice firms also increased by 42 percent, from 33,841 in 2011 to 47,982 in 2020.

In addition to the size of CPA firm plan practices, we also looked at the audit population based on complexity of types of plans. As highlighted in Table 3, 75,677 (87 percent) of the population of audits were “simple,” and 11,186 (13 percent) were considered “complex” audit engagements.

Table 3: Form Year 2020 Audits “Simple” vs “Complex”⁸

Audit Strata	Number of CPA Firms	Number of Audits Performed
1-2 Plans, Simple	1,656	2,137
1-2 Plans, Complex	104	116
3-5 Plans, Simple	854	3,079
3-5 Plans, Complex	156	235
6-24 Plans, Simple	1,153	12,324
6-24 Plans, Complex	439	1,232
25-99 Plans, Simple	422	17,404
25-99 Plans, Complex	325	2,354
100+ Plans, Simple	133	40,733
100+ Plans, Complex	128	7,249
Total	5,370	86,863

What Actions Have Been Taken by EBSA and Other Organizations to Improve Audit Quality Since Our Previous Audit Quality Study in 2015?

All of EBSA’s previous audit quality studies have shown an increasing percentage of audits not meeting professional standards. Our most recent study in 2015 indicated that 39 percent of plan audits contained one or more deficiencies across all audit areas. EBSA has continued to take actions to improve the quality of employee benefit plan audits.

Reporting Compliance Enforcement Activities

Since issuing its 2015 study, OCA has taken the following enforcement actions to ensure compliance with ERISA’s reporting and disclosure provisions:

- Sending targeted correspondence to all plan administrators who employ auditors that perform five or fewer employee benefit plan audits a year, highlighting the high deficiency rate among this group of plan auditors and providing information about how to select a qualified plan auditor.
- Completing over 2,300 workpaper reviews to evaluate the quality of the audit work underlying the CPA firm audit reports.
- Performing approximately 50 CPA firm inspections of the firms that perform the largest number of plan audits annually.
- Making referrals directly to applicable state boards of accountancy for potential disciplinary action in all cases where we identify significantly deficient audit work. Since 2015, EBSA has made 258

⁸ The CPA firm counts shown by audit strata sum to more than 4,300 because an auditor can perform audits in more than one audit strata (simple and complex)

referrals to the appropriate state boards of accountancy and 178 to the AICPA's Professional Ethics Division.

- Resolving over 25,000 reporting compliance cases involving deficient/incomplete Form 5500 Annual Report filings that failed to meet the reporting and disclosure provisions of ERISA.

Activities to Encourage Filer Compliance

Since the 2015 study was issued, EBSA has initiated or expanded upon several programs to encourage filer compliance. EBSA continues to:

- Work with state CPA societies to create educational and outreach programs to provide guidance and heightened awareness to independent auditors who conduct employee benefit plan audits, especially those CPAs who perform only a limited number of plan audits. EBSA has spoken at over 250 conferences and outreach events since 2015.
- Use the "all electronic" Electronic Filing Acceptance System (EFAST) to process Form 5500 filings. This state-of-the-art system gives filers immediate feedback about correcting reporting deficiencies before their filing is finalized, including to plans that may be required to attach audited financial statements from a CPA.
- Operate a "Help Desk" to answer filer questions and other technical inquiries. Since our previous study, the EBSA "Help Desk" has handled over 200,000 requests for technical assistance and responded to other filer inquiries.

Work With Professional Organizations

Since 2015, DOL has worked closely with the AICPA and the FASB to update the guidance available to practitioners in this area. EBSA:

- Works with the FASB to issue revised accounting guidance for employee benefit plans.
- Collaborates with the AICPA's Employee Benefit Plans Expert Panel.
- Works with the AICPA on revisions to the AICPA's Audit and Accounting Guide, Audits of Employee Benefits Plans. Annual updates to the guide have been issued since the 2015 Audit Quality Study.
- Speaks and participates at the AICPA's annual National Conference on Employee Benefit Plans. This conference has grown into one of the AICPA's largest conferences, with an average attendance of over 1,200 participants.
- Coordinated efforts with the AICPA to ensure proper enrollment in practice monitoring programs.

In 2014, the AICPA's Peer Review Board approved an enhanced oversight program to ensure that peer reviewers identified all material issues in benefit plan engagements selected for review. The program has been successful in improving peer reviewers' subject matter knowledge.

When our 2015 audit quality study on 2011 form year filings concluded, EBSA provided the AICPA's Peer Review staff with a list of the CPA firms performing benefit plan audits and asked which of those firms were properly enrolled in a qualified practice monitoring program. After performing a reconciliation, the AICPA determined that 1,000 out of 7,330 firms were not. A second reconciliation performed for the 2014-2015 form year filings saw that number reduced to 300 firms.

AICPA Employee Benefit Plan Audit Quality Center

In October 2003, the AICPA Board of Directors approved the development and implementation of an Employee Benefit Plan Audit Quality Center (Quality Center) with the goal of improving the quality of employee benefit plan audits. The Quality Center is composed of CPA firms that, through voluntary membership, have made a commitment to benefit plan audit quality by adhering to the membership requirements that affect their management practices. This includes designating a partner-in-charge of the quality of the firm's employee benefit plan audit practice.

51 percent (2,186) of the 4,300 CPA firms performing plan audits are members of the Quality Center, accounting for 90 percent (78,456) of the audits and covering 98 percent (\$10.8 trillion) of assets under audit and 97 percent (129 million) of plan participants.⁹

On an annual basis, the Quality Center offers 8 to 10 original webcasts covering a wide array of topics unique to benefit plan audits (over 150 webcasts since 2015). The Quality Center has also created over 100 primers and other technical guidance documents that members can make use of to help improve audit quality.

SAS 136

In July 2019, the AICPA Auditing Standards Board issued SAS 136. This standard is the first of its kind to provide specific requirements for audits of ERISA-covered employee benefit plans.

While it is not particularly relevant to this study, we believe that SAS 136 is a pivotal change in auditing standards. We will assess its impact on audit quality in a future project.

Public Company Accounting Oversight Board

The Public Company Accounting Oversight Board (PCAOB) is a private-sector, non-profit corporation created by the Sarbanes-Oxley Act to oversee the auditors of public companies in order to protect investors' interests and further the public interest in the preparation of informative, fair, and independent audit reports.

The PCAOB has the authority to adopt auditing standards for public companies and to regularly inspect the operations of accounting firms required to be registered with the PCAOB. The PCAOB may discipline, fine, suspend, or bar firms if it finds that a registered accounting firm has violated the Sarbanes-Oxley Act, securities law, or professional standards.

While the standards established by the PCAOB do not specifically apply to all firms auditing employee benefit plans, firms complying with the PCAOB standards generally apply these standards to all of their audit engagements, including their non-public employee benefit plan audit clients.

Department of Labor – Office of Inspector General

For over 30 years, the Office of Inspector General (OIG), with EBSA's support, has recommended legislative changes to ERISA to strengthen the quality of employee benefit plan audits. The OIG has concluded that EBSA's efforts to improve the quality of employee benefit plan audits have been impaired by EBSA's current inability to take direct action against auditors who perform substandard audits.

Specifically, the OIG has recommended that:

⁹ Data provided by the AICPA's Employee Benefit Plan Audit Quality Center staff.

- EBSA seek changes to ERISA, providing EBSA with the authority over registration, suspension, and debarment of employee benefit plan auditors,
- Provide EBSA with the ability to levy civil penalties against auditors performing substandard audits, and
- EBSA seek repeal of the limited-scope audit provision in ERISA.

While the Trend in Audit Quality Has Improved, Too Many Employee Benefit Plan Audits Are Deficient

The AICPA established GAAS as a set of rules and practices that auditors use in conducting financial statement audits, including those of employee benefit plans. These professional auditing standards establish the minimum requirements for performance of an audit engagement. When auditors depart from these standards in benefit plan audits, their clients are subject to DOL enforcement action, and they may be referred to the AICPA’s Professional Ethics Division and their state board of accountancy for disciplinary action.

ERISA section 103(a)(3)(A) requires that employee benefit plans with more than 100 participants retain an IQPA to audit the plan’s financial statements. The audit must be performed in accordance with GAAS. Some small employee benefit pension plans may also be required to have an audit performed in accordance with GAAS.

OCA analyzed plan auditors’ work using the requirements contained in the AICPA’s *Audit and Accounting Guide, Audits of Employee Benefit Plans*. This guide represents the application of professional auditing and accounting standards that are unique to audits of employee benefit plans.

As in our 2015 study, the results of OCA’s reviews of this study’s 307 audit engagements were classified in one of the following categories.

Overall Audit Status	Explanation of Overall Assessment of Audit	Connection to Assessment of Individual Audit Areas
Acceptable	Audit does not contain any GAAS deficiencies.	All individual audit areas received a rating of “Acceptable.”
Acceptable – minor	Audit is acceptable, with minor findings in certain areas of the audit.	At least one individual audit area received a rating of “Acceptable-minor.” No individual audit area received a rating of “Unacceptable-minor” or “Unacceptable-major.”
Unacceptable – minor	GAAS deficiencies noted. However, overall audit quality is not adversely affected.	At least one individual audit area received a rating of “Unacceptable-minor.” No individual audit area received a rating of “Unacceptable-major.” The audit may also have had individual audit areas rated as “Acceptable-minor.”
Unacceptable – major	GAAS deficiencies noted, and overall audit quality is adversely <u>affected</u> .*	At least one individual audit area received a rating of “Unacceptable-major.” The audit may also have had individual audit areas rated as “Unacceptable-minor” and “Acceptable-minor.”

* In this report, these audits may be referred to as “deficient audits” or “audits with deficiencies.”

Based on our sample results, EBSA estimates that 30 percent of the audits (nearly 1 of every 3 audits) contained “Unacceptable-major” deficiencies with respect to one or more relevant GAAS requirements, putting \$927.6

billion dollars and 11.7 million plan participants and beneficiaries at risk.

By comparison, EBSA’s 2015 study estimated that 39 percent of plan audits contained “Unacceptable-major” deficiencies, with a total of \$653 billion dollars and 22.5 million plan participants and beneficiaries at risk.

The table below, based on the five statistically based audit quality studies (the first of which was conducted by the Department’s OIG), shows the overall percentage of plan audits that did not comply with professional audit standards over the past 34 years.

Table 4: Results of Prior Audit Quality Studies

Audit Quality Study	1989	1997	2004	2015	2023
Audits With GAAS Deficiencies	23%	19%	33%	39%	30%

While our results represent a statistically significant decrease in the overall deficiency rate since 2015, the fact that nearly a third of benefit plan audits fail to meet professional standards demonstrates a concerning lack of adequate oversight over benefit plan assets by the auditors hired to perform this work.

Does the Scope of a Benefit Plan Audit Play a Role in Determining Overall Audit Quality?

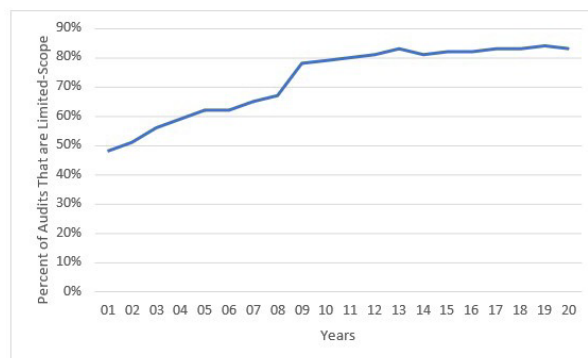
Existing law permits the exclusion of assets and related transactions held and certified by certain regulated financial institutions (i.e., banks and insurance companies) from the annual audit. Before SAS 136, these engagements were known as “limited-scope” audits.

Because not all material information was audited, the resultant auditor’s report contained a disclaimer regarding the financial statements as a whole, which offered no assurances about the fair presentation of information in an area, even those subjected to audit.

As far back as 1989, the OIG stated in its report that, “limited-scope audit reports are not useful in terms of information or protection provided to participants and beneficiaries.” There has long been a concern that auditors of these “limited-scope” engagements might be less rigorous in their review, given that their report will issue no opinion.

As seen in the following figure, 83 percent of employee benefit plan audits were limited-scope in 2020. Although this percentage has remained generally stable in the last 10 years, it is markedly higher than the early 2000s, when closer to half of plan audits were limited-scope.

Figure 1: Limited-Scope Audits, 2001-2020



Source: Schedule H Part III, Form 5500 plan filings, 2001-2020 form years

While the scope of engagement was not a criterion for selection in this study, we wanted to see what role the audit scope might play in substandard audit work. As shown in the following table, 83 percent of the study’s sample audits were limited-scope engagements.

Table 5: Sample and Deficiency Rate by Strata and Scope of Audit, Form Year 2020

Strata	Full Scope		Limited-Scope		Total
	Number in Sample	Deficiency Rate	Number in Sample	Deficiency Rate	
1-2 Plans	10 (50%)	70%	10 (50%)	70%	20 (100%)
3-5 Plans	8 (36%)	75%	14 (64%)	50%	22 (100%)
6-24 Plans	8 (15%)	25%	46 (85%)	52%	54 (100%)
25-99 Plans	13 (18%)	31%	61 (82%)	39%	74 (100%)
100+ Plans	13 (9%)	8%	124 (91%)	19%	137 (100%)
Total	52 (17%)	38%	255 (83%)	33%	307 (100%)

The table above demonstrates that there is a large amount of variability across strata with respect to the deficiency rates for full or limited-scope audits. On the high end of the spectrum, 70 percent of the limited-scope audits performed by CPAs auditing 1-2 benefit plans had at least one deficiency, whereas only 19 percent of the limited-scope audits performed by CPAs auditing 100+ benefit plans had at least one deficiency.

As previously indicated, SAS 136 adoption is required beginning for plan year 2021 audits. SAS 136 requires auditors to issue an opinion on information in the plan’s financial statements – except for the information covered by the certification from a qualified financial institution.

Auditors can no longer hide behind the disclaimer of opinion that was previously issued in these situations. With almost all prior audits being “limited-scope” engagements, future EBSA studies will assess the impact of SAS 136 in improving plan audit quality.

The Size of a CPA Firm’s Employee Benefit Plan Practice Continues to Correlate with Audit Quality

The results of this audit study clearly indicate a continuing link between the number of employee benefit plan audits performed by a CPA firm and the quality of the audit work performed. A wide disparity continues to exist between the CPA firms performing the fewest and most plan audits. As the following table shows, CPAs who performed between 1-5 employee benefit plan audits annually had a significantly higher deficiency rate than firms performing the most plan audits (100 or more audits).

The table below shows the distribution of audit review results, by strata, broken down between “simple” and “complex” audit engagements. Across all benefit practice size strata, except among auditors performing 3-5 plans, the deficiency rate for “complex” audits was the same or less than the “simple” audit deficiency rate for the same practice size.

One possible explanation could be that more difficult audit types require more attention and thus result in more accurate and complete work. EBSA hopes to further study these “simple and “complex” plan type audit deficiencies to better understand the root causes of these differences.

Table 6: Major Deficiency Audit Rates, Form Year 2020

Strata	Audit Reviews	Audits with Deficiencies	Standard Error
1-2 Plans, Simple	10	70.0%	15.3%
1-2 Plans, Complex	10	70.0%	15.3%
3-5 Plans, Simple	12	50.0%	15.1%
3-5 Plans, Complex	10	70.0%	15.3%
6-24 Plans, Simple	44	52.3%	7.6%
6-24 Plans, Complex	10	30.0%	15.3%
25-99 Plans, Simple	64	39.1%	6.1%
25-99 Plans, Complex	10	30.0%	15.3%
100+ Plans, Simple	120	19.2%	3.6%
100+ Plans, Complex	17	5.9%	5.9%
Total Reviewed	307	30.0%	2.7%

Note: Statistics in this table are calculated using sample weights in order to produce overall population estimates. For this reason, the population average may be different from the unweighted sample averages.

Table 7 below compares the rates of audits with deficiencies between the 2011 and 2020 form year audits, grouped by auditor plan size only.

One area of improvement in audit quality is the strata of firms performing 6-24 plan audits, where the deficiency rate significantly improved from our prior study – a decrease of 17 percentage points (from 67.4 percent to 50.1 percent).

Unfortunately, our study showed an increase in the deficiency rate in the two strata of firms performing the most plan audits. Compared to our previous study, the deficiency rates in the 100-749 and 750+ strata increased by 6.6 and 5 percentage points, respectively.

We find this decrease in audit quality in the 100+ plan audit strata troubling, considering that these auditors perform almost 50 percent of plan audits and audit over 86 percent of plan assets.

Table 7: Audit Deficiency Comparison – Form Year 2020 v. 2011

Strata	Form Year 2020		Form Year 2011	
	Audits Reviewed	Audits with Deficiencies	Audits Reviewed	Audits with Deficiencies
1-2 Plans	20	70.0%	95	75.8%
3-5 Plans	23	51.2%	95	68.4%
6-24 Plans	54	50.1%	95	67.4%
25-99 Plans	74	38.0%	65	41.5%
100+ Plans	137	17.0%	50	12.0%
Total	308	30%	400	39%

Note: Statistics in this table are calculated using sample weights in order to produce overall population estimates. For this reason, the population average may be different from the unweighted sample averages.

This study also found that:

- There is not a statistically significant difference in deficiency rates between auditors in the 1-2 and 3-5 strata.
- CPAs auditing fewer than 25 plans had a significantly higher deficiency rate than those reviewing 25+ plans.
- CPAs auditing fewer than 100 plans had a significantly higher deficiency rate than those reviewing 100+ plans.
- For firms in the 6-24 strata, deficiency rates in this study were significantly lower than those in the 2015 study.
- In each of the other strata (1-2, 3-5, 25-99, and 100+ audits), deficiency rates are not significantly different from those in our 2015 study.

Audits Have Fewer Multiple GAAS Deficiencies

Our results show considerable improvement in the percentage of plan audits with multiple deficient audit areas between the 2011 and 2020 form years. Table 8 below shows that the share of deficient audits with five or more deficient audit areas decreased from 48 percent (112 of 234) to 8 percent (8 of 105). It is worth noting that, in the 2020 form year, firms in the 1-2 strata performed 43 percent (6 of 8) of the significantly deficient audits.

Table 8: Analysis of Multiple Deficient Audit Areas - Form Year 2020 v. 2011

Strata	Form Year 2020		Form Year 2011	
	Number of Audits with Deficiencies	Number/percentage of Deficient Audits with 5 or More Deficient Areas	Number of Audits with Deficiencies	Number/percentage of Deficient Audits with 5 or More Deficient Areas
1-2 Plans	14	6 (43%)	72	44 (61%)
3-5 Plans	13	0 (0%)	65	31 (48%)
6-24 Plans	26	2 (8%)	64	29 (45%)
25-99 Plans	28	0 (0%)	27	8 (30%)
100+ Plans	24	0 (0%)	6	0 (0%)
Total	105	8 (8%)	234	112 (48%)

There continues to be significant differences in deficiency rates across multiple plan audit strata. For example, CPA firms that audit 1-2 plans annually have a deficiency rate of 70 percent, compared to a 17 percent deficiency rate among CPA firms auditing 100+ plans annually (see Table 7). As shown in the table below, a comparison of these two strata indicates that the 1-2 Plan stratum has a deficiency rate that is 53 percentage points higher than the 100+ Plan stratum (bottom left cell of Table 9). In other words, a plan administrator who hires a CPA that performs only 1-2 plan audits in a year has a 53 percent greater chance of hiring someone whose audit contains deficiencies, as opposed to the administrator who hires a CPA with an annual practice of 100+ plan audits.

Table 9: Percentage Point Differences in Major Audit Deficiency Rates (by Stratum), Form Year 2020¹⁰

	1-2 Plans	3-5 Plans	6-24 Plans	25-99 Plans	100+ Plans
1-2 Plans					
3-5 Plans	18%				
6-24 Plans	20%	2%			
25-99 Plans	32%	14%	12%		
100+ Plans	53%	35%	33%	21%	

Note: Statistics in this table are calculated using sample weights in order to produce overall population estimates. For this reason, the population average may be different from the unweighted sample averages.

Are More Participants and Plan Assets at Risk Based on the Size of a CPA Firm’s Benefit Plan Practice?

Our study allowed us to estimate the number of participants and plan assets impacted by audits containing one or more GAAS deficiencies.

Audits of plans holding a total of \$927.6 billion in assets contained one or more GAAS deficiencies. As the table below shows, 62 percent of these at-risk assets (nearly \$572 billion) were audited by CPAs performing 100 or more audits annually. This is a significant change from our previous study, where 93 percent of at-risk plan assets were audited by CPA firms performing fewer than 100 audits on an annual basis.

Table 10: Plan Assets Held by Plans with Deficiencies (by Stratum) – Form Year 2011 v. 2020¹¹

Strata	Form Year 2011 Assets Held by Plans with Deficiencies*	Form Year 2020 Assets Held by Plans with Deficiencies*
1-2 Plans	\$27,815	\$9,631
3-5 Plans	\$46,686	\$11,772
6-24 Plans	\$217,404	\$139,140
25-99 Plans	\$317,158	\$195,210
100+ Plans	\$44,158	\$571,824
Total	\$653,221	\$927,577

*In millions

Note: Statistics in this table are calculated using sample weights in order to produce overall population estimates. For this reason, the population average may be different from the unweighted sample averages.

Further, our study estimated that nearly 11.7 million participants were impacted by audits with one or more GAAS deficiencies. More than half (5.94 million) of these at-risk participants were in the 100+ plan audit strata.

¹⁰ Cell values indicate the percentage point differences between the row (stratum) deficiency rate and column (stratum) deficiency rate. Ex. 1-2 Plans stratum rate (70%)- 100+ Plans stratum deficiency rate (17%) = 53%

¹¹ Refer to Appendix I Tables A2-A5 for the standard errors, lower bound, and upper bound calculations for the 2011 and 2020 Form Year estimates of assets and participants covered in plans with deficiencies.

Table 11: Plan Participants Held by Plans with Deficiencies (by Stratum) – Form Year 2011 v. 2020

Strata	Form Year 2011 Participants in Plans with Deficiencies	Form Year 2020 Participants in Plans with Deficiencies*
1-2 Plans	1,040,000	260,000
3-5 Plans	1,400,000	670,000
6-24 Plans	6,510,000	2,490,000
25-99 Plans	9,310,000	2,310,000
100+ Plans	4,300,000	5,950,000
Total	22,520,000	11,680,000

Note: Statistics in this table are calculated using sample weight, in order to produce overall population estimates. For this reason, the population average may be different from the unweighted sample averages.

Are Practice Monitoring and Peer Review Activities Related to Improved Audit Quality?

The licensing boards of all 50 states require that CPAs performing attest engagements participate in a qualifying peer review/practice monitoring program. The AICPA oversees the peer review program, and peer reviews are administered by AICPA-approved entities. These “administering entities” must agree to administer peer review programs in accordance with AICPA standards.

Typically, these entities are state societies of CPAs.

According to the AICPA, “the objective of practice monitoring, and the program itself, is to promote and enhance quality in the accounting and auditing services provided by firms (and individuals) subject to the standards, in service of the public interest.” AICPA peer review staff estimate that about 21,000 CPA firms are subject to peer review and that 7,000 to 8,000 peer reviews are performed on an annual basis. Firms that are enrolled in the AICPA’s Practice Monitoring Program participate in an external review of their accounting and auditing practice every 3 years.

The objective of this system review is to provide a macro-level assessment of a CPA firm’s system of quality control over their accounting and audit practice. This offers firms “reasonable assurance” that audits are performed in accordance with professional standards.

Peer review includes the review of a sample of audit engagements. Employee benefit plan audits are “must-select” engagements in the peer review process. This means that if a CPA firm performs at least one benefit plan audit, the peer reviewing firm must review at least one of them. The peer review report must acknowledge when a benefit plan audit has been reviewed.

Dating back to OCA’s first audit quality study in 1997, and consistently since then, we have expressed concern when firms receive a “Pass” peer review when either their peer reviewer or OCA’s review identifies substandard benefit plan audit work.

The AICPA has long recognized this disconnect and asserted that the peer review process is an overall assessment of a firm’s operations. The AICPA has argued that the results of a single engagement, sometimes in an industry that is relatively minor in scope compared to the firm’s overall audit practice, may not merit less than a “Pass” rating. The AICPA has also noted that specific audit engagement findings have different levels of severity and are communicated with firm leadership. However, they are not included in the overall peer review report.

The current design of the AICPA’s program does not give prospective benefit plan audit clients meaningful information about issues with a firm’s expertise in auditing of employee benefit plans. Prospective clients would likely view a “Pass” peer review result as demonstrating that the firm has the requisite expertise for the engagement, and it is unlikely that firms would feel an obligation to pass along the critical comments that were privately communicated with firm leadership about substandard benefit plan audit work.

In our study, 222 unique firms performed the 307 audits whose workpapers OCA reviewed. All of these firms but two also received an AICPA peer review.¹² 210 of the firms who were peer reviewed received a “Pass,” while 10 received a “Pass with Deficiencies” report. No firms received a “Fail” result. Table 12 below summarizes the peer review results for each of the audits selected for review.

Table 12: Analysis of Peer Review Reports, Form Year 2020

Strata	Audits in Sample	Results of IQPA's Peer Review Report		
		Pass*	Pass w/ Deficiency	No Peer Review
1-2 Plans, Simple	10	8	1	1
1-2 Plans, Complex	10	8	1	1
3-5 Plans, Simple	12	11	1	0
3-5 Plans, Complex	10	7	3	0
6-24 Plans, Simple	44	42	2	0
6-24 Plans, Complex	10	9	1	0
25-99 Plans, Simple	64	64	0	0
25-99 Plans, Complex	10	9	1	0
100+ Plans, Simple	120	120	0	0
100+ Plans, Complex	17	17	0	0
Total	307	295	10	2

*Note that the same auditor may have reviewed multiple audits, resulting in double-counting of “Pass” results when observing results at the audit plan level.

The following two tables highlight the overall peer review results for engagements in which we identified one or more major audit deficiencies.

First, as shown in Table 13, for 91 percent (96 of 105) of the audits with deficiencies, across all strata, the firm received a peer review opinion of “Pass.”

¹² The peer review report covers a three-year period, and the audits selected for peer review may not necessarily be for the 2020 Form year.

Table 13: Analysis of Peer Review Reports for Deficient Audits, Form Year 2020

Strata	Audits with Deficiencies	Results of IQPA's Peer Review Report		
		Pas s	Pass w/ Deficiency	No Peer Revie w
1-2 Plans, Simple	7	5	1	1
1-2 Plans, Complex	7	5	1	1
3-5 Plans, Simple	6	6	0	0
3-5 Plans, Complex	7	5	2	0
6-24 Plans, Simple	23	22	1	0
6-24 Plans, Complex	3	2	1	0
25-99 Plans, Simple	25	25	0	0
25-99 Plans, Complex	3	2	1	0
100+ Plans, Simple	23	23	0	0
100+ Plans, Complex	1	1	0	0
Total	105	96	7	2

As shown in Table 14, which compares the results of this study to our 2015 study, we see nearly identical percentages of deficient audits with “clean” peer review reports. The one exception is in the 100+ strata.

Table 14: Analysis of Peer Review Reports for Deficient Audits – Form Year 2020 v. 2011

Strata	Form Year 2020		Form Year 2011	
	Number of Audits with Deficiencies	Deficient Audits with Clean Peer Review Report	Number of Audits with Deficiencies	Deficient Audits with Clean Peer Review Report
1-2 Plans	14	10 (71%)	72	49 (68%)
3-5 Plans	13	11 (85%)	65	55 (85%)
6-24 Plans	26	24 (92%)	64	60 (94%)
25-99 Plans	28	27 (96%)	27	26 (96%)
100+ Plans	24	24 (100%)	6	4 (67%)
Total	105	96 (91%)	234	194 (83%)

In summary, our study continues to highlight that CPA firms may receive a “clean” peer review report, even though deficiencies exist in their benefit plan audits. Given the objectives of the peer review program, we believe that additional steps are necessary to promote transparency of findings identified in benefit plan audits to ensure that prospective clients have the best information possible when selecting plan auditors.

In addition to the “system review,” the AICPA also has a program that focuses on work performed on submitted engagements. Known as “engagement reviews,” this type of review aims to evaluate whether audit engagements have been performed in accordance with professional standards. According to the AICPA, the reporting schema states:

When the firm receives a report with a review rating of pass, the reviewer has concluded that nothing came to the reviewer’s attention that caused the reviewer to believe that the engagements submitted for review were not performed and reported on in conformity with the requirements of applicable professional standards in all material respects. A report with a peer review rating of pass with deficiencies is issued when the reviewer has concluded at least one but not all the engagements submitted for review were nonconforming. A report with a peer review rating of fail is issued when the reviewer has concluded all the engagements submitted for review were nonconforming. We believe that if firms were to receive, in addition to their required system review, an

engagement review covering a sample of their benefit plan engagements, this would serve as a useful barometer of a firm's ability to satisfactorily perform benefit plan audits. This usefulness would be further enhanced if the engagement peer reviewer has subject matter expertise in benefit plan auditing.

Is Membership in the AICPA's Employee Benefit Plan Audit Quality Center Related to Audit Quality?

As previously stated, 222 unique firms performed this study's 307 audits. 191 (86 percent) of these firms were members of the AICPA's Employee Benefit Plan Audit Quality Center.

As shown in Table 15 below, 90 percent (276 of 307) of the benefit plan audits in our sample were performed by Quality Center member firms. Only the CPA firms performing 1-2 simple plans had more audits conducted by non-member firms than members. Overall, Quality Center members performing benefit plan audits has increased from 83 percent in 2015 to 91 percent.

Table 15: Analysis of Plans Audited by Quality Center Member Firms

Strata	Quality Center Member	Non-Quality Center Member	Total
1-2 Plans, Simple	3	7	10
1-2 Plans, Complex	7	3	10
3-5 Plans, Simple	9	3	12
3-5 Plans, Complex	6	4	10
6-24 Plans, Simple	34	10	44
6-24 Plans, Complex	9	1	10
25-99 Plans, Simple	61	3	64
25-99 Plans, Complex	10	0	10
100+ Plans, Simple	120	0	120
100+ Plans, Complex	17	0	17
Total	276	31	307

EBSA also gathered information regarding adequacy of audit work across strata and audit engagement complexity to evaluate whether there was any correlation between Quality Center membership and audit quality.

Table 16 below shows that nearly 80 percent (83 of 105) of the deficient audits in our study were performed by Quality Center member firms. For simple plans audited by firms in the 1-2 strata, 86 percent of the firms were not members of the Quality Center.

Table 16: Analysis of Deficient Audits by Quality Center Member Firms, Form Year 2020

Strata	Quality Center Member	Non-Quality Center Member	Total
1-2 Plans, Simple	1	6	7
1-2 Plans, Complex	5	2	7
3-5 Plans, Simple	3	3	6
3-5 Plans, Complex	5	2	7
6-24 Plans, Simple	15	8	23
6-24 Plans, Complex	3	0	3
25-99 Plans, Simple	24	1	25
25-99 Plans, Complex	3	0	3
100+ Plans, Simple	23	0	23
100+ Plans, Complex	1	0	1
Total	83	22	105

Were There Specific Audit Areas that Resulted in More Deficiencies than Other Areas?

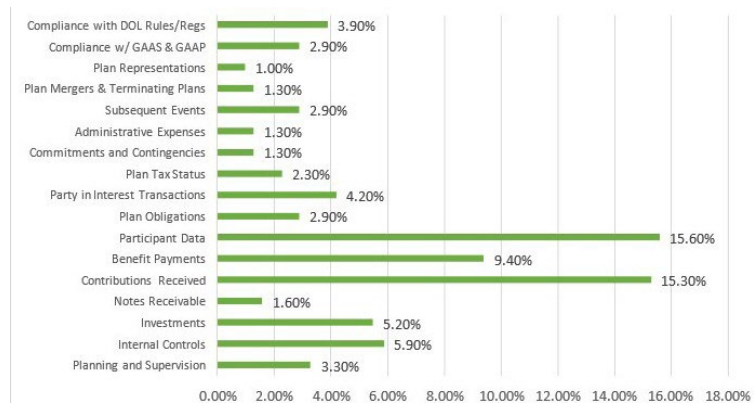
Earlier, we discussed the relationship between the size of a firm’s benefit plan practice and audit quality. Overall, firms that perform more benefit plan audits tend to perform higher quality work.

But what about the specific areas within the audits themselves? Are certain areas more susceptible to audit failures? In reviewing the 307 audits in the sample, EBSA looked at 17 different audit areas to determine if the engagement was conducted in accordance with professional standards. We found that the highest deficiency rates existed in three areas that are unique to benefit plan audits:

- Participant Data (15.6 percent)
- Contributions Received and Receivable (15.3 percent)
- Benefit Payments (9.4 percent)

Figure 2 below identifies the percentage of deficiencies for each audit area compared to the 307 audits in our sample.¹³ For example, 48 audits of the 307 sampled had deficiencies in the participant data audit area (48/307 = 15.6 percent).

Figure 2: Form Year 2020 Audits and the Frequency of Deficiency in Each Audit Area



Did Plan Audits Comply with ERISA and DOL Reporting Regulations?

In addition to adhering to GAAP and GAAS, the IQPA's report must also meet certain ERISA reporting and disclosure requirements.¹⁴ These reporting and disclosure requirements ensure that users (the federal government and plan participants and beneficiaries) were provided with necessary information that may alert them to instances that could adversely impact the plan's operation (e.g., fiduciary breaches) and/or its ability to pay plan benefits when due (e.g., losses from imprudent investments).

Of the 307 plan audit reports, we identified 12 (4 percent) that failed to comply with one or more of ERISA's reporting and disclosure requirements. This represents a significant improvement from the 17 percent deficiency rate we identified in our previous study.

Notable in the 12 audit non-compliant audit reports:

- In 5 instances, delinquent employee contributions were not reported/disclosed.
- In 3 instances, the audit report did not refer to the supplemental schedules.
- In 2 instances, an incomplete audit report was attached to the plan's Form 5500 filing.

Conclusions

The previous four audit quality studies (the original OIG study and the three subsequent EBSA studies) showed an increasing percentage of employee benefit plan audits not meeting professional standards.

This year's audit quality study shows a 30 percent overall deficiency rate for plan audits, which is a statistically significant improvement in the overall quality of employee benefit plan audits. We note a slight increase in audit quality in the 1-2 and 3-5 audit strata as well as a statistically significant increase in audit quality in the 6-24 plan audit strata. However, we find the 5- percentage point decrease in audit quality in the 100+ plan audit strata troubling, considering that these auditors perform almost 50 percent of plan audits and audit over 86 percent of plan assets.

¹² Appendix I contains a detailed breakdown of deficient audit areas by plan audit strata.

¹³ ERISA section 103(a)(3)(A) and DOL regulation 29 CFR 2520.103-1(b).

EBSA also concluded that:

- Consistent with the results in our previous study, the smaller the CPA firm’s employee benefit plan audit practice, the greater the incidence of audit deficiencies. Audit areas that are unique to employee benefit plans such as contributions, benefit payments, and participant data continue to lead the list of audit deficiencies. As in previous studies, CPA firms often failed to understand the significance of these audit areas and failed to design audit procedures to determine their fair presentation.
- The Practice Monitoring and Peer Review process established by the AICPA and administered by sponsoring state CPA societies is still ineffective in identifying deficient employee benefit plan audit work and ensuring compliance with professional standards, despite the numerous changes made to the peer review process. While selecting an employee benefit plan audit is a required part of the peer review process (where applicable), CPAs whose audits contained deficiencies often continued to receive acceptable peer review reports. Unfortunately, a plan administrator relying on the overall peer review report opinion may be misled by a “clean” peer review opinion, even though the benefit plan audit(s) contained GAAS deficiencies.
- Audits performed by members of the AICPA’s Employee Benefit Plan Audit Quality Center had a significantly lower deficiency rate than audits performed by non-Quality Center members.

Recommendations

In addition to the legislative recommendations that the OIG has made in three previous reports¹⁵ dealing with audit quality issues, to address the deficiencies identified in this report, EBSA makes the following recommendations.

Enforcement

1. With respect to case targeting strategies, EBSA should:
 - a. Continue to focus on CPA firms with smaller employee benefit plan audit practices that audit plans with large amounts of plan assets and
 - b. Annually increase the number of large benefit practice CPA firms that are reviewed as part of EBSA’s CPA Firm Inspection activities.
2. EBSA should work with state licensing boards to:
 - a. Enhance the investigation and sanctioning process for CPAs who perform significantly deficient audit work;
 - b. Encourage state boards of accountancy to accept the results of investigations performed by the AICPA’s Professional Ethics Division; and
 - c. Use those results in disciplining CPAs (at the state licensing board level).
3. With respect to the AICPA’s Peer Review Program, EBSA should:
 - a. Work with the AICPA to make the peer review process more transparent by disclosing when peer reviewers have identified deficiencies in a CPA firm’s benefit plan audit(s).
 - b. Encourage the AICPA to require firms who perform benefit plan audits to receive, in addition to their required system review, an “engagement review” covering a sample of their benefit plan engagements.

14 EBSA Needs Additional Authority to Improve the Quality of Employee Benefit Plan Audits, September 2004. (<https://www.oig.dol.gov/public/reports/oa/2004/09-04-005-12-121.pdf>).

Changes Are Still Needed in the ERISA Audit Process to Increase Protections for Employee Benefit Plan Participants, September 2012. (<https://www.oig.dol.gov/public/reports/oa/2012/09-12-002-12-121.pdf>).

Limited-Scope Audits Provide Inadequate Protections to Retirement Plan Participants, September 2014 (<https://www.oig.dol.gov/public/reports/oa/2014/05-14-005-12-121.pdf>).

- c. Coordinate with the AICPA peer review staff to ensure that CPAs who are required to undergo a peer review have had a peer review that meets the program's standards and requirements.

Outreach

4. EBSA should work with the National Association of State Boards of Accountancy to encourage state boards to require specific licensing requirements for CPAs who perform employee benefit plan audits. This would include specific training and experience in auditing employee benefit plans.
5. EBSA should expand its outreach activities to include plan administrator organizations in order to explain the importance of hiring competent CPAs to plan administrators and those with responsibility for hiring plan auditors.
6. EBSA should communicate with each of the state boards of accountancy (licensing boards) regarding the audit study results and the need to ensure that only competent CPAs are performing employee benefit plan audits.
7. EBSA should encourage state societies of CPAs to create employee benefit plan audit training programs if they do not already have one.

Appendix I

Table A1: Audit Deficiencies, by Type of Deficiency

Deficiency Type	Percentage of Audits with Deficiencies	Standard Error	Lower Bound	Upper Bound
Planning and Supervision	8.6%	1.1%	6.5%	10.7%
Internal Controls	11.6%	1.1%	9.4%	13.9%
Investments	6.1%	0.8%	4.5%	7.8%
Notes Receivable	4.2%	0.6%	2.9%	5.5%
Contributions Received	14.3%	1.3%	11.7%	16.8%
Benefit Payments	10.2%	1.1%	8.0%	12.4%
Participant Data	18.6%	1.5%	15.7%	21.6%
Plan Obligations	2.7%	0.8%	1.0%	4.3%
Party in Interest Transactions	8.9%	1.0%	6.9%	10.9%
Plan Tax Status	4.2%	0.6%	2.9%	5.4%
Commitments and Contingencies	3.5%	0.6%	2.4%	4.6%
Administrative Expenses	5.0%	0.8%	3.5%	6.5%
Subsequent Events	5.6%	0.8%	4.1%	7.2%
Plan Mergers & Terminating Plans	1.3%	0.6%	0.2%	2.3%
Plan Representations	1.2%	0.4%	0.5%	1.8%
Compliance w/ GAAS & GAAP	5.9%	0.7%	4.5%	7.4%
Compliance with DOL Rules/Regs	5.9%	0.8%	4.3%	7.4%
All Deficiencies	34.6%	1.9%	30.8%	38.3%

Note: Statistics are calculated using sample weights, which account for the different amount of audits performed by each stratum. For this reason, the population average may be different from the unweighted sample averages.

Table A2: Plan Assets at Risk (by Stratum) – Form Year 2020

Strata	Assets Held by Plans with Deficiencies*	Standard Error	Lower Bound	Upper Bound
1-2	\$9,631	\$6,070	\$0	\$21,553
3-5	\$11,772	\$5,834	\$211	\$23,332
6-24	\$139,140	\$37,223	\$65,570	\$212,709
25-99	\$195,210	\$142,927	\$0	\$477,974
100+	\$571,824	\$478,302	\$0	\$1,515,485
Total	\$927,577	\$500,657	\$0	\$1,910,600

*In millions

Table A3: Plan Assets at Risk (by Stratum) – Form Year 2011

Strata	Assets Held by Plans with Deficiencies*	Standard Error	Lower Bound	Upper Bound
1-2	\$27,815	\$6,124	\$17,794	\$41,819
3-5	\$46,686	\$18,161	\$19,908	\$88,977
6-24	\$217,404	\$101,632	\$60,700	\$444,807
25-99	\$317,158	\$234,512	\$38,516	\$854,795
100+	\$44,158	\$5,012	\$0	\$17,650
Total	\$653,221	\$260,840	\$263,940	\$1,245,938

Table A4: Plan Participants at Risk (by Stratum) – Form Year 2020

Strata	Participants in Plans with Deficiencies*	Standard Error	Lower Bound	Upper Bound
1-2 plans	0.26	0.14	0.00	0.53
3-5 plans	0.67	0.52	0.00	1.70
6-24 plans	2.49	0.63	1.25	3.73
25-99 plans	2.31	1.32	0.00	4.93
100+ plans	5.95	3.07	0.00	12.00
Total	11.68	3.44	4.92	18.44

*In millions

Table A5: Plan Participants at Risk (by Stratum) – Form Year 2011

Strata	Participants in Plans with Deficiencies*	Standard Error	Lower Bound	Upper Bound
1-2 plans	1.04	0.13	0.80	1.31
3-5 plans	1.40	0.20	1.01	1.82
6-24 plans	6.51	1.92	3.19	10.63
25-99 plans	9.31	3.44	0.00	13.11
100+ plans	4.30	1.90	0.00	7.20
Total	22.52	7.63	10.22	39.37

*In millions

Table A6: Planning and Supervision

Audit Quality Study Review Results					
Strata	Acceptable	Acceptable - minor	Unacceptable - minor	Unacceptable - major	Totals
1-2 plans	4	8	3	5	20
3-5 plans	10	9	2	1	22
6-24 plans	22	21	9	2	54
25-99 plans	44	25	4	1	74
100+ plans	84	41	11	1	137
Totals	164	104	29	10	307

The following details the unacceptable-major findings identified in planning and supervision and the number of occurrences.

- # Description of Unacceptable-Major Finding
- 4 No/insufficient audit program
- 5 No/insufficient review of plan documents, plan operations, contracts, agreements
- 4 No/insufficient testing initial/beginning balances
- 3 No/insufficient required communications to management
- 2 Other

Table A7: Internal Controls

Audit Quality Study Review Results					
Strata	Acceptable	Acceptable-minor	Unacceptable-minor	Unacceptable-major	Totals
1-2 plans	6	5	1	8	20
3-5 plans	15	3	3	1	22
6-24 plans	32	15	3	4	54
25-99 plans	48	19	3	4	74
100+ plans	107	22	7	1	137
Totals	208	64	17	18	307

The following details the unacceptable-major findings identified in internal controls and the number of occurrences.

- # Description of Unacceptable-Major Finding
- 1 No work performed
- 6 No/insufficient documentation and/or evaluation of internal control environment
- 1 No/insufficient assessment of fraud risks
- 1 No/insufficient assessment/documentation of control risk
- 3 No/insufficient documentation of risk assessment procedures
- 2 No/insufficient evidence of fraud inquiries
- 5 No/insufficient evidence of fraud brainstorming
- 8 No/insufficient evidence of review of SOC1 service auditors report and/or user controls
- 2 Other

Table A8: Investments - All Audit Combined

Audit Quality Study Review Results						
Strata	Acceptable	Acceptable-minor	Unacceptable-minor	Unacceptable-major	Not Applicable	Totals
1-2 plans	12	1	0	6	1	20
3-5 plans	15	4	0	3	0	22
6-24 plans	47	2	3	1	1	54
25-99 plans	65	2	2	5	0	74
100+ plans	129	7	0	1	0	137
Totals	268	16	5	16	2	307

Table A9: Investments - Full Scope Only

Audit Quality Study Review Results						
Strata	Acceptable	Acceptable-minor	Unacceptable-minor	Unacceptable-major	Not Applicable	Totals
1-2 plans	2	1	0	6	1	10
3-5 plans	5	0	0	3	0	8
6-24 plans	6	1	0	0	1	8
25-99 plans	10	1	1	2	0	14
100+ plans	12	1	0	0	0	13
Totals	35	4	1	11	2	53

The following details the unacceptable-major findings identified in investments for full scope audits performed and the number of occurrences.

- # Description of Unacceptable-Major Finding
- 6 No/insufficient testing of investment transactions and/or income
- 4 No/insufficient testing of end of year asset values
- 3 No/insufficient testing of specialist valuation assumptions and/or qualifications
- 5 Other

Table A10: Investments - Limited Scope Only

Audit Quality Study Review Results					
Strata	Acceptable	Acceptable-minor	Unacceptable-minor	Unacceptable-major	Totals
1-2 plans	10	0	0	0	10
3-5 plans	10	4	0	0	14
6-24 plans	41	1	3	1	46
25-99 plans	55	1	1	3	60
100+ plans	117	6	0	1	124
Totals	233	12	4	5	254

The following details the unacceptable-major findings identified in investments for limited scope audits performed and the number of occurrences.

- # Description of Unacceptable-Major Finding
- 2 Audit workpapers do not contain the certification
- 3 Other

Table A11: Notes Receivable

Audit Quality Study Review Results						
Strata	Acceptable	Acceptable-minor	Unacceptable-minor	Unacceptable-major	Not Applicable	Totals
1-2 plans	8	0	0	0	12	20
3-5 plans	5	2	1	1	13	22
6-24 plans	28	3	2	2	19	54
25-99 plans	43	8	3	2	18	74
100+ plans	88	11	3	0	35	137
Totals	172	24	9	5	97	307

The following details the unacceptable-major findings identified in notes receivable and the number of occurrences.

- # Description of Unacceptable-Major Finding
- 5 No/insufficient testing of compliance with plan
- 1 Other

Table A12: Contributions Received and Receivable

Audit Quality Study Review Results						
Strata	Acceptable	Acceptable-minor	Unacceptable-minor	Unacceptable-major	Not Applicable	Totals
1-2 plans	7	1	3	8	1	20
3-5 plans	14	1	3	4	0	22
6-24 plans	34	2	6	12	0	54
25-99 plans	38	7	12	15	2	74
100+ plans	93	20	16	8	0	137
Totals	186	31	40	47	3	307

The following details the unacceptable-major findings identified in contributions received and receivable and the number of occurrences.

- # Description of Unacceptable-Major Finding
- 1 Inappropriate reliance on SOC1/service auditors report
- 14 No recalculation of employer and/or employee contributions
- 13 No/insufficient testing of employee contribution timely remittance
- 20 No/insufficient testing of compliance with compensation provisions
- 27 Other

¹² The peer review report covers a three-year period, and the audits selected for peer review may not necessarily be for the 2020 Form year

Table A13: Benefit Payments

Strata	Audits with Deficiencies	Results of IQPA's Peer Review Report		
		Pass	Pass w/ Deficiency	No Peer Review
1-2 Plans, Simple	7	5	1	1
1-2 Plans, Complex	7	5	1	1
3-5 Plans, Simple	6	6	0	0
3-5 Plans, Complex	7	5	2	0
6-24 Plans, Simple	2 3	22	1	0
6-24 Plans, Complex	3	2	1	0
25-99 Plans, Simple	2 5	25	0	0
25-99 Plans, Complex	3	2	1	0
100+ Plans, Simple	2 3	23	0	0
100+ Plans, Complex	1	1	0	0
Total	1 0 5	96	7	2

The following details the unacceptable-major findings identified in benefit payments and the number of occurrences.

- # Description of Unacceptable-Major Finding
- 3 No work performed
- 1 Inappropriate reliance on SOC1/service auditors report
- 13 No recalculation of benefit payments
- 14 No/insufficient testing of benefit eligibility/claims
- 2 No/insufficient testing of hardship/in-service payments
- 8 No/insufficient testing of forfeitures
- 13 Other

Table A14: Participant Data, Including Individual Participant Accounts

Strata	Audit Quality Study Review Results				Totals
	Acceptable	Acceptable-minor	Unacceptable-minor	Unacceptable-major	
1-2 plans	9	1	1	9	20
3-5 plans	11	2	4	5	22
6-24 plans	28	10	8	8	54
25-99 plans	38	12	12	12	74
100+ plans	82	16	25	14	137
Totals	168	41	50	48	307

The following details the unacceptable-major findings identified in participant data, including individual participant accounts, and the number of occurrences.

- # Description of Unacceptable-Major Finding
- 2 No work performed
- 15 No/insufficient testing of payroll and/or eligible compensation
- 19 No/insufficient testing of eligibility/terminations/forfeitures

- 4 No/insufficient testing of investment transactions and/or income
- 14 No/insufficient testing of participant account allocations and/or investment elections
- 8 No reconciliation of individual participant accounts to total plan assets
- 2 No/insufficient testing of change in service provider
- 16 Other

Table A15: Plan Obligations

Audit Quality Study Review Results						
Strata	Acceptable	Acceptable-minor	Unacceptable-minor	Unacceptable-major	Not Applicable	Totals
1-2 plans	3	0	1	4	12	20
3-5 plans	5	0	1	2	14	22
6-24 plans	5	1	1	2	45	54
25-99 plans	6	1	0	1	66	74
100+ plans	14	1	5	0	117	137
Totals	33	3	8	9	254	307

The following details the unacceptable-major findings identified in plan obligations and the number of occurrences.

- # Description of Unacceptable-Major Finding
- 6 Failure to assess/review specialist's qualifications and/or assumptions
- 4 No/insufficient testing of census data and/or eligibility credits
- 2 No/insufficient testing of IBNR and/or insurance premiums
- 4 Other

Table A16: Parties In Interest/Prohibited Transactions

Audit Quality Study Review Results					
Strata	Acceptable	Acceptable-minor	Unacceptable-minor	Unacceptable-major	Totals
1-2 plans	9	4	2	5	20
3-5 plans	12	5	4	1	22
6-24 plans	35	8	6	5	54
25-99 plans	53	9	11	1	74
100+ plans	110	21	5	1	137
Totals	219	47	28	13	307

The following details the unacceptable-major findings identified in parties in interest/prohibited transactions and the number of occurrences.

- # Description of Unacceptable-Major Finding
- 9 No work performed
- 1 Failure to document results of inquiries
- 15 Failure to document related parties & parties in interest
- 3 Other

Table A17: Plan Tax Status

Audit Quality Study Review Results					
Strata	Acceptable	Acceptable-minor	Unacceptable-minor	Unacceptable-major	Totals
1-2 plans	12	4	2	2	20
3-5 plans	18	3	0	1	22
6-24 plans	40	7	3	4	54
25-99 plans	63	6	5	0	74
100+ plans	124	8	5	0	137
Totals	257	28	15	7	307

The following details the unacceptable-major findings identified in plan tax status and the number of occurrences.

- # Description of Unacceptable-Major Finding
- 2 No work performed
- 5 No/insufficient review of IRS compliance testing
- 1 No tax determination letter obtained
- 2 Other

Table A18: Commitments & Contingencies

Audit Quality Study Review Results						
Strata	Acceptable	Acceptable-minor	Unacceptable-minor	Unacceptable-major	Not Applicable	Totals
1-2 plans	11	4	3	2	0	20
3-5 plans	18	2	2	0	0	22
6-24 plans	40	5	7	2	0	54
25-99 plans	64	7	3	0	0	74
100+ plans	128	5	3	0	0	136
Totals	261	23	18	4	1	307

The following details the unacceptable-major findings identified in commitments and contingencies and the number of occurrences.

- # Description of Unacceptable-Major Finding
- 3 No work performed
- 1 Failure to document results of inquiries
- 1 No legal representation letter
- 1 Other

Table A19: Administrative Expenses

Audit Quality Study Review Results						
Strata	Acceptable	Acceptable-minor	Unacceptable-minor	Unacceptable-major	Not Applicable	Totals
1-2 plans	12	3	0	3	2	20
3-5 plans	19	1	0	0	2	22
6-24 plans	44	4	0	1	5	54
25-99 plans	59	7	2	0	6	74
100+ plans	116	10	1	0	10	137
Totals	250	25	3	4	25	307

The following details the unacceptable-major findings identified in administrative expenses and the number of occurrences.

- # Description of Unacceptable-Major Finding
- 3 No work performed
- 2 Other

Table A20: Subsequent Events

Audit Quality Study Review Results						
Strata	Acceptable	Acceptable-minor	Unacceptable-minor	Unacceptable-major	Not Applicable	Totals
1-2 plans	11	0	5	4	0	20
3-5 plans	15	3	3	1	0	22
6-24 plans	34	8	11	1	0	54
25-99 plans	52	10	10	2	0	74
100+ plans	113	15	7	1	1	137
Totals	225	36	36	9	1	307

The following details the unacceptable-major findings identified in subsequent events and the number of occurrences.

- # Description of Unacceptable-Major Finding
- 4 No work performed
- 3 Failure to document results of inquiries
- 5 Failure to review interim financial data

Table A21: Plan Mergers and Terminating Plans

Audit Quality Study Review Results						
Strata	Acceptable	Acceptable-minor	Unacceptable-minor	Unacceptable-major	Not Applicable	Totals
1-2 plans	1	1	0	1	17	20
3-5 plans	2	0	0	0	20	22
6-24 plans	2	0	0	1	51	54
25-99 plans	3	0	0	0	71	74
100+ plans	9	0	1	2	125	137
Totals	17	1	1	4	284	307

The following details the unacceptable-major findings identified in plan mergers and terminating plans and the number of occurrences.

- # Description of Unacceptable-Major Finding
- 2 No/insufficient testing of before/after account balances
- 1 No/insufficient testing of before/after participant data
- 2 Other

Table A22: Plan Representations

Audit Quality Study Review Results					
Strata	Acceptable	Acceptable-minor	Unacceptable-minor	Unacceptable-major	Totals
1-2 plans	17	2	0	1	20
3-5 plans	16	2	3	1	22
6-24 plans	49	5	0	0	54
25-99 plans	71	1	1	1	74
100+ plans	127	10	0	0	137
Totals	280	20	4	3	307

The following details the unacceptable-major findings identified in plan representations and the number of occurrences.

- # Description of Unacceptable-Major Finding
- 2 No representation letter
- 1 Inadequate/inappropriate representations

Table A23: Compliance with GAAS & GAAP

Audit Quality Study Review Results					
Strata	Acceptable	Acceptable-minor	Unacceptable-minor	Unacceptable-major	Totals
1-2 plans	10	5	0	5	20
3-5 plans	11	7	3	1	22
6-24 plans	37	12	5	0	54
25-99 plans	54	15	2	3	74
100+ plans	113	18	6	0	137
Totals	225	57	16	9	307

The following details the unacceptable-major findings identified in established professional standards (GAAS & GAAP) and the number of occurrences.

- # Description of Unacceptable-Major Finding
- 7 Inappropriate financial statement presentation
- 3 No/inadequate footnote disclosures
- 1 Report does not refer to prior year presented
- 1 Audit report language does not conform to established professional standards
- 3 Other

Table A24: Compliance with Department of Labor Rules and Regulations for Reporting and Disclosure

Audit Quality Study Review Results					
Strata	Acceptable	Acceptable-minor	Unacceptable-minor	Unacceptable-major	Totals
1-2 plans	12	5	0	3	20
3-5 plans	18	2	1	1	22
6-24 plans	45	1	5	3	54
25-99 plans	64	1	5	4	74
100+ plans	126	4	6	1	137
Totals	265	13	17	12	307

The following details the unacceptable-major findings identified in audit reports issued related to compliance with Department of Labor rules and regulations for reporting and disclosure.

- # Description of Unacceptable-Major Finding
- 1 Unsigned IQPA Report
- 1 No/inadequate footnote disclosures
- 1 Limited scope audit incorrectly applied
- 5 Delinquent employee contributions not reported/disclosed
- 3 Audit report does not refer to supplemental schedules
- 2 Incomplete IQPA audit report attached to Form 5500
- 5 Other

Appendix II

Appendix II Overview

Number of Audits by Stratum by Number of Deficient Areas of Audit for Engagements With an Unacceptable Major Review Result																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total
1 - 2 plans	2	2	2	1	0	1	0	2	1	0	0	2	0	1	0	14
3 - 5 plans	6	3	1	2	0	0	0	0	0	0	0	1	0	0	0	13
6 - 24 plans	13	4	5	2	1	0	0	0	1	0	0	0	0	0	0	26
25 - 99 plans	8	13	5	2	0	0	0	0	0	0	0	0	0	0	0	28
100 - 749 plans	8	4	1	0	0	0	0	0	0	0	0	0	0	0	0	13
750+ plans	10	1	0	0	0	0	0	0	0	0	0	0	0	0	0	11
Totals	47	27	14	7	1	1	0	2	2	0	0	3	0	1	0	105
	44.8%	25.7%	13.3%	6.7%	1.0%	1.0%	0.0%	1.9%	1.9%	0.0%	0.0%	2.9%	0.0%	1.0%	0.0%	100.0%

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Plan Representations	Inadequate/inappropriate representations
					Compliance with GAAS/GAAP Reporting Standards	Inappropriate financial statement presentation No/inadequate footnote disclosures
					Compliance with ERISA & DOL Reporting Standards	Incomplete IQPA audit report attached to Form 5500
	Yes	12	Full	DB	Planning & Supervision	No/insufficient review of plan documents, plan operations, contracts, agreements Other
					Internal Controls	No/insufficient assessment/documentation of control risk No/insufficient documentation and/or evaluation of internal control environment No/insufficient documentation of risk assessment procedures No/insufficient evidence of review of SOC1 service auditors report and/or user controls Other
					Investments - Full Scope	No/insufficient testing of end of year asset values No/insufficient testing of investment transactions and/or income

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
						Other
					Compliance with GAAS/GAAP Reporting Standards	Other
					Compliance with ERISA & DOL Reporting Standards	Audit report does not refer to supplemental schedules Other
3	No	9	Limited	DC	Planning & Supervision Internal Controls	No/insufficient audit program No/insufficient evidence of review of SOC1 service auditors report and/or user controls
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No/insufficient testing of compliance with compensation provisions No/insufficient testing of employee contribution timely remittance
					Benefit Payments	No work performed
					Participant Data & Individual Participant Accounts	No work performed
					Parties in Interest & Prohibited Transactions	No work performed
					Plan Tax Status	No work performed
					Compliance with GAAS/GAAP Reporting Standards	Inappropriate financial statement presentation
					Compliance with ERISA & DOL Reporting Standards	Delinquent employee contributions not reported/disclosed Limited scope audit incorrectly applied Unsigned IQPA Report

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
4	No	8	Full	HW	Planning & Supervision	No/insufficient audit program No/insufficient required communications to management No/insufficient review of plan documents, plan operations, contracts, agreements
					Internal Controls	No/insufficient documentation and/or evaluation of internal control environment
					Investments - Full Scope	Other
					Contributions Received & Receivable	No/insufficient testing on contributing employers (multiple & multi-employer plans)
					Benefit Payments	No/insufficient testing of benefit eligibility/claims
					Participant Data & Individual Participant Accounts	No/insufficient testing of eligibility/terminations/forfeitures
					Parties in Interest & Prohibited Transactions	No work performed
					Administrative Expenses	No work performed
5	Yes	8	Full	ESOP	Investments - Full Scope	No/insufficient testing of end of year asset values No/insufficient testing of investment transactions and/or income No/insufficient testing of specialist valuation assumptions and/or qualifications
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No/insufficient testing of compliance with compensation provisions
					Benefit Payments	No recalculation of benefit payments Other

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Participant Data & Individual Participant Accounts	No reconciliation of individual participant accounts to total plan assets No/insufficient testing of eligibility/terminations/forfeitures No/insufficient testing of participant account allocations and/or investment elections No/insufficient testing of payroll and/or eligible compensation
					Plan Obligations	Failure to assess/review specialist's qualifications and/or assumptions No/insufficient testing of census data and/or eligibility credits
					Parties in Interest & Prohibited Transactions	No work performed
					Plan Tax Status	No work performed
					Subsequent Events	Failure to review interim financial data
6	No	6	Limited	DC 403b	Planning & Supervision	No/insufficient testing initial/beginning balances
					Internal Controls	No/insufficient assessment of fraud risks No/insufficient evidence of review of SOC1 service auditors report and/or user controls
					Contributions Received & Receivable	Inappropriate reliance on SOC1/service auditors report No/insufficient testing of compliance with compensation provisions Other

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Participant Data & Individual Participant Accounts	No/insufficient testing of eligibility/terminations/forfeitures No/insufficient testing of investment transactions and/or income No/insufficient testing of payroll and/or eligible compensation
					Subsequent Events	Failure to document results of inquiries Failure to review interim financial data
					Compliance with GAAS/GAAP Reporting Standards	Audit report language does not conform to established professional standards Inappropriate financial statement presentation No/inadequate footnote disclosures Report does not refer to prior year presented
7	Yes	4	Full	HW	Investments - Full Scope	No/insufficient testing of investment transactions and/or income Other
					Benefit Payments	No/insufficient testing of benefit eligibility/claims
					Participant Data & Individual Participant Accounts	No/insufficient testing of eligibility/terminations/forfeitures
					Plan Obligations	Failure to assess/review specialist's qualifications and/or assumptions No/insufficient testing of census data and/or eligibility credits No/insufficient testing of IBNR and/or insurance premiums

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
8	No	4	Limited	DB	Contributions Received & Receivable	No/insufficient testing on contributing employers (multiple & multi-employer plans)
					Benefit Payments	No recalculation of benefit payments
					Participant Data & Individual Participant Accounts	No/insufficient testing of eligibility/terminations/forfeitures No/insufficient testing of payroll and/or eligible compensation
					Compliance with GAAS/GAAP Reporting Standards	Inappropriate financial statement presentation
9	No	3	Limited	DC	Internal Controls	No/insufficient documentation and/or evaluation of internal control environment
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No/insufficient testing of compliance with compensation provisions Other
					Participant Data & Individual Participant Accounts	No/insufficient testing of participant account allocations and/or investment elections Other
10	Yes	3	Full	ESOP	Investments - Full Scope	No/insufficient testing of end of year asset values No/insufficient testing of investment transactions and/or income
					Administrative Expenses	Other
					Subsequent Events	Failure to document results of inquiries Failure to review interim financial data
11	No	2	Limited	DC	Internal Controls	No/insufficient evidence of review of SOC1 service auditors report and/or user controls Other

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Plan Mergers & Terminating Plans	No/insufficient testing of before/after account balances Other
12	Yes	2	Full	DB	Benefit Payments Plan Obligations	Other Failure to assess/review specialist's qualifications and/or assumptions
13	No	1	Limited	DC	Internal Controls	No/insufficient documentation of risk assessment procedures
14	Yes	1	Limited	DC	Benefit Payments	Inappropriate reliance on SOC1/service auditors report No/insufficient testing of forfeitures

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
1	No	4	Limited	DC	Participant Notes Receivable	No/insufficient testing of compliance with plan
					Contributions Received & Receivable	No/insufficient testing of employee contribution timely remittance Other
					Benefit Payments	Other
					Participant Data & Individual Participant Accounts	No/insufficient testing of investment transactions and/or income Other
2	No	4	Limited	DB	Planning & Supervision	No/insufficient review of plan documents, plan operations, contracts, agreements Other
					Internal Controls	No/insufficient evidence of fraud inquiries No/insufficient evidence of review of SOC1 service auditors report and/or user controls
					Parties in Interest & Prohibited Transactions	Failure to document related parties & parties in interest Other
					Plan Tax Status	No/insufficient review of IRS compliance testing
3	Yes	3	Limited	DC	Benefit Payments	Other
					Participant Data & Individual Participant Accounts	Other
					Compliance with ERISA & DOL Reporting Standards	No/inadequate footnote disclosures

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
4	Yes	3	Limited	DC	Contributions Received & Receivable	No recalculation of employer and/or employee contributions No/insufficient testing of compliance with compensation provisions No/insufficient testing of employee contribution timely remittance
					Benefit Payments	No/insufficient testing of benefit eligibility/claims
					Participant Data & Individual Participant Accounts	Other
5	No	2	Full	HW	Investments - Full Scope	No/insufficient testing of investment transactions and/or income
					Plan Obligations	Failure to assess/review specialist's qualifications and/or assumptions No/insufficient testing of census data and/or eligibility credits No/insufficient testing of IBNR and/or insurance premiums
6	No	2	Limited	DC	Contributions Received & Receivable	No recalculation of employer and/or employee contributions No/insufficient testing of compliance with compensation provisions
					Participant Data & Individual Participant Accounts	No/insufficient testing of participant account allocations and/or investment elections No/insufficient testing of payroll and/or eligible compensation

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
7	Yes	2	Full	HW	Subsequent Events Plan Representations	No work performed No representation letter
8	Yes	1	Full	ESOP	Investments - Full Scope	No/insufficient testing of specialist valuation assumptions and/or qualifications
9	Yes	1	Full	ESOP	Investments - Full Scope	No/insufficient testing of specialist valuation assumptions and/or qualifications
10	Yes	1	Full	DB	Plan Obligations	Other
11	Yes	1	Limited	DC	Contributions Received & Receivable	Other
12	No	1	Limited	DC	Compliance with GAAS/GAAP Reporting Standards	Inappropriate financial statement presentation Other
13	Yes	1	Full	DB	Compliance with GAAS/GAAP Reporting Standards	Inappropriate financial statement presentation Other

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
1	Yes	9	Limited	DC	Planning & Supervision	No/insufficient audit program No/insufficient required communications to management No/insufficient review of plan documents, plan operations, contracts, agreements
					Internal Controls	No/insufficient documentation and/or evaluation of internal control environment No/insufficient documentation of risk assessment procedures No/insufficient evidence of fraud inquiries No/insufficient evidence of review of SOC1 service auditors report and/or user controls
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No/insufficient testing of compliance with compensation provisions No/insufficient testing of employee contribution timely remittance
					Benefit Payments	No/insufficient testing of forfeitures Other
					Participant Data & Individual Participant Accounts	No reconciliation of individual participant accounts to total plan assets No/insufficient testing of eligibility/terminations/forfeitures No/insufficient testing of participant account allocations and/or investment elections

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
						No/insufficient testing of payroll and/or eligible compensation
					Parties in Interest & Prohibited Transactions	Failure to document related parties & parties in interest
					Plan Tax Status	No work performed No tax determination letter obtained No/insufficient review of IRS compliance testing
					Administrative Expenses	No work performed
					Subsequent Events	Failure to document results of inquiries Failure to review interim financial data
2	Yes	5	Limited	DC	Participant Notes Receivable	No/insufficient testing of compliance with plan Other
					Contributions Received & Receivable	No/insufficient testing of compliance with compensation provisions No/insufficient testing of employee contribution timely remittance Other
					Benefit Payments	No recalculation of benefit payments No/insufficient testing of benefit eligibility/claims No/insufficient testing of forfeitures
					Plan Tax Status	No/insufficient review of IRS compliance testing
					Compliance with ERISA & DOL Reporting Standards	Audit report does not refer to supplemental schedules

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
						Incomplete IQPA audit report attached to Form 5500
3	Yes	4	Limited	DC	Contributions Received & Receivable	No/insufficient testing of compliance with compensation provisions Other
					Benefit Payments	No work performed Other
					Participant Data & Individual Participant Accounts	No reconciliation of individual participant accounts to total plan assets No/insufficient testing of eligibility/terminations/forfeitures No/insufficient testing of participant account allocations and/or investment elections No/insufficient testing of payroll and/or eligible compensation Other
					Plan Tax Status	No/insufficient review of IRS compliance testing Other
4	Yes	4	Limited	DC 403b	Internal Controls	No/insufficient documentation and/or evaluation of internal control environment No/insufficient evidence of review of SOC1 service auditors report and/or user controls
					Parties in Interest & Prohibited Transactions	Failure to document related parties & parties in interest
					Plan Tax Status	No/insufficient review of IRS compliance testing Other
					Commitments & Contingencies	No work performed
5	Yes	3	Full	DB	Contributions Received & Receivable	No/insufficient testing on contributing employers (multiple & multi-employer plans)

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Benefit Payments	No recalculation of benefit payments
					Plan Obligations	Failure to assess/review specialist's qualifications and/or assumptions
6	Yes	3	Limited	DC	Contributions Received & Receivable	No/insufficient testing of compliance with compensation provisions
					Benefit Payments	No recalculation of benefit payments No/insufficient testing of benefit eligibility/claims
					Participant Data & Individual Participant Accounts	No/insufficient testing of eligibility/terminations/forfeitures No/insufficient testing of participant account allocations and/or investment elections
7	Yes	3	Limited	DC	Participant Notes Receivable	No/insufficient testing of compliance with plan
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions
					Participant Data & Individual Participant Accounts	No/insufficient testing of eligibility/terminations/forfeitures Other
8	Yes	3	Limited	DC	Planning & Supervision	No/insufficient testing initial/beginning balances
					Contributions Received & Receivable	No/insufficient testing of compliance with compensation provisions
					Compliance with ERISA & DOL Reporting Standards	Other
9	Yes	3	Limited	DC	Internal Controls	No/insufficient evidence of fraud brainstorming

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Contributions Received & Receivable	Other
					Participant Data & Individual Participant Accounts	No reconciliation of individual participant accounts to total plan assets
10	No	2	Limited	DC	Contributions Received & Receivable	Other
					Benefit Payments	No recalculation of benefit payments No/insufficient testing of benefit eligibility/claims
11	Yes	2	Limited	DB	Investments - Limited Scope	Other
					Benefit Payments	Other
12	Yes	2	Limited	DC	Internal Controls	No/insufficient documentation and/or evaluation of internal control environment
					Commitments & Contingencies	No work performed
13	Yes	2	Limited	DC	Participant Data & Individual Participant Accounts	No/insufficient testing of participant account allocations and/or investment elections No/insufficient testing of payroll and/or eligible compensation
					Parties in Interest & Prohibited Transactions	No work performed
14	No	1	Limited	DC	Contributions Received & Receivable	No/insufficient testing of compliance with compensation provisions
15	Yes	1	Full	DB	Plan Obligations	Other
16	Yes	1	Limited	DC	Parties in Interest & Prohibited Transactions	No work performed
17	No	1	Limited	DC	Benefit Payments	No recalculation of benefit payments No/insufficient testing of benefit eligibility/claims

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
						No/insufficient testing of forfeitures
18	No	1	Limited	DC	Parties in Interest & Prohibited Transactions	No work performed
19	Yes	1	Limited	DC	Contributions Received & Receivable	No/insufficient testing of employee contribution timely remittance
20	Yes	1	Limited	DC	Plan Mergers & Terminating Plans	No/insufficient testing of before/after participant data
21	No	1	Limited	DC	Compliance with ERISA & DOL Reporting Standards	Delinquent employee contributions not reported/disclosed
22	No	1	Limited	DC	Benefit Payments	No/insufficient testing of benefit eligibility/claims
23	No	1	Limited	DC	Contributions Received & Receivable	No/insufficient testing of employee contribution timely remittance Other
24	Yes	1	Limited	DC	Participant Data & Individual Participant Accounts	No/insufficient testing of eligibility/terminations/forfeitures
25	No	1	Limited	DC	Benefit Payments	No recalculation of benefit payments No/insufficient testing of benefit eligibility/claims
26	Yes	1	Limited	DC	Participant Data & Individual Participant Accounts	No/insufficient testing of participant account allocations and/or investment elections

25-99 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
1	Yes	4	Limited	DC	Planning & Supervision	No/insufficient testing initial/beginning balances
					Investments - Limited Scope	Audit workpapers do not contain the certification
					Benefit Payments	No recalculation of benefit payments
					Participant Data & Individual Participant Accounts	No reconciliation of individual participant accounts to total plan assets
2	Yes	4	Limited	DC	Investments - Limited Scope	Audit workpapers do not contain the certification
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No/insufficient testing of employee contribution timely remittance
					Participant Data & Individual Participant Accounts	No/insufficient testing of change in service provider
					Compliance with ERISA & DOL Reporting Standards	Delinquent employee contributions not reported/disclosed Other
3	Yes	3	Full	HW	Contributions Received & Receivable	No recalculation of employer and/or employee contributions
					Participant Data & Individual Participant Accounts	No/insufficient testing of eligibility/terminations/forfeitures
					Compliance with GAAS/GAAP Reporting Standards	Inappropriate financial statement presentation
4	Yes	3	Limited	DC	Internal Controls	No/insufficient evidence of fraud brainstorming
					Contributions Received & Receivable	No/insufficient testing of compliance with compensation provisions Other
					Participant Data & Individual Participant Accounts	No/insufficient testing of participant account allocations and/or investment elections No/insufficient testing of payroll and/or eligible compensation

25-99 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
5	Yes	3	Full	DB	Investments - Full Scope	Other
					Plan Obligations	Other
					Compliance with GAAS/GAAP Reporting Standards	Other
6	Yes	3	Limited	DC	Participant Notes Receivable	No/insufficient testing of compliance with plan
					Contributions Received & Receivable	No/insufficient testing of employee contribution timely remittance
					Participant Data & Individual Participant Accounts	No reconciliation of individual participant accounts to total plan assets No/insufficient testing of participant account allocations and/or investment elections
7	Yes	3	Full	DC	Investments - Full Scope	Other
					Contributions Received & Receivable	Other
					Participant Data & Individual Participant Accounts	No/insufficient testing of eligibility/terminations/forfeitures Other
8	Yes	2	Limited	DC	Contributions Received & Receivable	Other
					Participant Data & Individual Participant Accounts	No/insufficient testing of eligibility/terminations/forfeitures Other
9	Yes	2	Limited	DC	Contributions Received & Receivable	Other
					Benefit Payments	No/insufficient testing of benefit eligibility/claims No/insufficient testing of forfeitures Other

25-99 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
10	Yes	2	Limited	DC	Benefit Payments	No recalculation of benefit payments No/insufficient testing of benefit eligibility/claims No/insufficient testing of forfeitures No/insufficient testing of hardship/in-service payments
					Compliance with ERISA & DOL Reporting Standards	Other
11	Yes	2	Limited	DC	Participant Notes Receivable	No/insufficient testing of compliance with plan
					Parties in Interest & Prohibited Transactions	Failure to document related parties & parties in interest No work performed
12	Yes	2	Full	HW	Benefit Payments	No recalculation of benefit payments No/insufficient testing of benefit eligibility/claims Other
					Participant Data & Individual Participant Accounts	No/insufficient testing of eligibility/terminations/forfeitures
13	Yes	2	Limited	DC	Investments - Limited Scope	Other
					Contributions Received & Receivable	Other
14	Yes	2	Limited	DC	Internal Controls	No/insufficient evidence of fraud brainstorming
					Subsequent Events	No work performed
15	Yes	2	Limited	DC	Internal Controls	No/insufficient evidence of fraud brainstorming
					Subsequent Events	No work performed
16	Yes	2	Limited	DC 403b	Compliance with GAAS/GAAP Reporting Standards	Inappropriate financial statement presentation
					Compliance with ERISA & DOL Reporting Standards	No/inadequate footnote disclosures Other

25-99 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
17	Yes	2	Limited	DC	Benefit Payments	No/insufficient testing of forfeitures Other
					Participant Data & Individual Participant Accounts	No/insufficient testing of investment transactions and/or income Other
18	Yes	2	Limited	DC	Contributions Received & Receivable	No/insufficient testing of employee contribution timely remittance
					Participant Data & Individual Participant Accounts	No/insufficient testing of participant account allocations and/or investment elections
19	Yes	2	Limited	DC	Contributions Received & Receivable	Other
					Compliance with ERISA & DOL Reporting Standards	Audit report does not refer to supplemental schedules Delinquent employee contributions not reported/disclosed
20	Yes	2	Limited	DC 403b	Contributions Received & Receivable	No/insufficient testing of compliance with compensation provisions Other
					Participant Data & Individual Participant Accounts	No/insufficient testing of eligibility/terminations/forfeitures Other
21	Yes	1	Limited	DC	Plan Representations	No representation letter
22	Yes	1	Limited	DC	Contributions Received & Receivable	Other
23	Yes	1	Limited	DC	Participant Data & Individual Participant Accounts	No/insufficient testing of change in service provider
24	Yes	1	Limited	DC	Benefit Payments	No/insufficient testing of forfeitures Other
25	Yes	1	Limited	DC	Contributions Received & Receivable	No recalculation of employer and/or employee contributions

25-99 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
26	Yes	1	Limited	DC	Contributions Received & Receivable	Other
27	No	1	Limited	DC	Internal Controls	No/insufficient evidence of review of SOC1 service auditors report and/or user controls
28	Yes	1	Limited	DC	Contributions Received & Receivable	Other

100-749 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
1	Yes	3	Limited	DC	Contributions Received & Receivable	No recalculation of employer and/or employee contributions No/insufficient testing of compliance with compensation provisions Other
					Plan Mergers & Terminating Plans	Other
					Compliance with ERISA & DOL Reporting Standards	Delinquent employee contributions not reported/disclosed
2	Yes	2	Limited	DC	Contributions Received & Receivable	No/insufficient testing of compliance with compensation provisions Other
					Participant Data & Individual Participant Accounts	No/insufficient testing of payroll and/or eligible compensation Other
3	Yes	2	Full	ESOP	Contributions Received & Receivable	Other
					Participant Data & Individual Participant Accounts	Other
4	Yes	2	Limited	DC	Parties in Interest & Prohibited Transactions	Other
					Subsequent Events	Failure to review interim financial data
5	Yes	2	Limited	DC	Contributions Received & Receivable	No/insufficient testing of compliance with compensation provisions No/insufficient testing of employee contribution timely remittance Other

100-749 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Benefit Payments	No recalculation of benefit payments No/insufficient testing of benefit eligibility/claims No/insufficient testing of hardship/in-service payments Other
6	Yes	1	Limited	DC	Contributions Received & Receivable	No/insufficient testing of employee contribution timely remittance Other
7	Yes	1	Limited	DC	Investments - Limited Scope	Other
8	Yes	1	Limited	DC	Participant Data & Individual Participant Accounts	No/insufficient testing of payroll and/or eligible compensation
9	Yes	1	Limited	DC	Participant Data & Individual Participant Accounts	No/insufficient testing of payroll and/or eligible compensation
10	Yes	1	Limited	DC	Participant Data & Individual Participant Accounts	Other
11	Yes	1	Limited	DC	Participant Data & Individual Participant Accounts	No/insufficient testing of payroll and/or eligible compensation
12	Yes	1	Limited	DC	Planning & Supervision	No/insufficient testing initial/beginning balances
13	Yes	1	Limited	DC	Contributions Received & Receivable	Other

750+ Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
1	Yes	2	Limited	DC	Contributions Received & Receivable Participant Data & Individual Participant Accounts	No/insufficient testing of compliance with compensation provisions Other
2	Yes	1	Limited	DC	Plan Mergers & Terminating Plans	No/insufficient testing of before/after account balances
3	Yes	1	Limited	DC 403b	Contributions Received & Receivable	No recalculation of employer and/or employee contributions
4	Yes	1	Limited	DC 403b	Participant Data & Individual Participant Accounts	No reconciliation of individual participant accounts to total plan assets No/insufficient testing of eligibility/terminations/forfeitures No/insufficient testing of participant account allocations and/or investment elections
5	Yes	1	Limited	DC 403b	Participant Data & Individual Participant Accounts	No/insufficient testing of eligibility/terminations/forfeitures No/insufficient testing of investment transactions and/or income
6	Yes	1	Limited	DC	Internal Controls	No/insufficient evidence of fraud brainstorming
7	Yes	1	Limited	DC	Participant Data & Individual Participant Accounts	Other
8	Yes	1	Limited	DC 403b	Participant Data & Individual Participant Accounts	No/insufficient testing of participant account allocations and/or investment elections
9	Yes	1	Limited	DC	Participant Data & Individual Participant Accounts	No/insufficient testing of participant account allocations and/or investment elections

750+ Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
10	Yes	1	Limited	DC	Participant Data & Individual Participant Accounts	No/insufficient testing of payroll and/or eligible compensation
11	Yes	1	Limited	DC	Participant Data & Individual Participant Accounts	No/insufficient testing of eligibility/terminations/forfeitures