

**Performing
Quality ERISA
Employee
Benefit Plan
Audits: Firm
Best Practices**



The AICPA Employee Benefit Audit Quality Center is a firm-based, volunteer membership center created with the goal of promoting quality employee benefit plan audits. Center members demonstrate their commitment to ERISA audit quality by joining and agreeing to adhere to the Center's membership requirements. EBPAQC member firms receive valuable ERISA audit and firm best practice tools and resources that are not available from any other source.

Visit the center website at aicpa.org/EBPAQC to see a list of EBPAQC member firms and find other valuable tools prepared for plan sponsors and other stakeholders. For more information, contact the EBPAQC at ebpaqc@aicpa.org.

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Introduction

The AICPA Employee Benefit Plan Audit Quality Center has prepared this Document to assist you in identifying and implementing best practices for your firm's ERISA employee benefit plan (EBP) audit practice. This tool is designed to be used by all firms that perform EBP audits, whether your firm performs just a few EBP audits or has (or is considering developing) a specialized EBP audit practice.

This tool provides tips for establishing effective quality control policies and procedures specific to your EBP audit practice; provides examples of best practices for each phase of the audit engagement, including a suggested timeline for implementation; and provides links to useful tools and resources (Note: Certain tools are available only to EBPAQC members).

Quality Control Specific to Your Firm's EBP Audit Practice

A fundamental step in creating a quality EBP audit practice is establishing an effective system of quality control *specific to your firm's EBP audit practice*. It will provide you with reasonable assurance that the firm and its personnel comply with professional standards and ERISA and DOL regulatory requirements, and that reports issued by the firm are appropriate in the circumstances. The Department of Labor (DOL) has identified the establishment of quality review and internal process controls as a factor it believes contributes to whether or not EBP audits comply with established professional standards.

Quality control policies and procedures likely will differ based on firm size and the nature of the EBP audit practice. Documentation and communication of policies and procedures for smaller firms may be less formal and extensive than for larger firms. Certain requirements would not be relevant to all firms for example, for a sole practitioner, requirements related to the assignment of appropriate personnel to the engagement team, review responsibilities, and annual communication of the results of monitoring to engagement partners within the firm would not be relevant if the firm had no staff).

SQCS No. 8, *A Firm's System of Quality Control*, addresses a CPA firm's responsibilities for its system of quality control for its accounting and auditing practice. SQCS applies to all CPA firms with respect to engagements in their accounting and auditing practice. The quality control policies and procedures for your firm's EBP audit practice should encompass the following six elements of SQCS No. 8:

1. Leadership responsibilities for quality within the firm (the "tone at the top")

The firm should promote an internal culture based on the recognition that quality is essential in performing engagements and should establish policies and procedures to support that culture. Such policies and procedures should require the firm's leadership (managing partner or board of managing partners, chief executive officer, or equivalent) to assume ultimate responsibility for the firm's system of quality control.

TIPS

Designate a partner to be responsible for the quality of the firm's EBP audit practice. The Designated Partner (DP) in charge of EBP audit quality sets the tone for the firm's EBP audit practice. The DPs' actions and communications with the other members of the practice demonstrate responsibility for the overall quality on each audit engagement.

The DP is responsible for confirming that there is a partner in the firm who has the necessary training and education to understand specific audit procedures and reporting requirements for all types of EBP audits that the firm performs. Only someone with the appropriate background can determine that enough time is allocated to these audits so that economic considerations do not override the time required to comply with all requirements in the professional standards with due professional care.

In addition to meeting the ethical requirements of the AICPA, EBP auditors must adhere to rules of auditor independence established by the DOL (and, for plans that file a Form 11-K, the Securities and Exchange Commission (SEC) and the Public Company Accounting Oversight Board (PCAOB)).

2. Relevant ethical requirements

The firm should establish policies and procedures designed to provide it with reasonable assurance that the firm and its personnel comply with relevant ethical requirements. The AICPA Code of Professional Conduct establishes the fundamental principles of professional ethics, which include:

- Responsibilities
- The public interest
- Integrity
- Objectivity and independence
- Due care
- Scope and nature of services

TIPS

Conduct a firm-wide self-review to determine that independence is maintained for all EBP audits in accordance with applicable independence rules.

Particular care should be exercised in situations where the firm is considering preparing plan client financial statements (note: financial statement preparation is not permitted for 11-K plan audit clients), and performing other nonattest services.

TOOLS

The EBPAQC developed tools for performing an independence self-review that can be found in the [Auditor Independence Resource Center](https://aicpa.org/EBPAQC) on the EBPAQC website (aicpa.org/EBPAQC). In addition, it is important that the firm consult DOL and other relevant publications related to auditor independence.

The EBPAQC tool, [*Documentation of Review of AICPA Independence Requirements Where Nonattest Services Are Performed for an Employee Benefit Plan Audit Client*](#), assists CPAs performing nonattest services for EBP audit clients in documenting their assessment of whether performing the nonattest services for those clients violates AICPA independence rules. Specifically, it addresses whether the nonattest services impair their independence, whether they have performed any “prohibited” nonattest services, and whether their understanding with the client has been established and documented in writing.

3. Acceptance and Continuance of Clients and Engagements The firm should establish policies and procedures for the acceptance and continuance of client relationships and specific engagements, designed to provide the firm with reasonable assurance that it will undertake or continue relationships and engagements only where the firm:

- Has considered the integrity of the client, including the identity and business reputation of the client's principal owners, key management, related parties, and those charged with its governance, and the risks associated with providing professional services in the particular circumstances;
- Is competent to perform the engagement and has the capabilities and resources to do so; and
- Can comply with legal and ethical requirements.

The firm should obtain such information as it considers necessary in the circumstances before accepting an engagement with a new client, when deciding whether to continue an existing engagement, and when considering acceptance of a new engagement with an existing client.

Professional standards require that the firm obtain information considered necessary in the circumstances before accepting an engagement with a new client, when deciding whether to continue an existing engagement, and when considering acceptance of a new engagement with an existing client. As EBP audits are very specialized and unique, the considerations in this area are particularly important.

TIPS

Before a firm accepts an EBP audit engagement, it is important to establish that:

- ▶ Engagement staff and management have recent EBP-specific continuing professional education (CPE).

- ▶ Any necessary outside consultation (for example, partners at firms with experience in the type of plan being audited, ERISA legal counsel, actuaries, and investment valuation specialists) have been arranged.
- ▶ An Engagement Quality Control Review, if considered necessary, has been arranged.
- ▶ EBP audit practice aids, tools, and resources are in place.
- ▶ Client integrity has been evaluated, including any past issues with the regulatory authorities.
- ▶ The plan obtains SOC 1 reports that are comprehensive and address the needs for the audit engagement.
- ▶ Plan records are available and accessible (for example, historical records in an initial audit).

Because the level of knowledge by plan management and those charged with governance regarding ERISA and DOL rules and plan accounting and internal control varies greatly from plan-to-plan, it is important that auditors give appropriate consideration to the decision to continue providing audit services to the client; client retention should not be automatic. Before the decision is made to retain an EBP audit client, consider whether:

- ▶ Governance of the plan is taken seriously and all plan governance considerations are documented.
- ▶ The plan obtains SOC 1 reports that are comprehensive and address the needs for the audit engagement.
- ▶ Plan management is performed by individuals with an appropriate background in general ERISA compliance.
- ▶ Control deficiencies and operational recommendations are addressed promptly.

- ▶ Service providers are selected with quality as the primary consideration rather than because the fees are low.

TIPS

When considering the appropriate competence and capabilities expected of EBP audit engagement teams, matters to be considered include, among other things:

- ▶ An understanding of, and practical experience with, EBP audit engagements through appropriate training and participation;
- ▶ An understanding of professional standards and ERISA and DOL requirements;
- ▶ Technical expertise with relevant specialized areas of accounting or auditing; and
- ▶ Knowledge of the EBP industry.

4. Human Resources

The firm should establish policies and procedures designed to provide it with reasonable assurance that it has sufficient personnel with the capabilities, competence, and commitment to ethical principles necessary to:

- Perform its engagements in accordance with professional standards and regulatory and legal requirements, and
- Enable the firm to issue reports that are appropriate in the circumstances.

Such policies and procedures should address the following:

- Recruitment and hiring, if applicable;
- Determining capabilities and competencies;
- Assigning personnel to engagements, if applicable;
- Professional development; and
- Performance evaluation, compensation and advancement

It is essential that staff with no prior EBP audit experience receive appropriate instruction related to ERISA compliance requirements in addition to the general accounting and auditing considerations, and that engagement management and staff complete EBP-specific CPE courses on a continual basis. Courses and seminars that can be considered include:

- ▶ AICPA national EBP conferences
- ▶ AICPA self-study courses
- ▶ AICPA EBPAQC webinars
- ▶ State society EBP conferences and webcasts
- ▶ Internal EBP training courses

TOOLS

The AICPA has developed a Competency and Learning website that includes a Competency Framework designed to help CPAs understand the knowledge and skills necessary to perform high-quality engagements. It provides a model for identifying, evaluating, and developing competencies, including competencies in employee benefit plan auditing. The Competency Model is available at competency.aicpa.org.

5. Engagement Performance

The firm should establish policies and procedures designed to provide it with reasonable assurance that engagements are consistently performed in accordance with professional standards and regulatory and legal requirements, and that the firm or the engagement partner issues reports that are appropriate in the circumstances. Required policies and procedures should address:

- Engagement performance,
- Supervision responsibilities and
- Review responsibilities

TIPS

Establish firm policies and procedures that address EBP-specific engagement matters, such as:

- ▶ Considering the effect of non-compliance findings during the audit, including the need to consult with ERISA legal counsel, recognized experts outside the firm, and the DOL Office of Chief Accountant.
- ▶ Using practice aids not only from the provider normally used by the audit firm, but those on the [DOL](#) and [AICPA EBPAQC](#) websites, including those pertinent to specific types of plans (health and welfare, ESOPs, defined benefit).
- ▶ For small firms, reaching out to other firms to discuss practice issues or access tools, either directly or through the [EBPAQC onlineMember-to-Member Discussion Forum](#).
- ▶ Considering the need to require engagement quality control reviews (EQCR), especially for higher-risk audits such as ESOP, health and welfare, defined benefit, and new plan audits.
- ▶ Exercising strict control over sensitive client information, especially participant data.

TOOLS

The [EBPAQC online Member-to-Member Discussion Forum](#) provides members a place to go to get answers to technical questions, discuss practice issues, and network with other member firms.

6. Monitoring

The firm should establish policies and procedures designed to provide the firm and its engagement partners with reasonable assurance that the policies and procedures relating to the system of quality control are relevant, adequate, operating effectively, and complied with in practice. Such policies and procedures should:

- Include an ongoing consideration and evaluation of the firm's system of quality control to determine
 1. The appropriateness of the design and
 2. The effectiveness of the operation of the system of quality control.
- Assign responsibility for the monitoring process to a partner or partners or other persons with sufficient and appropriate experience and authority in the firm to assume that responsibility.
- Assign performance of monitoring of the firm's system of quality control to qualified individuals

The purpose of monitoring compliance with quality control policies and procedures is to provide an evaluation of:

- Adherence to professional standards and regulatory and legal requirements;
- Whether the quality control system has been appropriately designed and effectively implemented; and
- Whether the firm's quality control policies and procedures have been operating effectively, so that reports that are issued by the firm are appropriate in the circumstances.

TIPS

Monitor the firm’s compliance with established policies and procedures relating to its EBP audit practice to verify they are working asplanned. Best practices for such monitoring include:

- ▶ Including a sample of EBP engagements performed by the firm in its post-issuance reviews and annual inspections that is representative of the firm’s EBP audit practice, covering each type of EBP audit performed (for example, defined benefit, defined contribution, health and welfare, and ESOP), as well as all engagement partners and all offices involved in EBP audits.
- ▶ Using available peer review checklists from the AICPA website as a basis for annual inspections.
- ▶ Interviewing personnel who participate in EBP audits regarding their experiences and concerns and recommendations for improvement.
- ▶ Communicating EBP audit practice internal inspection findings promptly upon completion and possibly as a “reminder” in planning meetings.

TOOLS

The [AICPA Peer Review Employee Benefit Plan Engagement Checklist](#) may be used as a basis for the firm’s annual internal EBP practice inspections.

Preparing Your Firm for the EBP Audit Season

Review of Firm's Preparedness

TIPS

Each year, have the DP perform a review of the firm's preparedness for the upcoming EBP audit season. A good starting point is reviewing what went well — as well as what went wrong — during the prior audit season. During this process, the DP also would review the adequacy of the firm's quality control policies and procedures related to the EBP audit practice and make any necessary revisions, and confirm they have been communicated to staff.

TOOLS

The EBPAQC [Firm Preparedness Checklist for Employee Benefit Plan Audits](#) details general firm preparedness issues that should be addressed each year before the EBP audit season begins. In addition, the EBPAQC offers a two-hour DP audit planning webinar each year specifically designed to help DPs prepare their firms for the upcoming audit season.

Audit Inventory and Staffing

TIPS

To properly prepare and manage EBP audits, it is helpful to conduct a firm-wide inventory of plan clients by identifying the number and types of EBP audits the firm will perform, as well as a client review and risk analysis that includes an analysis of potential threats to independence as discussed in the “Relevant ethical requirements” section above.

Other important steps in preparing your firm for the EBP audit season are the identification of qualified staff for each EBP engagement and evaluation of the adequacy of staff training. Confirm scheduling ahead of time. To improve efficiency, consider scheduling a meeting of all EBP audit partners and managers prior to the audit season to coordinate dates for planning, fieldwork and wrap-up. This will result in the best utilization of time and resources and resolve potential conflicts ahead of time.

TOOLS

The EBPAQC [ERISA Audit Inventory and Staffing Schedule](#) assists members in inventorying, staffing and scheduling EBP audit engagements.

Brainstorming

TIPS

A meeting of all supervisors, managers, and partners who participate in EBP audits before any specific engagement planning starts is a good opportunity share information and brainstorm potential areas of concern; new accounting, auditing, or regulatory developments that need to be addressed; areas where audit efficiencies and consistency in practice can be realized; and how client service can be improved.

Accounting, Auditing and Regulatory Changes

TIPS

Accounting, auditing and DOL rules generally are not static. It is important to stay abreast of any changes in reporting requirements and deadlines. Revise firm checklists, programs, and other materials each year to reflect any new accounting, auditing, or regulatory requirements. Make sure the DP reviews the firm's EBP audit tools and resources for adequacy and communicates to staff any changes in reporting and auditing requirements and deadlines.

TOOLS

The EBPAQC provides annual audit planning webinars for Designated Partners and managers/supervisors

Creating Audit Efficiencies and Consistency in Practice

TIPS

Consider creating audit documentation templates for areas unique to EBPs to promote consistency throughout the firm in engagement performance and audit documentation.

Looking for ways to leverage some planning steps can help your busy season stay organized and on track. Centralizing certain functions may prove efficient and promote consistency. For example:

- ▶ You may consider having one or two individuals review all EBP audit reports prior to issuance.
- ▶ Confirmations can be coordinated and sent by one or two individuals in batches to the service providers that are most widely used by your clients.
- ▶ The organization and mailing of participant data confirmations can be centralized.
- ▶ If the firm has multiple EBP audit clients that use the same service providers, you may wish to consider utilizing a centralized SOC 1 report-review process for information in the reports that is relevant to all plan audits. This will reduce duplication of efforts and allow each engagement team to focus on information in the SOC 1 report that is specific to the plan under audit.

TOOLS

The centralized review could be documented using the EBPAQC tool [Documentation of Use of a Type 2 Service Auditor's Report in an Audit of an Employee Benefit Plan's Financial Statements](#), which could be distributed to all audit teams to complete for engagement-specific considerations.

Training

TIPS

Smaller firms may not have dedicated EBP staff and, as such, their staff is busy during the traditional “busy season” from January through April. In these situations, DPs can plan, design, and schedule EBP training so it is ready to go as soon as staff is available. Depending on the size of the EBP practice and the expertise of the individuals involved, training materials can be prepared and/or updated by a designated manager or partner. Incorporate the audit documentation templates discussed above into firm training programs.

TOOLS

The EBPAQC has developed a series of [“Topix” Primers](#) to provide members with a basic understanding of various EBP-specific topics. These primers, which can be found on the [EBPAQC website](#), are effective tools that can be incorporated into training programs for staff new to EBP auditing. Topics include:

- ▶ [Health and Welfare Employee Benefit Plans](#)
- ▶ [Limited Scope Audits](#)
- ▶ [Tax and Compliance Issues for 401\(k\) Plans](#)
- ▶ [Parties in Interest and Prohibited Transactions](#)
- ▶ [Insurance Company Products Offered to Employee Benefit Plans](#)
- ▶ [Plan Investments in Bank Collective Investment Funds](#)
- ▶ [Alternative Investments in Employee Benefit Plans](#)

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- ▶ [Stable Value Funds and Investment Contracts](#)
 - ▶ [Multiemployer Employee Benefit Plans](#)
 - ▶ [Employee Stock Ownership Plans \(ESOPs\)](#)
 - ▶ [403\(b\) Plans](#)
 - ▶ [Cash Balance Plans](#)
 - ▶ [Plan Sponsor Subsidies Under the Medicare Prescription Drug Improvement and Modernization Act of 2003](#)

As noted in the “Human Resources” section above, external CPE also is available at various levels from multiple sources. Many of these external training programs are offered between April and June, so will require registration during the traditional busy season. It may be necessary to prepare a training plan early in the calendar year to ensure staff is able to attend those courses best suited to their training needs.

Educating Your Clients

EBP Auditing/Auditor Communications

TIPS

The more familiar your plan clients are with accounting rules, regulatory and filing requirements, and the audit process, the simpler your job will be. As such, it is important that you take every opportunity to educate your plan clients about matters relevant to the audit.

TOOLS

The EBPAQC has plan advisories to help you educate your clients about various aspects of an EBP audit, including,

- ▶ [The Importance of Hiring a Quality Auditor to Perform Your Employee Benefit Plan Audit](#),
- ▶ [Employee Benefit Plans — Financial Statement Audits](#) and
- ▶ [Understanding Auditor Communications](#).

Internal Control

TIPS

Early in the process, discuss with your plan clients the importance of — as well as their responsibility for — establishing and maintaining an effective system of internal control.

TOOLS

The EBPAQC Plan Advisory, [The Importance of Internal Controls In Financial Reporting and Safeguarding Plan Assets](#), is a good starting point for those discussions. It addresses why internal control is important, the basics of internal

control, how to establish cost-effective controls, monitoring controls, plan auditor communications of internal control deficiencies, and how the auditor can help, and provides information about where to obtain additional information about internal controls and helpful examples of controls for them to consider for their plan.

Monitoring Service Providers

TIPS

Well in advance of the audit, ascertain whether SOC 1 reports are available from service organizations, the type(s) of reports that will be obtained, and the date(s) when they will be available. Also discuss with your plan audit clients the importance of SOC 1 reports to plan management in fulfilling their fiduciary responsibility to monitor service providers.

TOOLS

The EBPAQC Plan Advisory, [Effective Monitoring of Outsourced Plan Recordkeeping and Reporting Functions](#), addresses selecting and monitoring service organizations the quality of plan accounting information, monitoring service organization controls over plan accounting information, and special considerations for different plan types (defined benefit, defined contribution, and health and welfare plans), and includes suggestions for conducting on-site reviews of service organizations and examples of controls that help ensure complete and accurate plan accounting information and reporting.

Valuing and Reporting Plan Investments

TIPS

Talk to your clients about their responsibilities for reporting plan investments, including valuing investments and establishing appropriate internal controls.

TOOLS

The EBPAQC Plan Advisory, [Valuing and Reporting Plan Investments](#), will help you have these conversations with your clients. It provides them with information about how plan investments are reported, investment valuation and related disclosures, special considerations for alternative investments, investment information they should request from the plan trustee or custodian and investment manager, and how an independent auditor can help. It provides references to resources and examples of suggested controls management can consider related to the financial reporting of investments.

Engagement Planning

There is no substitute for effective engagement planning. It can help ensure that a quality audit is performed and prevent last-minute surprises that can derail the audit.

Establishing an Understanding

TIPS

It is never too early to begin engagement planning. Meet with clients early to establish your understanding of the details of the engagement. Items to be addressed include:

- ▶ The services to be provided by your firm
- ▶ Who will be preparing the Form 5500 and related schedules
- ▶ What you expect from your client, including details of the documents they will prepare or provide
- ▶ Deadlines for the client-provided information as well as completion of the engagement

Be sure to document all items in the engagement letter.

Planning Considerations

TIPS

Confirming details with the client ahead of time is very useful. In this stage, third-party service providers can be included as well, which will help ensure all parties involved are on the same page. It will also help set expectations for the audit process as a whole. Other items to address early in the planning stage include:

- ▶ Prepare a timeline that all parties agree to in advance; the client, service providers, and the audit team. This timeline can be a valuable tool to measure progress, check-ins, and the overall client relationship.

- ▶ Line up channels of information with the plan sponsor and service providers before starting the audit. Ask recordkeepers for reports and access to databases that will assist in obtaining audit evidence. Consider holding a planning meeting with service providers.
- ▶ Take advantage of the “payroll focus” at year-end; ask clients to prepare payroll-related schedules close to year-end when the payroll data is being reconciled.
- ▶ Review what went well — as well as what went wrong — on last year’s audit and make changes to audit programs accordingly.
- ▶ Have the engagement manager and partner organize and actively participate in engagement planning before fieldwork begins, which will help facilitate an efficient audit. For example, you might consider developing a questionnaire — to be completed by the manager or supervisor prior to the initial engagement planning meeting — that documents key players (TPA, investment advisor, etc.) and other details to make the planning meeting more productive.
- ▶ Ask the client to provide — through an electronic portal, encrypted email, or other secure and organized means — as many of the “prepared by client” (PBC) items as possible, as well as trust schedules and certifications, and pertinent plan information such as summary plan descriptions, plan documents, and plan amendments, in advance of on-site work so you can review them and formulate questions in advance.
- ▶ Select samples in advance and ask the client to gather the supporting documentation so it will be available when you arrive on-site.

If your firm is preparing the Form 5500, think ahead to what information you will need from the client and service providers and request it well in advance. If possible, include the items you will need in the request you submit for audit information and/or the PBClists. This way, when following up on the PBClists, the Form 5500 information also will be discussed and provided timely.

In developing your audit programs, consider common EBP audit deficiencies identified by the DOL, AICPA Peer Review, and your firm's internal inspection. Make sure your audit procedures adequately address each of those potential deficiencies.

Prepare a plan and timeline for wrapping up the engagement; good wrap-up typically happens with good planning.

TOOLS

The EBPAQC tool, Common *EBP Audit Deficiencies*, and the companion *Planning Tool: Summary of Common EBP Audit Deficiencies, Audit Guidance, and Resources*, provide details about common EBP audit deficiencies.

EBPAQC [Employee Benefit Plans DOL Criminal Enforcement Cases, Fraud Risk Factors Specific to Employee Benefit Plans](#) and [EBP Fraud Examples](#) are tools that may be useful in conducting fraud brainstorming sessions for your EBP audits. They can be found in the [Fraud In Employee Benefit Plans Resource Center](#) on the [EBPAQC website](#).

Fieldwork

TIPS

Try to complete the audit at the client's office; it's more efficient than working from your office if time on-site is well organized. Here are some things you can do to make sure fieldwork runs smoothly:

- ▶ Review all the service vendor reports before going to the client so you know what questions to ask.
- ▶ Be efficient in using the client's time while on site. Schedule meetings to do walk-throughs and address questions in advance. This also reduces down time for the engagement team waiting to talk to key client personnel.
- ▶ Consider establishing regular communications with the client and service providers while in the field (for example, a weekly email update on the status of the audit and open items).
- ▶ If you assist your EBP clients that do not file Form 11-K with the SEC in preparing their financial statements, consider preparing a draft prior to entering the field and revise as necessary throughout the audit.

Hands-on engagement management and review helps keep the audit process on track. It also alleviates back-and-forth on open items with the client and the service providers. It is most efficient when manager and partner reviews of audit documentation occur as work is completed.

Alert clients about compliance issues as soon as possible, in a professional manner that facilitates trust and confidence.

TOOLS

The EBPAQC website has the following online resource centers with information and tools on important EBP topics to assist you as you perform your EBP audits:

- ▶ [403\(b\) Plans](#)
- ▶ [Auditor Communications](#)
- ▶ [Auditor Independence](#)
- ▶ [Defined Benefit Pension Plans](#) (includes the tool [Documentation of Use of an Actuarial Report in an Audit of a Defined Benefit Plan's Financial Statements](#))
- ▶ [Employee Benefit Plan Service Organization Control \(SOC 1\) Reports and Service Organizations](#)
- ▶ [Employee Stock Ownership Plans \(ESOP\) Resource Center](#)
- ▶ [Form 11-K Audits](#)
- ▶ [Fraud in Employee Benefit Plans](#)
- ▶ [Health and Welfare Benefit Plans](#)
- ▶ [Limited Scope Audits](#)
- ▶ [Pension Protection Act of 2006](#)
- ▶ [Plan Investments](#)
- ▶ [Parties in Interest and Prohibited Transactions](#)

Engagement Wrap Up and Report Preparation

TIPS

A few days before you leave the field, summarize all open items and make a plan for clearing them. While some open items cannot be avoided, it will be much easier to address them in the field where you have access to the client and plan records.

Reserve time for the client to review deliverables to avoid surprises. Sometimes multiple individuals at high levels within the organization will review them, so it may take some coordination. Failure to leave adequate time for these reviews can result in negative client relations at an important point in the process. You may even be able to have the financial statements drafted prior to the performance of fieldwork, since service auditor packages are available online. As mentioned previously, an initial draft can be prepared early, and any open items can be addressed while staff is on-site. Adjustments and revisions can be made as necessary if issues arise. This also allows the audit team to review an early draft with the client and receive timely feedback.

Re-confirm concurring review capabilities internally as the issuance date approaches. Verify in advance that your engagement quality control reviewer is available when required.

If you provide typing, collating, or other services for your EBP clients that do not file Form 11-K with the SEC, keep in mind that the word processing group sometimes is given multiple priorities at one time, making it difficult to meet deadlines. Communicating with them regularly can keep the report preparation, engagement wrap up, and final issuance of financial statements running smoothly and on schedule.

Post-Wrap Up and Issuance

Auditor Communications

TIPS

After the audited financial statements are issued, the auditor still has the responsibility to make certain communications with the client and those charged with plan governance.

Remember to finalize these communications timely, and make sure that management understands the issues addressed in those communications in order to make the necessary changes in their plan governance and administration. This is done most effectively in a meeting with plan management and those charged with governance shortly after the audit is completed, while issues are still fresh in team members' minds. As such, it may be most efficient to issue these communications when the audited financial statements are issued.

TOOLS

The EBPAQC has tools to assist you in making your required communications. [Examples of Internal Control Communications for Employee Benefit Plans](#) contains example comments that may be useful in preparing required communications of internal control related matters identified in your audits, management letters, and other internal control communications. In addition, the *EBPAQC Plan Advisory* [Understanding Auditor Communications](#), provides useful information to help your EBP audit clients better understand the communications they receive from you.

Other Post-Wrap Up Activities

TIPS

Devise a system to result in timely lock-down of audit files. AICPA, state, and SEC rules differ regarding the timing of when audit files must be locked down and closed for changes. Monitor this process timely and efficiently in your audit practice, perhaps by assigning administrative personnel to help the audit teams.

Scheduling a meeting to discuss the busy EBP audit season shortly after the Oct. 15 filing deadline can be very valuable. Staff can discuss what went well, what did not go so well, and provide ideas for improvements to the process and audit programs while the details of the EBP audit season are still fresh in their minds. This feedback may also help your firm plan for other types of traditional audits as well. This also is a good time to discuss training needs.

A post-wrap up analysis of budgeted versus actual hours, with explanations of significant discrepancies, can help when planning next year's audit.

The last few months of the year also may be an optimal time to perform your internal inspection of your EBP audit practice.

TOOLS

The EBPAQC has a tool, [Annual Internal Inspections: A Key to EBP Audit Quality](#), to assist you in planning and performing the required annual internal inspection of your firm's ERISA EBP audit practice. It discusses the benefits that your firm can realize from performing the inspection, steps to a successful inspection program, and practical advice on establishing and performing your ERISA audit inspection.

Additional Resources

A complete list of and links to EBPAQC tools and resources to assist you in every aspect of your EBP audit practice can be found [here](#).



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