



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.cba.ca.gov>



**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
PEER REVIEW OVERSIGHT COMMITTEE (PROC)**

**PROC MEETING
NOTICE & AGENDA**

**August 21, 2015
9:00 a.m. – 12:00 p.m.**

California Board of Accountancy (CBA)
2000 Evergreen Street, Suite 250
Sacramento, CA 95815
Telephone: (916) 263-3680

Important Notice to the Public

All times indicated, other than those identified as "time certain," are approximate and subject to change. Agenda items may be discussed and action taken out of order at the discretion of the PROC Chair. The meeting may be canceled without notice. For verification of the meeting, call (916) 561-4366 or access the CBA website at www.cba.ca.gov.

- I. Roll Call and Call to Order (**Robert Lee, Chair**).
- II. Report of the Committee Chair (**Robert Lee**).
 - A. Approval of the May 1, 2015 PROC Meeting Minutes.
 - B. Report on the May 28-29, 2015 CBA Meeting (**Robert Lee, Chair**).
 - C. Report on the July 22-23, 2015 CBA Meeting (**Robert Lee, Chair**).
 - D. Discussion Regarding Proposed PROC Meeting Dates for 2016.
 - E. Discussion of Emerging Issues and/or National Standards that may have an Impact on Peer Review in California.
 - F. Report on the National Association of State Boards of Accountancy (NASBA) June 17-19, 2015 Western Regional Meeting (**Robert Lee, Chair**).
 - G. Report on the July 10, 2015 National Association of State Boards (NASBA) PROC Summit (**Robert Lee, Chair**).
- III. Report on PROC Oversight Activities Conducted since May 1, 2015 (**Robert Lee, Chair**).
 - A. Report on the May 5, 2015 American Institute of Certified Public Accountants' (AICPA) Peer Review Board (PRB) Meeting.
 - B. Report on the May 13, 2015 NASBA Compliance Assurance Committee (CAC)/PROC Meeting.

- C. Report on the May 20, 2015 California Society of Certified Public Accountants' (CalCPA) Advanced Peer Review Training.
- D. Report on the May 21-22, 2015 CalCPA Report Acceptance Body (RAB) Meeting.
- E. Report on the August 5, 2015 AICPA PRB Meeting.
- F. Assignment of Future PROC Oversight Activities.
- IV. Report on Status of PROC Assignments, Roles and Responsibilities Activity Tracking (**Siek Run, Enforcement Analyst**).
- V. Report of the Enforcement Chief (**Dominic Franzella, Enforcement Chief**).
 - A. Discussion on Department of Labor *Report on Assessing the Quality of Employee Benefit Plan Audits*, May 2015.
 - B. Discussion on the NASBA Compliance Assurance Committee (CAC) Oversight Report on the AICPA National Peer Review Committee (NPRC).
 - C. Discussion on the AICPA Peer Review Program National Peer Review Committee 2013 Annual Report on Oversight.
 - D. Discussion of Potential Items to Include in the 2015 PROC Annual Report.
- VI. Closing Business (**Robert Lee, Chair**).
 - A. Public Comments for Items Not on the Agenda.
 - B. Agenda Items for Future PROC Meetings.
- VII. Adjournment.

In accordance with the Bagley-Keene Open Meeting Act, all meetings of the PROC are open to the public. Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the PROC prior to the PROC taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the PROC, but the PROC Chair may, at his or her discretion, apportion available time among those who wish to speak. Individuals may appear before the PROC to discuss items not on the agenda; however, the PROC can neither discuss nor take official action on these items at the time of the same meeting. CBA members who are not members of the PROC may be attending the meeting. However, if a majority of members of the full board are present at the PROC meeting, members who are not members of the PROC may attend the meeting only as observers.

The meeting is accessible to individuals with physical disabilities. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Siek Run at (916) 561-4366, or by email at Siek.Run@cba.ca.gov, or send a written request to the CBA office at 2000 Evergreen Street, Suite 250, Sacramento, CA 95815. Providing your request at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.

For further information regarding this meeting, please contact:

Siek Run, Enforcement Analyst
 (916) 561-4366 or Siek.Run@cba.ca.gov
 California Board of Accountancy
 2000 Evergreen Street, Suite 250
 Sacramento, CA 95815

An electronic copy of this agenda can be found at www.cba.ca.gov.



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PROC Item II.A.
 August 21, 2015

DRAFT

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY (CBA)

MINUTES OF THE
MAY 1, 2015
PEER REVIEW OVERSIGHT COMMITTEE (PROC) MEETING

Hilton Los Angeles Airport
 5711 West Century Boulevard
 Los Angeles, California 90045
 Telephone: (310) 410-4000

I. Roll Call and Call to Order.

Robert Lee, CPA, Chair, called the meeting of the PROC to order at 9:00 a.m. on Friday, May 1, 2015. The meeting adjourned at 9:40 a.m.

Members

Robert Lee, CPA, Chair	9:00 a.m. – 9:40 a.m.
Sherry McCoy, CPA, Vice-Chair	9:00 a.m. – 9:40 a.m.
Katherine Allanson, CPA	9:00 a.m. – 9:40 a.m.
Nancy Corrigan, CPA	9:00 a.m. – 9:40 a.m.
Jeffrey De Lyser, CPA	9:00 a.m. – 9:40 a.m.
Kevin Harper, CPA	9:00 a.m. – 9:40 a.m.

CBA Staff

Dominic Franzella, Chief, Enforcement Division
 Chanda Gonzales, Enforcement Analyst
 Gregory Francis, Investigative CPA

Other Participants

Linda McCrone, CPA, California Society of Certified Public Accountants (CalCPA)

Mr. Lee introduced and welcomed to the committee the newly appointed PROC member, Mr. Kevin Harper.

II. Report of the Committee Chair.

A. Approval of the January 30, 2015 PROC Meeting Minutes.

It was moved by Mr. De Lyser and seconded by Ms. Allanson to approve the minutes of the PROC meeting.

Yes: Mr. Lee, Ms. Allanson, Ms. Corrigan, Mr. De Lyser.

No: None.

Abstain: Ms. McCoy, Mr. Harper.

The motion passed.

B. Approval of the January 22, 2015 Joint Strategic Planning Committee and Peer Review Oversight Committee Meeting Minutes.

Mr. Lee stated that he, Mr. De Lyser, and Ms. McCoy attended this meeting. He explained that because three PROC members were present and it was noticed as a PROC meeting, it was before the PROC to review and call for a vote.

It was moved by Mr. De Lyser and seconded by Ms. McCoy to approve the minutes of the Joint Strategic Planning Committee and PROC meeting.

Yes: Mr. Lee, Mr. De Lyser, Ms. Corrigan.

No: None.

Abstain: Ms. Allanson, Ms. Corrigan, Mr. Harper.

The motion passed.

C. Report on the March 19-20, 2015 CBA Meeting.

Ms. McCoy attended the CBA meeting and presented her report. She stated that a National Association of State Boards of Accountancy (NASBA) representative gave a helpful presentation about the Uniform CPA examination. She noted that the reappointment of Mr. De Lyser and the appointment of Mr. Harper to the PROC were approved at the meeting. Ms. McCoy then spoke about the positions the CBA was taking on several legislative bills. She added that these

are great meetings, that she always learns a lot, and that they are very informative.

D. Discussion of Emerging Issues and/or National Standards that may have an Impact on Peer Review in California.

Mr. Lee stated that this is a standing item and that he did not have anything to discuss. There were no further comments.

III. Report on PROC Oversight Activities Conducted since January 30, 2015.

A. Report on the April 22, 2015 California Society of Certified Public Accountants' (CalCPA) Report Acceptance Body (RAB) Meeting.

Ms. Allanson attended this meeting and presented her report. She said that this was a normal meeting with four reviewers, along with Ms. McCrone and herself. She noted that the RAB went through 60 reports, 15 per each reviewer, and that this was down from previous numbers. She noted that she did not remember any striking issues they had.

Ms. Allanson and Ms. McCrone discussed the RAB call. Ms. McCrone explained that there is a new Service Organization Control (SOC) Engagement and that two of the reviewers were personally involved with a SOC-related peer review. These reviewers were otherwise the experts on this matter, but because of their involvement, Ms. McCrone had to pull in a national expert. Ms. McCrone stated that the expert only commented on this one engagement and that is why she left the call afterwards. Ms. Allanson concluded that it was a good meeting.

Ms. Allanson confirmed that she submitted her completed forms to staff.

B. Assignment of Future PROC Oversight Activities.

Mr. Lee asked Ms. McCrone if she had updated meeting dates. Ms. McCrone responded that she did not, but that she will send any updates to the CBA. Mr. Franzella noted that Ms. McCrone can send these to Ms. Gonzales or Ms. Sheldon.

Mr. Lee asked if there were any upcoming RAB meetings. Ms. McCrone confirmed that there will be an upcoming peer review meeting which will include RABs. Members confirmed that Ms. Allanson was assigned to attend this meeting. Ms. Allanson asked if there was a way that members could see, in the materials, who is assigned to each meeting or activity. She also mentioned that she was going to attend the November RAB. Ms. Corrigan and Mr. Lee replied that they had not scheduled that far out.

Mr. Lee then asked Mr. Harper if he would be available on May 21-22, explaining it would be helpful for Mr. Harper to get introduced to the activities of the PROC sooner and with Ms. Allanson also present at the May meetings. Mr. Harper confirmed that he could attend the May meetings. Ms. McCrone confirmed that the meetings would be held at the Surf and Sand Resort in Laguna Beach and that she would send Mr. Harper a meeting notice. Mr. Franzella added that staff would also send Mr. Harper a meeting invite.

Mr. Lee pointed out that the May 5, 2015 American Institute of CPAs (AICPA) Peer Review Board (PRB) meeting, a call-in, had not been assigned to anyone yet. Mr. Franzella noted that staff had the meeting materials ready for anyone who wanted to participate. Ms. McCoy stated that she would be happy to attend. Mr. Lee concluded that he did not believe there was anything else to assign.

Ms. Corrigan added that she was scheduled to attend the Advanced Peer Reviewer Training on May 20, 2015 for oversight. Mr. De Lyser noted that he would be attending this training as well, but for continuing professional education.

Ms. McCrone pointed out that the NASBA PROC summit was scheduled to take place on July 10 in Nashville. Mr. Lee stated that the CBA was still waiting for approval to attend this out of state meeting.

Ms. Allanson stated that she would like to attend the May 13, 2015 NASBA conference call. Mr. Lee observed that this would be a good conference for Mr. Harper to attend as well. Ms. Corrigan described to Mr. Harper the typical meeting process. She also noted that this conference call and process were arranged due to the efforts of the California PROC; in that now states are allowed to call in and observe.

Mr. Lee stated that the next meeting to be scheduled will be the August 5, 2015 AICPA PRB, which will take place before the next PROC meeting. Mr. De Lyser confirmed that he would attend.

Ms. McCoy mentioned that June is the timeframe for the next NASBA event. Mr. Franzella stated that NASBA is holding its Western Regional meetings in June and its Annual meeting in October. He further explained that it is not being tracked because it is separate and apart from the functions of the PROC.

IV. Report on Status of PROC Roles and Responsibilities Activity Tracking.

Ms. Gonzales pointed out that two new rows were added to the tracking sheet, one for the NASBA Compliance Assurance Committee activities and one for the out-of-state administering entities activities. She then stated that, as this is a draft, to let staff know if members have any comments, edits, or suggestions. Mr. Franzella asked members if they were okay with adding names or initials behind the assigned meeting dates; members affirmed.

Ms. Gonzales next mentioned the activities calendar. Mr. Lee asked members if there were any comments; there were none.

V. Report of the Enforcement Chief.

Mr. Franzella stated that the item on Statements on Standards for Accounting and Review Services 21 was removed from the PROC agenda. Mr. Franzella noted that upon further exploration, discussion on this topic was policy related and needed CBA direction. He added that staff will be taking two papers over the next two meetings for this topic, one on peer review and one on continuing education.

VI. Closing Business.

A. Public Comments for Items Not on the Agenda.

Mr. Lee asked if there were any other public comments. Ms. McCrone noted that there is still the issue of non-cooperation. She stated that the AICPA is moving forward with a voluntary public file for peer review reports, where firms, if they want, can have a voluntary public file. Currently, this only applies to certain sections of the AICPA/SEC work; other specific sections, such as government, Employee Retirement Income Security Act (ERISA) auditing, and private company practice are already required. However, Ms. McCrone does not know when this will start.

Mr. Lee asked if there were any other items; there were none.

B. Agenda Items for Future PROC Meetings.

Members assigned Mr. De Lyser and Mr. Harper to the next administrative site visit, to be scheduled at a later point.

VII. Adjournment.

There being no further business, Mr. Lee adjourned the meeting at 9:40 a.m. on Friday, May 1, 2015.

Robert Lee, CPA, Chair

Chanda Gonzales, Enforcement Analyst, prepared the PROC meeting minutes. If you have any questions, please call (916) 561-4343.



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PROC Item II.D.
August 21, 2015

Discussion Regarding Proposed PROC Meeting Dates for 2016

Presented by: Robert Lee, CPA, Peer Review Oversight Committee Chair

Purpose of the Item

The purpose of this agenda item is to present the Peer Review Oversight Committee (PROC) with proposed PROC meeting dates for 2016.

Action(s) Needed

The PROC may choose to adopt or modify the 2016 PROC proposed meeting dates.

Background

The 2016 California Board of Accountancy (CBA) meeting dates are as follows:

- January 21-22, 2016 – Southern California
- March 17-18, 2016 – Northern California
- May 19-20, 2016 – Southern California
- July 21, 2016 – Northern California
- September 15-16, 2016 – Southern California
- November 17-18, 2016 – Northern California

Comments

The proposed PROC meeting dates for 2016 are:

- January 29, 2016 – Northern California
- May 6, 2016 – Southern California
- August 19, 2016 – Northern California
- December 9, 2016 – Southern California

The Enforcement Advisory Committee (EAC) meeting dates for 2016 will be considered at the October 2015 EAC meeting. For the months January, May, and December, the PROC and EAC meet concurrently, with the EAC meeting on Thursdays and PROC on Fridays. Therefore, the proposed EAC meeting dates are:

Discussion Regarding Proposed PROC Meeting Dates for 2016

Page 2 of 2

- January 28, 2016 – Northern California
- May 5, 2016 – Southern California
- July 7, 2016 – Northern California
- October 20, 2016 – Southern California
- December 8, 2016 – Southern California

Fiscal/Economic Impact Considerations

There are no fiscal/economic considerations.

Recommendations

Staff recommends the PROC adopt or modify the proposed dates. After adoption, the dates will be submitted to the CBA for approval.

Attachment

2016 Year-at-a-Glance CBA PROC Calendar, updated July 8, 2015

Attachment

CALIFORNIA BOARD OF ACCOUNTANCY (CBA) PEER REVIEW OVERSIGHT COMMITTEE (PROC) 2016 Year-at-a-Glance Calendar (As of July 8, 2015)

JANUARY 2016

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DECEMBER 2016

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COMMITTEE/TASK FORCE

- CBA** - California Board of Accountancy
- PROC** - Peer Review Oversight Committee
- AICPA** - American Institute of Certified Public Accountants
- PRB** - Peer Review Board
- CalCPA** - California Society of Certified Public Accountants
- RAB** - Report Acceptance Body
- PRC** - Peer Review Committee
- NASBA** - National Assoc. of State Boards of Accountancy
- CAC** - Compliance Assurance Committee

GENERAL LOCATION

- NC**-NORTHERN CALIFORNIA
- SC**-SOUTHERN CALIFORNIA
- T**-TELECONFERENCE
- PR**-PUERTO RICO
- D**-DURHAM, NC
- NO**-NEW ORLEANS, LA

- ON SHADED DATES CBA OFFICE IS CLOSED**
- CBA MEETING**
- PROC MEETING**
- AICPA PRB MEETING**
- CalCPA RAB MEETING**
- CalCPA PRC MEETING**
- PEER REVIEWER TRAINING**
- ADMINISTRATIVE SITE VISIT**
- NASBA CAC MEETING**



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PROC Item III.F.
August 21, 2015

Assignment of Future PROC Oversight Activities

Presented by: Robert Lee, CPA, Peer Review Oversight Committee Chair

Purpose of the Item

The purpose of this agenda item is to provide the Peer Review Oversight Committee (PROC) the opportunity to review and assign members to specific PROC oversight activities.

Action(s) Needed

It is requested that all members bring their calendars to the August 21, 2015, PROC meeting and be prepared to accept assignments.

Background

None.

Comments

The PROC Year-at-a-Glance calendar for 2015 and 2016 (**Attachments**) includes meetings and activities that are currently scheduled for the following:

- California Board of Accountancy (CBA)
- PROC
- American Institute of Certified Public Accountants' (AICPA) Peer Review Board
- California Society of Certified Public Accountants' (CalCPA) Report Acceptance Body
- CalCPA Peer Review Committee
- National Association of State Boards of Accountancy (NASBA) Compliance Assurance Committee

Fiscal/Economic Impact Considerations

There are no fiscal/economic considerations.

Recommendation

It is recommended that members continue to use the calendar as a resource when accepting assignments to participate in meetings and activities held by the AICPA, CalCPA, and NASBA.

Assignment of Future PROC Oversight Activities

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Attachments

1. 2015 Year-at-a-Glance CBA PROC Calendar
2. 2016 Year-at-a-Glance CBA PROC Calendar

Attachment 1

CALIFORNIA BOARD OF ACCOUNTANCY (CBA) PEER REVIEW OVERSIGHT COMMITTEE (PROC) 2015 Year-at-a-Glance Calendar (as of July 2, 2015)

JANUARY 2015

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FEBRUARY 2015

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MARCH 2015

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APRIL 2015

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JULY 2015

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AUGUST 2015

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SEPTEMBER 2015

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NOVEMBER 2015

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- RAB - Report Acceptance Body
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- NO-NEW ORLEANS, LA
- LB-LAGUNA BEACH, CA
- OC-ORANGE COUNTY

- ON SHADED DATES CBA OFFICE IS CLOSED
- CBA MEETING
- PROC MEETING
- AICPA PRB MEETING
- CalCPA RAB MEETING
- CalCPA PRC MEETING
- PEER REVIEWER TRAINING
- ADMINISTRATIVE SITE VISIT
- NASBA CAC MEETING

Attachment 2

CALIFORNIA BOARD OF ACCOUNTANCY (CBA) PEER REVIEW OVERSIGHT COMMITTEE (PROC) 2016 Year-at-a-Glance Calendar (As of July 8, 2015)

JANUARY 2016

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FEBRUARY 2016

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MARCH 2016

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APRIL 2016

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OCTOBER 2016

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DECEMBER 2016

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COMMITTEE/TASK FORCE

- CBA** - California Board of Accountancy
- PROC** - Peer Review Oversight Committee
- AICPA** - American Institute of Certified Public Accountants
- PRB** - Peer Review Board
- CalCPA** - California Society of Certified Public Accountants
- RAB** - Report Acceptance Body
- PRC** - Peer Review Committee
- NASBA** - National Assoc. of State Boards of Accountancy
- CAC** - Compliance Assurance Committee

GENERAL LOCATION

- NC**-NORTHERN CALIFORNIA
- SC**-SOUTHERN CALIFORNIA
- T**-TELECONFERENCE
- PR**-PUERTO RICO
- D**-DURHAM, NC
- NO**-NEW ORLEANS, LA

	ON SHADED DATES CBA OFFICE IS CLOSED
	CBA MEETING
	PROC MEETING
	AICPA PRB MEETING
	CalCPA RAB MEETING
	CalCPA PRC MEETING
	PEER REVIEWER TRAINING
	ADMINISTRATIVE SITE VISIT
	NASBA CAC MEETING



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.cba.ca.gov>



PROC Item IV.
August 21, 2015

Report on Status of PROC Assignments, Roles and Responsibilities Activity Tracking

Presented by: Siek Run, Enforcement Analyst

Purpose of the Item

The purpose of this agenda item is to provide the Peer Review Oversight Committee (PROC) the opportunity to review the list of PROC assignments and a status of the oversight activities scheduled for 2015.

Action(s) Needed

It is requested that the PROC review the information presented and advise staff of any necessary revisions.

Background

None.

Comments

The PROC Activity Assignments chart (**Attachment 1**) and the Roles and Responsibilities Activity Tracking chart (**Attachment 2**) have been updated to reflect all of the completed and upcoming 2015 activities.

Fiscal/Economic Impact Considerations

There are no fiscal/economic considerations.

Recommendation

Staff does not have a recommendation on this agenda item.

Attachments

1. 2015 PROC Activity Assignments
2. PROC Roles and Responsibilities Activities Tracking



DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY
 2000 EVERGREEN STREET, SUITE 250
 SACRAMENTO, CA 95815-3832
 TELEPHONE: (916) 263-3680
 FACSIMILE: (916) 263-3675
 WEB ADDRESS: <http://www.cba.ca.gov>



2015 Peer Review Oversight Committee (PROC) Activity Assignments

Attachment 1

Date	Activity	Member Assigned
January 27, 2015	AICPA Peer Review Board Meeting	Nancy
January 27-28, 2015	CalCPA RAB	Kathy
February	CalCPA RAB meetings	skipped
March 19-20, 2015	CBA Meeting (Irvine)	Sherry
March 19, 2015	CalCPA RAB (conference call)	skipped
April 22, 2015	CalCPA RAB (conference call)	Kathy
May 5, 2015	AICPA Peer Review Board Meeting (Durham, NC)	Sherry
May 13, 2015	NASBA CAC/PROC (conference call)	Sherry, Kathy, Kevin
May 20, 2015	Advanced Peer Reviewer Training (Orange County)	Nancy
May 21-22, 2015	CalCPA PRC/RAB Meeting (Laguna Beach, CA)	Kathy, Kevin
May 28-29, 2015	CBA Meeting (Southern California)	
June 29, 2015	CalCPA RAB	Skipped
June 30, 2015	CalCPA RAB 9:00 a.m. & 2:00 p.m.	Skipped
July 10, 2015	NASBA PROC Summit (Nashville)	Robert
July 23, 2015	CBA Meeting (Northern California)	
July 29, 2015	CalCPA RAB 9:00 a.m. & 2:00 p.m.	Skipped
August 5, 2015	AICPA Peer Review Board Meeting (New Orleans, LA)	Jeff
August 25, 2015	CalCPA RAB 2:00 p.m.	
August 26, 2015	CalCPA RAB 9:00 a.m. & 2:00 p.m.	
September 17-18, 2015	CBA Meeting (Southern California)	
September 18, 2015	AICPA Peer Review Board Meeting (conference call)	
November 19-20, 2015	CalCPA PRC/RAB Meeting (Carmel, CA)	
November 19-20, 2015	CBA Meeting (Northern California)	

Updated July 9, 2015

Attachment 2

**Peer Review Oversight Committee (PROC) Roles and Responsibilities
Activity Tracking – 2015**
As of July 9, 2015

Activity*	Notes
PROC MEETINGS <ul style="list-style-type: none"> Conduct four one-day meetings. 	<ul style="list-style-type: none"> PROC Meetings Scheduled: 1/30, 5/1, 8/21, 12/9
ADMINISTRATIVE SITE VISITS <ul style="list-style-type: none"> Conduct, at a minimum, an annual administrative site visit of the peer review program provider. 	<ul style="list-style-type: none"> Not yet scheduled
PEER REVIEW COMMITTEE MEETINGS <ul style="list-style-type: none"> Attend all peer review program providers' Peer Review Board (PRB) and Peer Review Committee (PRC) meetings. Perform, at a minimum, an annual review of peer review program providers' Peer Review Committees. Ensure peer review program provider is adhering to California Board of Accountancy (CBA) standards. 	<ul style="list-style-type: none"> Meetings Attended: American Institute of Certified Public Accountants (AICPA) PRB 1/27 NC, 5/5 SM, Meetings Scheduled: 8/5 JD, 9/18
PEER REVIEW SUBCOMMITTEE MEETINGS <ul style="list-style-type: none"> Attend and review at least four of each peer review program provider's peer review Report Acceptance Body (RAB) subcommittee meetings to observe the acceptance of peer review reports. Ensure that peer reviews are being accepted in a consistent manner. 	<ul style="list-style-type: none"> Meetings Attended: CalCPA RAB 1/27-28 KA, 4/22 KA, CalCPA PRC/RAB 5/21-22 KA & KH Meetings Scheduled: CalCPA RAB 7/29, 8/25, 8/26: CalCPA PRC/RAB 11/19-20
COMPLIANCE ASSURANCE COMMITTEE MEETINGS <ul style="list-style-type: none"> Attend and review the National State Boards of Accountancy (NASBA) Compliance Assurance Committee (CAC) meetings Ensure effective oversight of compliance with professional standards by CPAs and their firms 	<ul style="list-style-type: none"> Meetings Attended: NASBA CAC/PROC 5/13 SM, KA, KH Meetings Scheduled: NASBA PROC Summit: 7/10 RL
REVIEW OF OUT-OF-STATE ADMINISTERING ENTITIES <ul style="list-style-type: none"> Each year, review AICPA oversight visit reports for a selection of out-of-state administering entities 	<ul style="list-style-type: none"> Not yet scheduled
REVIEW SAMPLING OF PEER REVIEWS <ul style="list-style-type: none"> Perform sampling of peer review reports. 	<ul style="list-style-type: none"> See Administrative Site Visit
PEER REVIEWER TRAININGS <ul style="list-style-type: none"> Ensure that peer reviewers are properly qualified. 	<ul style="list-style-type: none"> Training Scheduled: 5/20-NC
EVALUATION OF BOARD-RECOGNIZED PEER REVIEW PROGRAM PROVIDERS <ul style="list-style-type: none"> Develop policies and procedures for reviewing and recommending approval to the CBA for new peer review providers. 	<ul style="list-style-type: none"> N/A
ANNUAL REPORT TO THE CALIFORNIA BOARD OF ACCOUNTANCY (CBA) <ul style="list-style-type: none"> Prepare an annual report to the CBA regarding the results of its independent oversight of the Peer Review program. 	<ul style="list-style-type: none"> Submitted to CBA at March meeting.
CBA MEETINGS	<ul style="list-style-type: none"> Meetings Attended: 1/22-23, 3/19-20, 5/28-29 Meetings Scheduled: 7/23, 9/17-18, 11/19-20
ADDITIONAL ACTIVITIES	<ul style="list-style-type: none">

*Activities based on the November 9, 2010 PROC Agenda Item IV – Role of the PROC.



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.cba.ca.gov>



PROC Item V.A.
August 21, 2015

Discussion on Department of Labor Report on Assessing the Quality of Employee Benefit Plan Audits

Presented by: Dominic Franzella, Enforcement Chief

Purpose of the Item

The purpose of this agenda item is to provide the Peer Review Oversight Committee (PROC) the opportunity to review and discuss the Department of Labor (DOL) Report on *Assessing the Quality of Employee Benefit Plan Audits*.

Action(s) Needed

The PROC is being asked to offer any recommendations it may have on improvements that can be made to further ensure the effectiveness of monitoring peer review.

Background

In May 2015, the Office of the Chief Accountant (OCA), Employee Benefit Security Administration (EBSA), U.S. Department of Labor released a report titled, "Assessing the Quality of Employee Benefit Plan Audits." The purpose of the report was to assess the level and quality of audits performed by CPAs of Employee Retirement Income Security Act (ERISA) covered employee benefit plans.

Comments

The purpose of the PROC is to act as an advisory committee and assist the California Board of Accountancy (CBA) in its oversight of the Peer Review Program. One of its primary functions, aside from direct oversight of any CBA-recognized peer review program providers, is to report to the CBA regarding the effectiveness of monitoring peer review.

The report issued by the DOL made the following findings, conclusion, and recommendations:

Findings: The accounting professions peer review and practice monitoring efforts have not resulted in improved audit quality or improved identification of deficient audit engagements. In four of the six audit strata, a substantial number of CPA firms received an acceptable peer review report, yet had deficiencies in the audit work that the EBSA reviewed.

Discussion on Department of Labor Report on Assessing the Quality of Employee Benefit Audits

Page 2 of 2

Conclusion: The Practice Monitoring Peer Review process established by the AICPA and administered by sponsoring state CPA societies does not appear to be an effective tool in identifying deficient plan audit work and ensuring compliance with professional standards. While selecting an employee benefit plan audit is a required part of the peer review process (where applicable), CPAs who performed deficient audits often received acceptable peer review reports.

Recommendations: Work with the AICPA's Peer Review staff:

- a. to streamline the peer review process and make it more responsive in helping to improve employee benefit plan audit quality.
- b. to ensure that CPAs who are required to undergo a peer review have in fact had an acceptable peer review.
- c. to identify those CPAs who have not received an acceptable peer review and refer those practitioners to the applicable state licensing boards of accountancy.

Fiscal/Economic Impact Considerations

There are no fiscal/economic considerations.

Recommendation

It is recommended that members review the report prior to the August 21, 2015 PROC meeting and be prepared to discuss.

Attachment

Assessing the Quality of Employee Benefit Plan Audits, issued by the U.S. Department of Labor, Employee Benefits Security Administration Office of the Chief Accountant, May 2015

Assessing the Quality of Employee Benefit Plan Audits

U.S. Department of Labor
Employee Benefits Security Administration
Office of the Chief Accountant
May 2015

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Executive Summary

The Office of the Chief Accountant (OCA), Employee Benefits Security Administration (EBSA), U.S. Department of Labor (DOL), has completed an assessment of the quality of audit work performed by independent qualified public accountants (IQPAs) with respect to financial statement audits of employee benefit plans covered under the Employee Retirement Income Security Act of 1974 (ERISA) for the 2011 filing year (plan year beginning in 2011).

Objectives and Scope

The primary objective of EBSA's review was to assess the level and quality of IQPAs' audits of ERISA-covered employee benefit plans.

EBSA's assessments involved a review of the Form 5500 Annual Return/Report filings and related audit reports for the 2011 filing year (plan years beginning in 2011). The Agency selected a statistically valid sample of 400 plan audits from a target population of 81,162 Form 5500 filings for 2011 in which an accountant's report/audit opinion was attached.

In the 2011 Form 5500 database there were 81,162 filings that contained CPA audit reports. Those 81,162 audits were performed by 7,330 different CPA firms. Because the population of plan auditors is so diverse and heavily skewed to those CPA firms that audit a small number of plans, the sample was designed to look at the relationship between auditor characteristics and audit quality. Historically, EBSA has found that CPAs with smaller employee benefit plan audit practices tended to have the most audit deficiencies. Therefore, the Agency divided the population of CPAs into six strata based on the number of plan audits that the CPA firm performed with the desire to more definitively determine where in the population deficient audit work predominated.

Findings

Overall, EBSA's review found that 61% of the audits fully complied with professional auditing standards or had only minor deficiencies under professional standards. However, 39% of the audits (nearly 4 out of 10) contained major deficiencies with respect to one or more relevant GAAS requirements which would lead to rejection of a Form 5500 filing, putting \$653 billion and 22.5 million plan participants and beneficiaries at risk. These figures reflect increases in the amount of plan assets and number of plan participants at risk compared with prior EBSA studies.

Additionally, the audit review supports the following findings:

- There is a clear link between the number of employee benefit plan audits performed by a CPA and the quality of the audit work performed. Analysis of the data indicates a wide disparity between those CPAs who perform the fewest plan audits and those firms that perform the largest number of plan audits. CPAs who performed the fewest number of employee benefit plan audits annually had a 76% deficiency rate. In contrast, the firms performing the most plan audits had a deficiency rate of only 12%.
- The accounting profession's peer review and practice monitoring efforts have not resulted in improved audit quality or improved identification of deficient audit

engagements. In 4 of the 6 audit strata, a substantial number of CPA firms received an acceptable peer review report, yet had deficiencies in the audit work that EBSA reviewed.

- CPA firms that were members of the American Institute of Certified Public Accountants' (AICPA) Employee Benefit Plan Audit Quality Center tended to produce audits that have fewer audit deficiencies. Overwhelmingly, most CPAs in the two smallest audit strata are not Employee Benefit Plan Audit Quality Center members.
- Training specifically targeted at audits of employee benefit plans (EBPs) may contribute to better audit work. As the level of EBP-specific training increased, the percentage of deficient audits decreased.
- Of the 400 plan audit reports reviewed, 67 (17%) of the audit reports failed to comply with one or more of ERISA's reporting and disclosure requirements.

Conclusion

It appears that the quality of employee benefit plan audits has not improved since EBSA's previous studies given an overall deficiency rate for plan audits of 39%.

Additionally, EBSA concludes that:

- Once again, the smaller the 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, participant data and party-in-interest/prohibited transactions, continue to lead the list of audit deficiencies. As EBSA found in its two previous studies, CPAs often failed to consider these unique audit areas and, therefore, performed inadequate audit work.
- CPAs failed to comply with professional standards either because they were not adequately informed about employee benefit plan audits, or failed to properly utilize the technical materials that were in their possession. Audit partners in firms performing a greater number of plan audits tended to have a greater amount of employee benefit plan specific training. In a number of instances, however, even having the proper technical guidance did not ensure that a quality audit was performed.
- The Practice Monitoring Peer Review process established by the AICPA and administered by sponsoring state CPA societies does not appear to be an effective tool in identifying deficient plan audit work and ensuring compliance with professional standards. While selecting an employee benefit plan audit is a required part of the peer review process (where applicable), CPAs who performed deficient audits often received acceptable peer review reports.
- Members of the AICPA's Employee Benefit Plan Audit Quality Center (EBPAQC) tend to have fewer audits containing multiple GAAS deficiencies. Additionally, non EBPAQC member firms tend to have a larger number of GAAS deficiencies, per audit engagement, than EBPAQC members.

Recommendations

Based upon the findings of this report, EBSA makes the following eleven recommendations.

Enforcement

1. Revise case targeting to focus on:
 - a. CPA firms with smaller employee benefit plan audit practices that audit plans with large amounts of plan assets, and
 - b. CPA firms in the 25-99 plan audit strata given their high deficiency rates and the amount of plan assets (\$317.1 billion) and plan participants (9.3 million) at risk from deficient audits.
2. Work with the National Association of State Boards of Accountancy (NASBA) and the AICPA to improve the investigation and sanctioning process for those CPAs who perform significantly deficient audit work. Work with NASBA to get state boards of accountancy to accept the results of investigations performed by EBSA or the AICPA's Professional Ethics Division, in order to use those results in disciplining CPAs (at the state licensing board level).
3. Amend ERISA to make sure the annual reporting civil penalties focus on the responsible party. Under this proposal, the Secretary of Labor would be authorized to assess all or part of the current annual reporting civil penalty of up to \$1,100 per day against the accountant engaged to do an ERISA plan audit if the plan's annual report is rejected due to a deficient audit or because the accountant failed to meet the standards for qualification to perform an ERISA plan audit.
4. Work with the AICPA's Peer Review staff:
 - a. to streamline the peer review process and make it more responsive in helping to improve employee benefit plan audit quality.
 - b. to ensure that CPAs who are required to undergo a peer review have in fact had an acceptable peer review.
 - c. to identify those CPAs who have not received an acceptable peer review and refer those practitioners to the applicable state licensing boards of accountancy.

Regulatory/Legislative

5. Amend the ERISA definition of "qualified public accountant" to include additional requirements and qualifications necessary to ensure the quality of plan audits. The Secretary of Labor would be authorized to issue regulations concerning the qualification requirements.
6. Amend ERISA to repeal the limited-scope audit exemption. This exemption prevents accountants from rendering an opinion on the plans' financial statements for assets held

in regulated entities such as financial institutions. When auditors have to issue a formal and unqualified opinion, they have a powerful incentive to rigorously adhere to professional standards ensuring that their opinion can withstand scrutiny. The limited-scope audit exemption undermines this incentive by removing auditors' obligations to stand behind the plans' financial statements.

7. Amend ERISA to give the Secretary of Labor authority to establish accounting principles and audit standards that would protect the integrity of employee benefit plans and the benefit security of participants and beneficiaries. Under this approach, the Secretary of Labor would be authorized to establish standards that address financial reporting issues that are either unique to or have substantial impact upon employee benefit plans.

Outreach

8. Work with the NASBA to encourage state boards of accountancy to require specific licensing requirements for CPAs who perform employee benefit plan audits. This would include specific training and experience in the audits of employee benefit plans.
9. Continue and expand EBSA's outreach activities:
 - a. Continue the Agency's work with plan administrator organizations (e.g. ASPPA), to explain the importance of hiring competent CPAs to plan administrators and other plan fiduciaries with hiring authority.
 - b. Use information contained in the EFAST2 database to target correspondence to:
 - i. plan administrators in the 1-2 and 3-5 plan strata, highlighting the high deficiency rate among plan auditors and providing information about how to select a qualified plan auditor; and
 - ii. CPA firms in the 25-99 stratum, discussing the audit deficiencies found in the audit study and working with the firms to ensure that plan audits comply with professional standards.
10. Communicate with each of the state boards of accountancy (licensing boards) regarding the results of the study and the need to ensure that only competent CPAs are performing employee benefit plan audits.
11. Expand EBSA's outreach with individual state societies of CPAs who have a large number of plan audits performed by CPA firms in the 1-5 plan audit stratum. For those states that do not already do so, encourage them to create employee benefit plan audit training programs.

Background

ERISA was enacted by Congress to remedy abuses in the nation's private pension and welfare benefit plan system. ERISA covers pension and welfare benefits and is administered by three separate federal agencies: the Department of Labor (DOL), the Internal Revenue Service (IRS) and the Pension Benefit Guaranty Corporation (PBGC).

ERISA contains a number of provisions that were enacted in recognition of the need to establish an effective mechanism to protect the interests of plan participants and beneficiaries, and to establish an effective mechanism to detect and deter abusive practices. These provisions include the annual reporting of financial information and activities of employee benefit plans. The Secretary of Labor is principally responsible for enforcing the fiduciary and reporting and disclosure provisions that are contained in Title I of ERISA.

In enacting ERISA in 1974, Congress included a requirement for employee benefit plans to file an annual report of their financial condition and operations with the Department. Among other information, the plan's annual report must include an audit report issued by an independent qualified public accountant (IQPA)¹ stating whether the plan's financial statements (and other schedules required to be included in the annual report) are presented fairly in conformity with generally accepted accounting principles (GAAP). Almost all plans with over 100 participants² must be audited annually, and the plan administrator is responsible for engaging an IQPA to perform the required plan audit in accordance with generally accepted auditing standards (GAAS). Under ERISA, the Department plays no role in setting GAAP and GAAS standards. Such standards are set by institutions closely related to the accounting industry - the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA)³.

Audited financial statements and the CPA's report on the fairness and consistency of their presentation must generally be filed with the Form 5500 Annual Report within 210 days after the close of the plan year. The audit requirement is intended to ensure the integrity of financial information that is incorporated in the annual reports. Section 103 of ERISA specifically requires that these audits be conducted pursuant to the standards established by the accounting and auditing profession itself in the pronouncements which define GAAP and GAAS. While ERISA's auditing provisions have worked to provide DOL and plan participants and beneficiaries with information about the safety of plan operations, experience has shown that "plan" audits do not consistently meet professional standards.

¹ 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.

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.

³ The Public Company Accounting Oversight Board (PCAOB) is responsible for setting auditing standards for audits of public companies.

Objectives and Scope

The primary objective of this study was to assess whether the level and quality of audit work being performed by CPAs with respect to audits of employee benefit plans regulated by ERISA has improved since OCA's previous comprehensive study in 2004.

EBSA's assessments involved a review of the Form 5500 Annual Return/Report filings and related audit reports for the 2011 filing year (plan years beginning in 2011). OCA selected a statistically valid sample of 400 plan audits. The workpaper reviews, performed at OCA's office, were conducted during the period December 2013 through September 2014. The 400 selected audit reports and supporting workpapers were evaluated against AICPA's Audit and Accounting Guide, *Audits of Employee Benefit Plans (with conforming changes as of January 1, 2012)*.

Who Audits Employee Benefit Plans?

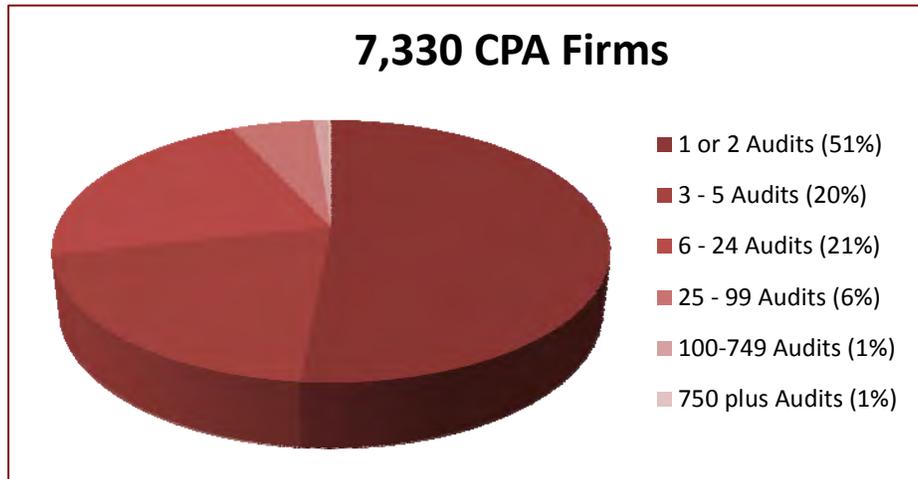
In 2011, there were 81,162 Form 5500 filings containing CPA audit reports. The audits were performed by 7,330 CPA firms. The following table summarizes the number of CPA firms grouped by the number of plans audited and the total number of audits performed. The number of CPA firms decreases rapidly with an increasing number of plans audited. Fifty percent of CPA firms audit 1 or 2 plans while only 0.2 percent of CPA firms audit 750 plans or more.

**2011 Form 5500 Database
CPA Firms Performing Plan Audits**

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
100-749	77	15,418
750+	14	18,423
Total	7,330	81,162

As the following chart shows, 95% of the CPA firms that perform employee benefit plan audits audit less than 25 plans on an annual basis. Conversely, only 1% of the CPA firms audit 100 or more benefit plans annually.

Number of Audits Performed by CPA Firm
by Stratum



Why was the Sample of Employee Benefit Plan Audits Based on the Number of Audits Performed by the CPA Firm?

Previous assessments show that CPAs performing fewer employee benefit plan audits tended to have the highest proportion of deficient audits. As shown above, there is a large group of plan auditors, or CPA firms, that audit a small number of plans. The statistical sampling plan was designed to adequately represent the larger CPA firms as well as the smaller. The plan auditors were grouped into six strata based on the number of plan audits that the CPA firm performed in plan year 2011. The six CPA firm size strata were chosen to accurately characterize the quality of employee benefit plan audits. Randomly sampling the six strata ensures a representative sample from each subgroup of plan auditors.

Too Many Employee Benefit Plan Audits are Deficient

GAAS provides the framework for auditors' exercise of their professional responsibilities. These professional auditing standards establish the minimum requirements for performance of an audit engagement. The AICPA creates the auditing standards for employee benefit plans. When auditors depart from these standards they are obligated to acknowledge that fact in their report.

ERISA Section 103(a)(3)(A) requires that employee benefit plans with more than 100 participants retain an IQPA to perform an audit of the plan's financial statements. This section requires that the audit 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 the work performed by plan auditors using the requirements contained in the AICPA's Audit and Accounting Guide, *Audits of Employee Benefit Plans (with conforming changes as of January 1, 2012)*⁴, issued by the AICPA. This guide represents the application of professional auditing and accounting standards that are unique to audits of employee benefit plans.

After OCA's review, the 400 audit engagements were classified as falling in one of the following categories:

Audit Status	Explanation
Acceptable	Audit does not contain any findings
Acceptable- minor	Audit is acceptable, with minor findings in certain areas of the audit
Unacceptable- minor	GAAS deficiencies noted; however, overall audit quality is not adversely affected
Unacceptable- major	GAAS findings noted and overall audit quality <u>is</u> adversely affected

Based on these categories and sample results, EBSA estimates that 61% of the audits complied with professional auditing standards or had only minor deficiencies. However, 39% of the audits (nearly 4 out of 10) contained "Unacceptable-major" deficiencies with respect to one or more relevant GAAS requirements, putting \$653 billion dollars and 22.5 million plan participants and beneficiaries at risk. This reflects an increase in the amount of plan assets and number of plan participants at risk compared with prior EBSA studies. [EBSA's 2004 study estimated that a total of \$410 billion in assets held by plans had not been properly audited.]

The chart below, based on the four statistically based studies, shows the increase in the percentage of plan audits that do not comply with professional audit standards over the past 26 years.

Results of Prior Audit Quality Studies

Audit Quality Study	1988	1997	2004	2014
Audits With GAAS Deficiencies	23%	19%	33%	39%

The increase in non-compliant audits corresponds with the increase in the number of limited-scope audits. As the following chart shows, the percentage of limited-scope audits (to the overall audit population) has increased from 48% in 2001 to 83% in 2013.

⁴ Applicable professional guidance for financial statement audits of plan year 2011 Form 5500 filings.

Limited-Scope Audits

Filing Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Limited-Scope Audits	48%	51%	56%	59%	62%	62%	65%	67%	78%	79%	80%	81%	83%

As discussed later in this report, it appears that the increased number of limited-scope audits has contributed to declining audit quality. CPAs have less incentive to focus on relevant audit areas when they know the engagement will result in their issuance of “no opinion” on the plan’s financial statements.

Does Size of a CPA’s Employee Benefit Plan Practice Correlate with Audit Quality?

Yes. The results of this audit study clearly indicate a link between the number of employee benefit plan audits performed by a CPA and the quality of the audit work performed. Analysis of the data indicates a wide disparity between those CPAs who perform the fewest plan audits and those firms that perform the largest number of plan audits. As the following chart shows, CPAs who performed only one or two employee benefit plan audits annually had a 76% deficiency rate. In contrast, the deficiency rate at the stratum of firms performing the most plan audits was only 12%.

Major Deficiency Audit Rates

by Stratum

(95% Confidence Level; Statistically Significant Differences between Stratum)

Strata	Audit Reviews	Audits With Deficiencies	Standard Error	Lower Bound	Upper Bound
1-2	95	75.8%	4.4%	66.1%	83.4%
3-5	95	68.4%	4.8%	58.3%	77.0%
6-24	95	67.4%	7.7%	50.9%	80.4%
25-99	65	41.5%	9.7%	24.4%	61.0%
100-749	25	12.0%	4.9%	5.2%	25.4%
750+	25	12.0%	8.0%	3.0%	37.8%
Total Reviewed	400	38.8%	3.5%	32.2%	45.9%

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 un-weighted sample averages.

Not only did CPA firms with smaller employee benefit plan audit practices have significantly higher overall deficiency rates, but their audits also had an unacceptably high number of deficient audit areas. As seen in the table below, for the 1-2 plan audit stratum, 56% of the audits contained five or more deficient audit areas. Similarly, in the 3-5 plan audit stratum, about 42% of plan audits contained five or more deficiencies. Similar trends hold for the next two strata as well. In the two largest CPA firm audit strata, the audits that had five or more deficiencies (one in each stratum) presented unique audit situations not normally encountered in performing a routine plan audit.

Audits Containing Five or More Deficiencies

by Strata

IQPA EBP Audits	# of Deficient Audits	Audits With 5 or More Deficiencies
1-2	72	53 (56%)
3-5	65	40 (42%)
6-24	64	37 (39%)
25-99	27	14 (22%)
100-749	3	1 (33%)
750+	3	1 (4%)

As shown in the table below, there were significant differences in deficiency rates across multiple plan audit strata, with the 1-2 Plans, 3-5 Plans, 6-24 Plans, and 25-99 Plans strata all having a significantly higher major deficiency rate than the 100-749 Plans and the 750+ Plans strata.

Differences in Major *Audit* Deficiency Rate

by Strata

Strata	1 & 2 Plans	3-5 Plans	6-24 Plans	25-99 Plans	100-749 Plans	750+ Plans
1 & 2 Plans	0%	-7%	-8%	-34%	-64%	-64%
3-5 Plans	-6%	0%	-1%	-27%	-56%	-56%
6-24 Plans	-6%	-7%	0%	-26%	-55%	-55%
25-99 Plans	-6%	-7%	-8%	0%	-30%	-30%
100-749 Plans	-6%	-7%	-8%	-27%	0%	0%
750+ Plans	-6%	-7%	-8%	-27%	-56%	0%

Note: Significant differences across strata groups at the 95% confidence level are highlighted in red.

For example, a plan administrator who hires a CPA that performs only 1- 2 plan audits has a 64% greater chance of hiring someone whose audit contains deficiencies, as opposed to the administrator hiring a CPA with an annual plan audit practice of 100+ plan audits.

Are More Participants and Plan Assets at Risk with Certain Size CPA Firms?

The sample allows EBSA to estimate the number of participants and plan assets impacted by audits containing one or more GAAS deficiencies. **Overall, \$653 billion dollars were held by plans with audits that contained GAAS deficiencies.** As the chart below shows, 93% of the plan assets at risk were audited by CPAs performing fewer than 100 audits annually. Further scrutiny of the data indicates that 82% of the plan assets at risk were audited by CPAs in two strata, the 6-24 and 25-99 audit strata.

Plan Assets at Risk

by Stratum
(95% Confidence Level)

Strata	Assets Held by Plans With Deficient Audits (Millions)	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
100-749	\$7,060	\$5,012	\$0	\$17,650
750+	\$37,098	\$24,881	\$0	\$95,264
Total Sample	\$653,221	\$260,840	\$263,940	\$1,245,938

Note: Statistics are calculated using sample weights, which account for the different amount of audits performed by each stratum.

Based on the sample results, EBSA estimates that there were 22.5 million participants impacted by audits with one or more GAAS deficiencies. 70% of participants at risk were in the 6-24 and 25-99 plan audit strata.

Plan Participants Impacted

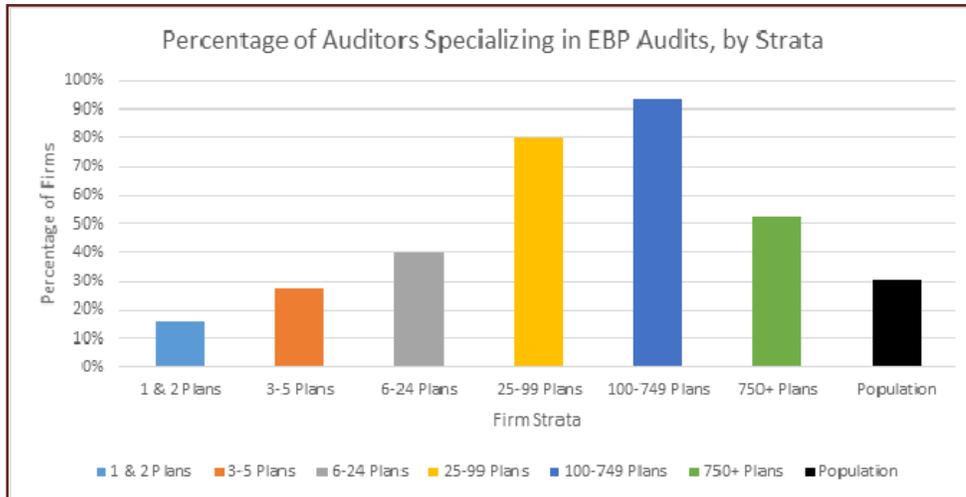
by Stratum
(95% Confidence Level)

Audit Strata	Participants in Plans With Deficient Audits (Millions)	Standard Error	Lower Bound	Upper Bound
1-2	1.04	0.13	0.80	1.31
3-5	1.40	0.20	1.01	1.82
6-24	6.51	1.92	3.19	10.63
25-99	9.31	6.47	1.65	23.98
100-749	3.61	3.44	0.00	13.11
750+	0.65	0.45	0.00	1.73
Total Sample	22.52	7.63	10.22	39.37

Note: Statistics are calculated using sample weights, which account for the different amount of audits performed by each stratum.

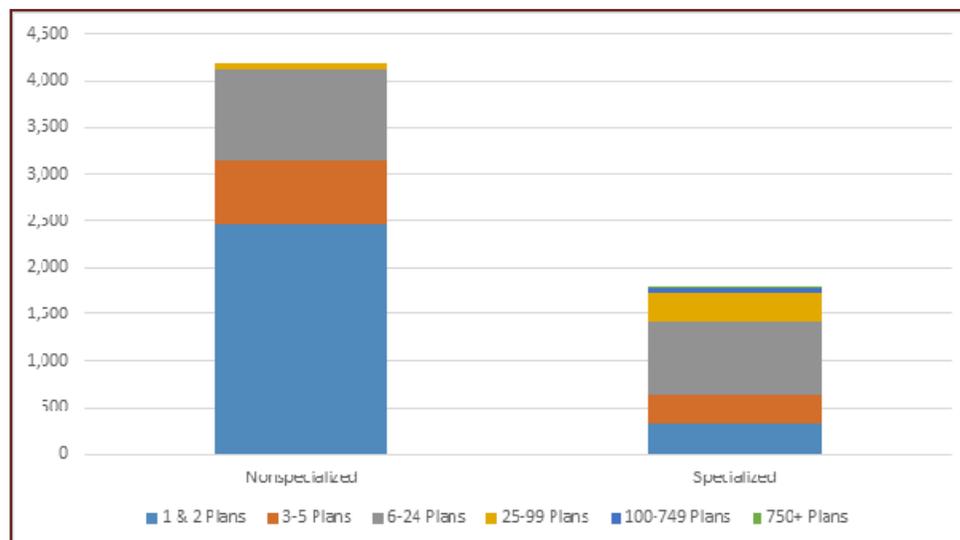
How Does the Quality of a Firm's Audits Relate to the Proportion of the Firm's Practice Devoted to EBP Audits?

The 400 audit engagements reviewed as part of the audit study were performed by 232 different CPA firms. For those 232 CPA firms, EBSA gathered information regarding the size of the EBP practice relative to the auditor's complete audit practice. The chart below shows that EBP specialization across the six auditor stratum varies widely. As the chart shows, most CPAs firms in the 1-2 and 3-5 audit strata do not specialize in EBP audits. For example, in the 1-2 strata, only 15% of the CPA firms are considered to be "specialized" with respect to employee benefit plan audits. Conversely, in the 100-749 strata over 90% of the firms are considered to be "specialized" firms. Generally, CPAs who do a larger amount of audit work report that they do specialize in EBP audits.



Note: A firm is considered to be specialized if its EBP practice accounts for at least 20% of the revenue for its total audit practice. 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 un-weighted sample averages.

With the wide variation of firms considered to be "specializing" in EBP audits, we looked at CPA firms which had an audit with at least one major GAAS deficiency. The chart below shows the distribution of "specialized" CPA firms with at least one major GAAS deficiency in their audit work. The chart clearly shows that the largest proportion of CPAs performing audits with at least one major GAAS deficiency are not EBP specialists. This is consistent with our finding that CPA firms with smaller EBP audit practices tended to have the highest deficiency rates.

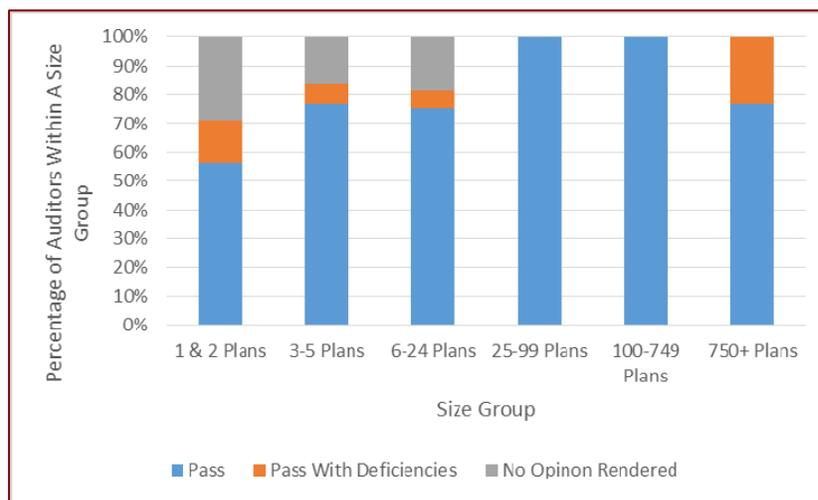


Are Practice Monitoring and Peer Review Activities Related to Improved Audit Quality?

For the 232 sampled CPA firms we obtained peer review information (where applicable). **The audit study showed that the accounting profession's peer review and practice monitoring efforts have not resulted in improved audit quality or in identifying deficient audit engagements.**

Most state licensing boards⁵ require that CPAs performing attest engagements participate in a qualifying peer review/practice monitoring program. The AICPA's Peer Review staff estimate that about 27,000 CPA firms are subject to peer review and that 9,000-10,000 peer reviews are performed on an annual basis.⁶

As part of its review, EBSA obtained peer review reports for the 232 CPA firms in the study. The distribution of results of these peer reviews are shown in the chart below. In general, it is estimated that a large portion of the peer reviews of the auditor population end with the auditor passing the peer review. In addition, smaller auditors have no opinion rendered more often than larger auditors, which may be due to a peer review not being performed.



EBSA found that in 4 of the 6 audit strata, a substantial number of CPA firms received an acceptable peer review report yet had deficiencies in the audit work that EBSA reviewed. As the table below highlights, in the 1-2 plan audit stratum, 52% of the deficient audits had received an unqualified or “clean” peer review report. Because these firms perform few employee benefit plan audits, there is a good chance that the audit engagement reviewed by EBSA was also the same audit engagement examined by the CPA firm’s peer reviewer.

⁵ The Delaware and Puerto Rico licensing boards do not require CPAs to participate in a practice monitoring/peer review program. Florida, Hawaii and the U.S. Virgin Islands have passed a practice monitoring statute, but it is not yet effective.

⁶ Many CPA firms perform audit and attest engagements that do not involve employee benefit plans. The larger number of CPA firms subject to “peer review” includes those CPA firms.

Deficient Audits and Clean Peer Reviews
by Stratum

Strata (Audits)	Deficient Audits With Clean Peer Review Report
1-2	52% (49)
3-5	58% (55)
6-24	63% (60)
25-99	40% (26)
100-749	12% (3)
750+	4% (1)

Given the results showing that an alarming number of peer review reports fail to highlight employee benefit plan audit deficiencies, EBSA looked at the results of peer reviews that did not properly identify CPA firms that perform significantly deficient plan audits (chart below).

Audits Containing Multiple Deficiencies and Clean Peer Reports
by Stratum

Strata (Audits)	Deficient Audits With Five or More Deficiencies and a Clean Peer Review Report
1-2	35% (33)
3-5	36% (34)
6-24	37% (35)
25-99	22% (14)
100-749	4% (1)
750+	4% (1)

As reflected in the table above, even audits that had five or more deficiencies often received a clean peer review report. Indeed, in three of the six strata, over 35% of such deficient audits had received acceptable peer review reports.

Is Membership in the AICPA’s Employee Benefit Plan Audit Quality Center (EBPAQC) Related to Audit Quality?

For those 232 sampled CPA firms, EBSA also gathered information regarding membership in the AICPA’s Employee Benefit Plans Audit Quality Center (EBPAQC). The chart below shows the distribution of EBPAQC members spread out among the six audit strata.

EBPAQC Members
by Stratum

Strata	EBPAQC Member	Non EBPAQC Member	Total Firms
1-2	11 (12%)	84 (88%)	95
3-5	27 (28%)	68 (72%)	95
6-24	15 (79%)	4 (21%)	19
25-99	12 (92%)	1 (8%)	13
100-749	5 (100%)	0 (0%)	5
750+	5 (100%)	0 (0%)	5
Total	75 (32%)	157 (68%)	232

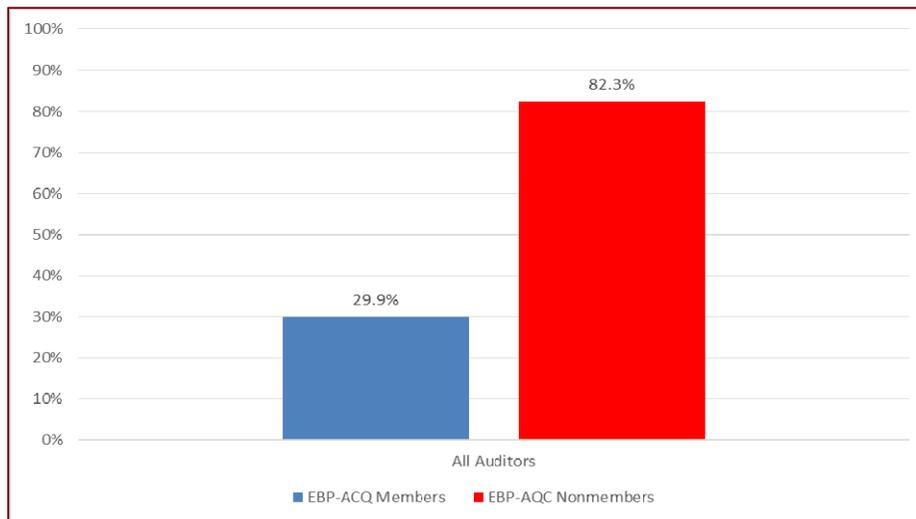
As the chart shows, overwhelmingly, most CPAs in the 1-2 and 3-5 audit strata are not EBPAQC members. These are the two strata that have the highest number of audits not in compliance with professional standards.

The following table and chart show the deficiency rates for both EBPAQC members and non-EBPAQC members, across multiple strata. For all strata, audits performed by EBPAQC members had a lower deficiency rate than audits performed by non-EBPAQC members.

Audit Deficiency Rate
by Stratum and EBPAQC Membership Status

Auditor Size	EBP-ACQ Members	EBPAQC Nonmembers
1-2 Plans	63.6%	77.4%
3-5 Plans	55.6%	73.5%
6-24 Plans	60.8%	90.5%
25-99 Plans	36.7%	100.0%
100-740 Plans	12.0%	N/A
750+ Plans	12.0%	N/A
All Auditors	29.9%	82.3%

Audit Deficiency Rate
by EBPAQC Membership Status



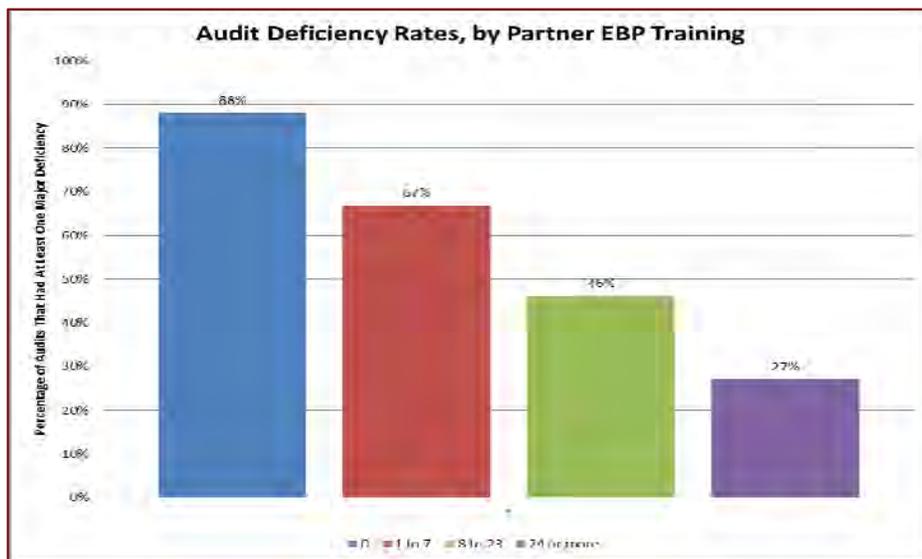
EBSA's analysis also shows that non EBPAQC member firms tend to have a larger number of GAAS deficiencies per audit engagement than EBPAQC members. For example, in the 1-2 audit stratum, 90% of the audits that contained five or more audit deficiencies were performed by CPA firms that are not EBPAQC members. Similar results exist in the 3-5 audit stratum where 77% of the audits with five or more deficiencies were performed by non EBPAQC member firms.

Does the Level of Employee Benefit Plan Specific Continuing Professional Education by Engagement Partners Have an Effect on Audit Quality?

Established professional standards require that auditors have the competence and capabilities necessary to perform professional audits. Employee benefit plan audits exist in an environment that is specialized, highly regulated, and subject to governmental oversight.

As a part of the audit quality study, EBSA gathered information regarding the number of hours of employee benefit plan (EBP) specific continuing professional education (CPE) taken within the three years preceding the performance of the selected audit engagement. The information gathered showed the following:

- Audit partners in firms performing a greater number of plan audits tended to have taken more hours of EBP specific CPE.
- The level of EBP specific CPE was a contributing factor in audit quality as the percentage of audits containing one or more deficient areas of audit decreased as more EBP specific training was obtained.



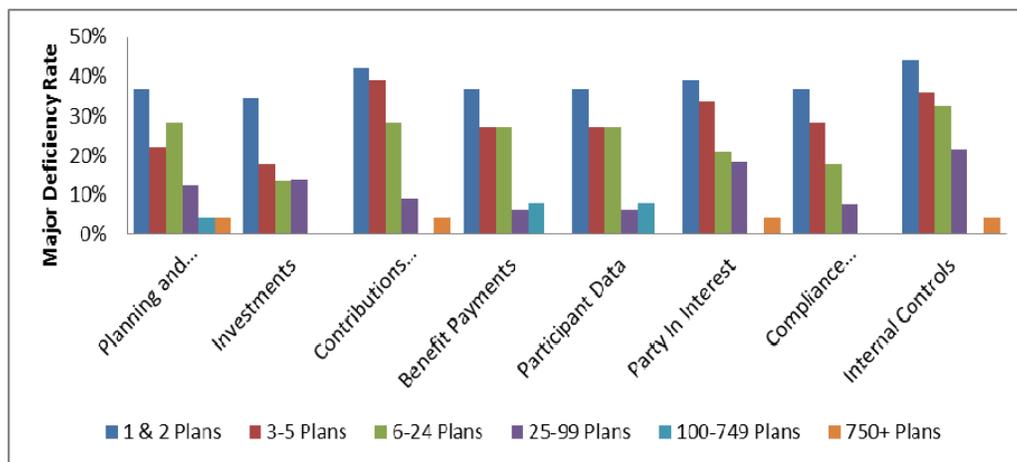
- The majority of engagement partners in firms performing 25 or more EBP audits annually indicated that they had obtained 8 or more hours of EBP specific training in the 3 years preceding the audit engagement reviewed. In most cases, these engagement partners had obtained 24 or more hours of EBP specific CPE.
- In contrast, engagement partners performing 24 or fewer EBP audits annually had obtained less EBP specific CPE within the 3 years preceding performance of the audit engagement and, in some cases, had received no training at all.
- While the overall responsibility for the audit engagement rests with the engagement partner, it is just as important for those assigned to and performing the detailed audit work to have EBP specific training.

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

In reviewing the 400 audits in the sample, EBSA looked at sixteen different audit areas to determine if the engagement was conducted in accordance with professional standards. Consistent with previously discussed information, auditors in the two lower audit strata (1-2 plan audits and 3-5 plan audits) disproportionately accounted for deficient audits.

Moreover, when CPAs in these two audit strata performed deficient audits, the audits tended to be deficient in multiple areas. As can be seen in the chart below, CPAs in the 1-2 plan audit stratum had significantly high deficiency rates spanning numerous audit areas that are unique to employee benefit plans, most notably: contributions, planning & supervision, internal controls, participant data, investments, party-in-interest transactions and benefit payments. Similarly, the 3-5 plan audit stratum also contained high deficiency rates especially in the following audit areas: contributions, party-in-interest transactions, internal controls, benefit payments and participant data. Consistent with other findings in this report, the two strata containing CPAs with the largest employee benefit plan audit practices had the lowest deficiency rate in the various audit areas.

Deficiency Rates
by Audit Area



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

As previously noted, many of the audits in the sample were limited-scope audit engagements as permitted by ERISA and codified in 29 CFR 2520.103-8. This regulation allows plan administrators to exclude from the scope of the auditor's engagement investments held and investment-related transactions and income properly certified to by certain qualifying entities. A detailed review of audits disclosed that almost 60% of the limited-scope audits in this study contained major GAAS deficiencies in areas of audit not related to investments. In these audits, CPAs had deficiencies in non-investment-related critical areas such as contributions, participant data, benefit payments and internal controls. These audit deficiencies may have occurred because, knowing that a "limited-scope" audit was being performed, plan auditors were not as focused on all relevant audit areas.

Did Plan Audits Comply With ERISA and DOL Reporting Regulations?

In addition to conforming with and adhering to GAAP and GAAS, respectively, the report of the IQPA must also meet certain ERISA reporting and disclosure requirements. ERISA section 103(a)(3)(A) and DOL regulation 29 CFR 2520.103-1(b) set forth these reporting and disclosure requirements. These reporting and disclosure requirements were enacted to ensure that users (the federal government and plan participants and beneficiaries) were being provided with necessary information that may alert them to instances which could adversely impact the operation of the plan (e.g., fiduciary breaches) and/or its ability to pay plan benefits when due (e.g., losses from imprudent investments).

Of the 400 plan audit reports reviewed, 67 (17%) of the audit reports failed to comply with one or more of ERISA's reporting and disclosure requirements.

Of the 67 reports identified, the area(s) of non-compliance were as follows:

- In 11 (16%) instances, the supplemental schedule(s) required by ERISA reporting and disclosure requirements were not attached or prepared.
- In 11 (16%) instances, the footnotes to the plan's financial statements were either incomplete or missing entirely.
- In 8 (12%) instances, the CPA's audit report was not manually signed, as required by DOL regulations.
- In 7 (10%) instances, delinquent employee contributions were not properly reported or disclosed in the CPA's report or the plan's Form 5500 filing.

What has been Done to Improve Audit Quality in the Last 25 Years?

EBSA has performed two previous "baseline" studies to assess the progress being made in improving audit quality. The Agency's 1997 study indicated that 19% of plan audits contained one or more deficiencies. A second study, performed in 2004, concluded that audit quality had significantly declined and expressed concern that even the largest auditing firms were performing deficient audit work.

For over 25 years, EBSA has continued to take aggressive actions with respect to improving the quality of employee benefit plan audits. 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.

In addition, OCA continues to be responsible for establishing and maintaining liaison 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.

Reporting Compliance Activities

Since conducting its two previous studies, OCA has taken the following enforcement actions to ensure compliance with these provisions:

- Issuance of letters rejecting deficient/incomplete Form 5500 Annual Report filings that failed to meet the reporting and disclosure provisions of ERISA.

- Performance of approximately 5,000 workpaper reviews to evaluate the quality of the audit work underlying the CPA's report.
- Referral of practitioners to the AICPA's Professional Ethics Division and/or the respective state board of accountancy for potential disciplinary action due to significantly deficient audit work.
- Establishment of a system of inter-office referrals with EBSA's Office of Enforcement (OE). OE refers to OCA potential ERISA reporting and disclosure violations discovered during fiduciary investigations of employee benefit plans. Likewise, OCA refers potential fiduciary violations to OE.

Activities to Encourage Filer Compliance

Since the issuance of the 1997 report, EBSA has initiated or expanded upon several programs to encourage filer compliance:

- EBSA has created and conducted various national outreach programs aimed at heightening awareness and providing guidance to practitioners regarding the preparation of the Form 5500 Series Annual Report, current and emerging information regarding accounting and auditing issues impacting employee benefit plans, and general information regarding DOL's ongoing enforcement efforts. Additional outreach programs have been created and are aimed at front line state societies of CPAs to provide guidance and heightened awareness to independent auditors who conduct audits of employee benefit plans, especially those CPAs who perform only a limited number of plan audits.
- In March 2002, EBSA made major revisions to its "Delinquent Filer Voluntary Compliance Program." The purpose of the program changes was to encourage filer compliance with the annual reporting obligations under Title I of ERISA through significantly reduced civil penalties.
- The Form 5500 Series Annual Reports underwent major revisions to streamline the Form 5500 and make it easier to complete. At the same time, the instructions to the Form 5500 were clarified and reorganized to more closely track the organization of the revised Form 5500. Coincident with these major revisions to the Form 5500, EBSA participated in numerous technical conferences, webcasts and other public meetings intended to publicize release of the revised Form 5500 and educate plan filers about the changes.
- EBSA implemented the new "all electronic" Electronic Filing Acceptance System (EFAST), to process the Form 5500. The new all electronic processing system was designed to utilize state-of-the-art technologies to process the Form 5500 filings. This system gives filers immediate feedback about correcting reporting deficiencies prior to the filing being finalized.
- In conjunction with implementation of the revised Form 5500 and the new EFAST Processing System, EBSA also created a "Help Desk" function designed to answer filer questions and other technical inquiries. Since its inception in March 2000, the EBSA "Help Desk" has received over 500,000 requests for technical assistance and responded to other filer inquiries.

Work With Professional Organizations

In addition, DOL has worked closely with the AICPA and the Financial Accounting Standards Board (FASB) to update the guidance available to practitioners in this area. The following is a list of actions taken in an effort to address the findings and recommendations contained in EBSA's previous two studies:

- EBSA continues to work with the FASB on issuing revised accounting guidance for employee benefit plans.
- EBSA continues its active involvement with the AICPA's Employee Benefit Plans Technical Expert Panel.
- EBSA 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 Agency's previous studies, and the AICPA published a comprehensive revision to the audit guide in 2013.
- EBSA has provided technical assistance and input to the AICPA for the yearly issuance of *Audit Risk Alerts and Current Industry Developments* that are intended to provide information that may affect the annual audits performed on employee benefit plans.
- EBSA has continued to support the AICPA's annual *National Conference on Employee Benefit Plans*. This conference, created jointly by the DOL and the AICPA in 1990, has grown into one of the AICPA's largest conferences, with an average attendance of over 1,200 participants.
- In December 2001, the AICPA held the inaugural *Benefit Plans and DOL Update Conference*. This conference is designed to provide a "high level" overview of events in the employee benefit plan area for partners and senior managers prior to the start of the "audit season." A similar conference has been held annually since then.
- The AICPA continues to update its self-study continuing professional education programs for employee benefit plan professionals.
- The AICPA has incorporated, as part of one of its practice monitoring programs (peer review), the requirement that engagements selected for review "must" include an audit of an employee benefit plan.
- The AICPA operates a "Technical Hotline" that is available to answer member questions on accounting and auditing related issues.

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 ("Center") with the goal of improving the quality of employee benefit plan audits. The Center is composed of a community of CPA firms who, through voluntary membership, have made a commitment to audit quality by adhering to the Center's membership requirements affecting their management practices, including the designation of a partner-in-charge of the quality of the firm's employee benefit plan audit practice. The Center's membership requirements also include obtaining employee benefit plan specific training; establishing and maintaining quality control practices and procedures specific to the firm's employee benefit plan audit practice; self-monitoring of adherence to policies and procedures; and making the results of their external peer review of their audit practice publicly available. Through the Center, the AICPA offers its members an extensive range of

resources to help firms provide quality service to plans, including regulatory and legislative guidance, practice aids, training opportunities, tools, and research.

Over 2,300 CPA firms, employing 31% of plan auditors and representing all 50 states and the District of Columbia, have joined the AICPA's Employee Benefit Plan Audit Quality Center. It is estimated that the Center's member firms perform over 60% of all employee benefit plan audits annually.

Public Company Accounting Oversight Board (PCAOB)

The PCAOB is a private-sector, non-profit corporation, created by the *Sarbanes-Oxley Act of 2002* (Act), to oversee the auditors of public companies in order to protect the interests of investors and further the public interest in the preparation of informative, fair, and independent audit reports. Section 103 of the Act directs the Board to establish auditing and related attestation, quality control, ethics, and independence standards and rules to be used by registered public accounting firms in the preparation and issuance of audit reports as required by the Act or the rules of the Securities and Exchange Commission.

The PCAOB has the authority to adopt auditing standards for public companies and to regularly inspect the operations of accounting firms registered with the Board. The PCAOB may discipline, fine, suspend, or bar firms where it finds that a registered accounting firm has engaged in any practice in violation of 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 standards established by the PCAOB 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 (OIG)

For almost thirty years, the OIG, with EBSA's support, has been recommending legislative changes to ERISA in order 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. As a result, the OIG recommended that ERISA be amended to provide EBSA with the authority over registration, suspension and debarment of employee benefit plan auditors and that EBSA be given the ability to levy civil penalties against auditors performing substandard audits.

Conclusions

EBSA's 1997 audit study concluded that there had been no statistical change in the quality of plan audits when compared to the original study performed by the OIG in 1989. EBSA's 2004 audit quality study found that audit quality had gotten worse since the previous study and that the deficient audit work was starting to spread to the largest of the CPA firms. The original OIG study disclosed an audit deficiency rate of 23%. EBSA's 1997 follow-up study resulted in a 19% deficiency rate (not a big enough improvement in audit quality to be considered statistically valid). The Agency's more recent study in 2004 resulted in a 33% deficiency rate for the plan audits reviewed.

Based on the results of the current audit review, a 39% overall deficiency rate for plan audits, it appears that the quality of employee benefit plan audits has not improved. Instead, audit quality continues to trend in the opposite direction with almost 4 out of 10 plan audits failing to comply with professional accounting and auditing standards.

Based on additional analysis, EBSA also concludes that:

- Once again, 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, participant data and party-in-interest/prohibited transactions, continue to lead the list of audit deficiencies. As found in the two previous studies, CPAs too often failed to consider these unique audit areas and, therefore, performed inadequate audit work.
- CPAs failed to comply with professional standards either because they were not adequately informed about employee benefit plan audits or failed to properly utilize the technical materials that were in their possession. Audit partners in firms performing a greater number of plan audits tended to have a greater amount of employee benefit plan specific training. However, in a number of instances, having the proper technical guidance did not ensure that a quality audit was performed.
- The Practice Monitoring Peer Review process established by the AICPA and administered by sponsoring state CPA societies does not appear to be an effective tool in identifying deficient plan audit work and ensuring compliance with professional standards. While selecting an employee benefit plan audit is a required part of the peer review process (where applicable), CPAs who performed deficient audits often received acceptable peer review reports.
- Members of the AICPA's Employee Benefit Plans Audit Quality Center (EBPAQC) tend to conduct fewer audits containing multiple GAAS deficiencies. Additionally, non EBPAQC member firms tend to have more GAAS deficiencies per audit engagement than EBPAQC members.

Recommendations

To address the deficiencies identified in this report, EBSA makes the following eleven recommendations.

Enforcement

1. Revise case targeting to focus on:
 - a. CPA firms with smaller employee benefit plan audit practices that audit plans with large amounts of plan assets, and
 - b. CPA firms in the 25-99 plan audit stratum given their high deficiency rates and the amount of plan assets (\$317.1 billion) and plan participants (9.3 million) at risk from deficient audits.
2. Work with the National Association of State Boards of Accountancy (NASBA) and the AICPA to improve the investigation and sanctioning process for those CPAs who perform significantly deficient audit work. Work with NASBA to get state boards of accountancy to accept the results of investigations performed by EBSA and the AICPA's Professional Ethics Division, in order to use those results in disciplining CPAs (at the state licensing board level).
3. Amend ERISA to make sure the annual reporting civil penalties focus on the responsible party. Under this proposal, the Secretary of Labor would be authorized to assess all or part of the current annual reporting civil penalty of up to \$1,100 per day against the accountant engaged to do an ERISA plan audit if the plan's annual report is rejected due to a deficient audit or because the accountant failed to meet the standards for being qualified to perform an ERISA plan audit.
4. Work with the AICPA's Peer Review staff:
 - a. to streamline the peer review process and make it more effective at improving employee benefit plan audit quality.
 - b. to ensure that CPAs who are required to undergo a peer review have in fact had an acceptable peer review.
 - c. to identify those CPAs who have not received an acceptable peer review and refer those practitioners to the applicable state licensing boards of accountancy.

Regulatory/Legislative

5. Amend the ERISA definition of "qualified public accountant" to include additional requirements and qualifications necessary to ensure the quality of plan audits. Under this proposal, the Secretary of Labor would be authorized to issue regulations concerning the qualification requirements.
6. Amend ERISA to repeal the limited-scope audit exemption. This exemption prevents accountants from rendering an opinion on the plans' financial statements for assets held in

regulated entities such as financial institutions. An alternative to the repeal of the limited-scope audit would be to provide the Secretary with the authority to define when a limited-scope audit would be an acceptable substitute for a full audit. When auditors have to issue a formal and unqualified opinion, they have a powerful incentive to rigorously adhere to professional standards ensuring that their opinion can withstand scrutiny. The limited scope audit exemption undermines this incentive by removing auditors' obligations to stand behind the plans' financial statements.

7. Amend ERISA to give the Secretary of Labor authority to establish accounting principles and audit standards that would protect the integrity of employee benefit plans and the benefit security of participants and beneficiaries. Under this approach, the Secretary of Labor would be authorized to establish standards that address financial reporting issues that are either unique to or have substantial impact upon employee benefit plans.

Outreach

8. Work with the NASBA to encourage state boards of accountancy to require specific licensing requirements for CPAs who perform employee benefit plan audits. This would include specific training and experience in the audits of employee benefit plans.
9. Expand EBSA's outreach activities to include:
 - a. plan administrator organizations (e.g. ASPPA), to explain to plan administrators and those with responsibility for hiring plan auditors, the importance of hiring competent CPAs.
 - b. Using information contained in the EFAST2 database, send targeted correspondence to:
 - i. plan administrators in the 1-2 and 3-5 plan strata highlighting the high deficiency rate among plan auditors and providing information about how to select a qualified plan auditor.
 - ii. CPA firms in the 25-99 stratum discussing the audit deficiencies found in EBSA's audit study and working with the firms to ensure that plan audits comply with professional standards.
10. Communicate with each of the state boards of accountancy (licensing boards) regarding the results of the audit study and the need to ensure that only competent CPAs are performing employee benefit plan audits.
11. Expand EBSA's outreach with individual state societies of CPAs who have a large number of plan audits performed by CPA firms in the 1-5 plan audit stratum. For those states that do not already do so, encourage them to create employee benefit plan audit training programs.

Appendix I

Objectives, Scope and Sample Composition

Objectives

The primary objective of this study was to assess whether the level and quality of audit work performed by CPAs with respect to audits of employee benefit plans regulated by ERISA has improved since OCA's previous comprehensive study in 2004.

Specific objectives of the review were to:

- assess whether plan audits were conducted in accordance with professional auditing and accounting standards;
- determine if the audit reports complied with ERISA reporting and disclosure requirements; and
- identify areas that may need improvement.

Scope

EBSA's assessments involved a review of the Form 5500 Annual Return/Report filings and related audit reports for the 2011 filing year (plan years beginning in 2011). EBSA selected a statistically valid sample of 400 plan audits from a target population of 81,162 Form 5500 filings for 2011 in which an accountant's report/audit opinion was attached. For the 400 plan audits selected, EBSA's assessment included:

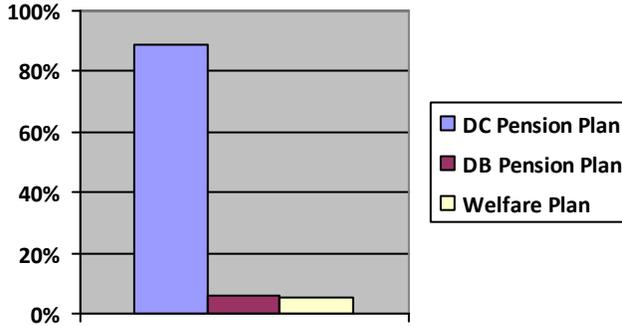
- a review of the plan year 2011 Form 5500 Annual Report and the related IQPA report;
- a detailed review of the audit workpapers for the 2011 plan year audit;
- determining whether the CPA was properly licensed by the applicable state licensing board;
- if applicable, reviewing the peer review report of the CPA's audit practice; and
- voluntary demographic questionnaires given to each of the CPAs in the audit sample.

The workpaper reviews, performed at EBSA's office, were conducted during the period December 2013 through September 2014. The 400 selected audit reports were evaluated based on the AICPA's Audit and Accounting Guide, *Audits of Employee Benefit Plans (with conforming changes as of January 1, 2012)*.

Sample Composition

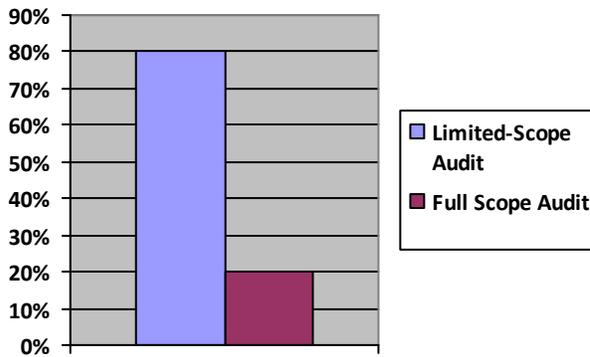
The following charts depict the composition of the sample of the 400 plan audits reviewed during this study.

Type of Plan



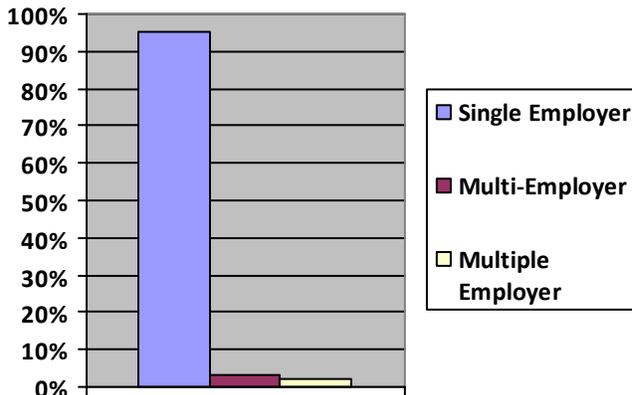
Of the 400 plan audits reviewed, 89% involved defined contribution (DC) pension plans, 6% defined benefit (DB) pension plans and 5% welfare plans.

Type of Audit



Of the 400 plan audits reviewed, 19% involved full-scope audits and 81% limited-scope audits.

Type of Plan Sponsor



Of the 400 plan audits reviewed, 95% involved single employer plans, 3% multi-employer plans, and 2% multiple employer plans.

Appendix II

Audit Deficiencies by Type of Deficiency

Deficiency Type	Percentage of Audits With Deficiencies	Standard Error	Lower Bound	Upper Bound
Planning and Supervision	7.0%	1.6%	3.8%	10.2%
Investments	4.2%	1.0%	2.2%	6.3%
Contributions Received	8.1%	1.6%	4.9%	11.3%
Benefit Payments	7.8%	1.5%	4.8%	10.8%
Participant Data	7.8%	1.5%	4.8%	10.8%
Plan Obligations	3.7%	1.4%	0.9%	6.6%
Party In Interest	6.6%	1.4%	3.9%	9.3%
Plan Tax Status	4.4%	1.1%	2.2%	6.7%
Commitments and Contingencies	3.1%	1.1%	1.0%	5.1%
Internal Controls	18.3%	2.5%	13.8%	23.7%
Administrative Expenses	4.9%	1.2%	2.6%	7.3%
Subsequent Events	4.9%	1.2%	2.6%	7.3%
Plan Representations	4.9%	1.2%	2.6%	7.3%
Compliance Reporting	6.0%	1.0%	4.0%	8.0%
Compliance with ERISA	4.4%	0.8%	2.8%	6.1%
Notes Receivable	3.6%	1.0%	1.5%	5.6%
All Deficiencies	33.9%	3.3%	27.4%	40.4%

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.

Planning & Supervision

Audit Quality Study Review Results					
Strata	Acceptable	Acceptable, Minor	Unacceptable, Minor	Unacceptable, Major	Totals
1-2 plans	41	10	9	35	95
3-5 plans	62	9	3	21	95
6-24 plans	53	11	4	27	95
25-99 plans	43	11	3	8	65
100-749 plans	22	2	0	1	25
750+ plans	23	1	0	1	25
Totals	244	44	19	93	400

Unacceptable, Major Membership in AIPCA Employee Benefit Plan Audit Quality Center			
Strata	Yes	No	Totals
1-2 plans	3	32	35
3-5 plans	4	17	21
6-24 plans	15	12	27
25-99 plans	5	3	8
100-749 plans	1	0	1
750+ plans	1	0	1
Totals	29	64	93

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

<u>#</u>	<u>Description of Unacceptable, Major Finding</u>
3	Audit performed and report issued by an "unlicensed" auditor
1	No audit performed, auditor performed and issued a "review" report
49	No/insufficient review of plan documents/plan operations
37	No evidence of required communications (114/115)
25	No/lack of evidence of audit planning
21	No/inadequate evidence of planning analytics with developed expectations
19	No/insufficient audit program
15	No/inadequate assessment of fraud risk
14	No/inadequate procedures on initial/beginning balances
8	No evidence of planning materiality
6	No/inadequate review of audit workpapers or engagement not adequately supervised
4	Inadequate supervision - engagement partner review was completed after report issuance date

- 3 Failure to document current developments affecting the plan
- 3 No/inadequate work related to predecessor auditor
- 2 No/incorrect engagement letter
- 2 Improper performance of limited scope audit
- 1 Missing plan documents in permanent file
- 1 No evidence of review of service provider agreements
- 1 Inadequate identification of parties in interest for planning
- 1 Unsigned plan adoption agreements and participant agreements
- 1 Incorrect industry audit guide was used which resulted in no identification of parties in interest
- 1 Failure to verify balances transferred from/to new custodian
- 1 No evidence \$1M insurance contract was obtained/reviewed for disclosure and accounting treatment
- 1 Audit firm was not properly licensed, however, the engagement partner was properly licensed
- 1 Audit planning did not address the \$4.7M rollover into this new plan in 2011
- 1 No planning documentation of prior year known issues
- 1 No evidence of planning inquiries
- 1 Failure to document and assess significant decrease in net assets and large amount of benefit payments
- 1 No evidence of IQPA consideration of plan termination in planning audit procedures for liquidation basis for investments and accumulated benefit obligations
- 1 Failure to gain an understanding of the plan
- 1 No evidence of planning related to testing of mid-year change in trustee/recordkeeper
- 1 Audit partner did not participate in engagement team fraud brainstorming discussion

Internal Controls

Audit Quality Study Review Results					
Strata	Acceptable	Acceptable, Minor	Unacceptable, Minor	Unacceptable, Major	Totals
1-2 plans	37	5	11	42	95
3-5 plans	49	9	3	34	95
6-24 plans	48	11	5	31	95
25-99 plans	38	10	3	14	65
100-749 plans	20	4	1	0	25
750+ plans	18	6	0	1	25
Totals	210	45	23	122	400

Unacceptable, Major Membership in AIPCA Employee Benefit Plan Audit Quality Center			
Strata	Yes	No	Totals
1-2 plans	2	40	42
3-5 plans	9	25	34
6-24 plans	23	8	31
25-99 plans	12	2	14
100-749 plans	0	0	0
750+ plans	1	0	1
Totals	47	75	122

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

<u>#</u>	<u>Description of Unacceptable, Major Finding</u>
3	Audit performed by an "unlicensed" auditor
1	Possible fraud discussed in board minutes but engagement team did not inquire of legal counsel or include it as a fraud risk factor
52	No/inadequate documentation of internal control environment
37	Failure to assess/document control risk
37	No evidence of SOC1 report review and/or reliance
29	No/inadequate evidence of fraud "brainstorming"
27	Lack of documentation of risk assessment procedures
22	Failure to review internal controls of service provider(s)
17	Failure to document evaluation of internal control
15	No/inadequate evidence of fraud inquiries
12	No evidence of work performed
4	Failure to document assessment of user controls

- 4 Failure to obtain bridge/gap letter for period not covered by SOC1 report
- 3 Failure to identify and document significant audit areas
- 2 Failure to document assessment of control risk below maximum
- 2 Inconsistency in documentation of risk assessments
- 2 SOC1 report does not cover significant period of plan year and no work performed to address such
- 1 Failure to obtain and review SOC1 report covering 6 months of the plan year
- 1 Failure to document risk of material misstatement
- 1 Unclear documentation of low & moderate inherent control risk was determined based on errors in prior years in contributions
- 1 Failure to identify and review user controls of third party service providers
- 1 Partner not involved in fraud brainstorming; Sole trustee and person responsible for governance not interviewed for fraud
- 1 Fraud brainstorming did not include in-charge who performed most audit work
- 1 Failure to identify audit risks related to liquidation basis of non-marketable investments and accumulated benefit obligations on the liquidation basis, nor benefit payments subsequent to plan termination
- 1 Failure to document inherent/control risk or combined risk for each significant audit area
- 1 Failure to document COSO (Committee on Sponsoring Organization) plan sponsor controls
- 1 Failure to document activity level internal controls at plan sponsor level
- 1 Inappropriate reliance on SSAE 16 to assess risk in significant audit areas
- 1 Lack of evidence to support reduction in control risk
- 1 No evidence of understanding of the plan's internal control environment at the cycle, account, transaction level
- 1 Inadequate assessment of control risk
- 1 Fraud brainstorming and inquiries made after audit report date
- 1 Control risk assessments do not conform with actual level of work performed

Investments – All Audit Combined

Audit Quality Study Review Results					
Strata	Acceptable	Acceptable, Minor	Unacceptable, Minor	Unacceptable, Major	Totals
1-2 plans	53	5	4	33	95
3-5 plans	71	5	2	17	95
6-24 plans	75	6	1	13	95
25-99 plans	54	2	0	9	65
100-749 plans	23	2	0	0	25
750+ plans	22	3	0	0	25
Totals	298	23	7	72	400

Unacceptable, Major Membership in AIPCA Employee Benefit Plan Audit Quality Center			
Strata	Yes	No	Totals
1-2 plans	4	29	33
3-5 plans	2	15	17
6-24 plans	11	2	13
25-99 plans	8	1	9
100-749 plans	0	0	0
750+ plans	0	0	0
Totals	25	47	72

Note: The detail breakout of investments full scope and limited scope following this combined chart does not include the one (1) plan selected where a “review” engagement was performed.

Investments – Full Scope Only

Audit Quality Study Review Results					
Strata	Acceptable	Acceptable, Minor	Unacceptable, Minor	Unacceptable, Major	Totals
1-2 plans	3	1	0	15	19
3-5 plans	16	1	0	7	24
6-24 plans	7	1	0	6	14
25-99 plans	11	0	0	5	16
100-749 plans	0	1	0	0	1
750+ plans	4	1	0	0	5
Totals	41	5	0	33	79

Unacceptable, Major Membership in AIPCA Employee Benefit Plan Audit Quality Center			
Strata	Yes	No	Totals
1-2 plans	1	14	15
3-5 plans	1	6	7
6-24 plans	6	0	6
25-99 plans	4	1	5
100-749 plans	0	0	0
750+ plans	0	0	0
Totals	12	21	33

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

<u>#</u>	<u>Description of Unacceptable, Major Finding</u>
1	Audit performed by an "unlicensed" auditor
18	Failure to test investment transactions
14	Failure to test investment income
7	Failure to test end of year asset values
5	No evidence of work performed
4	Inappropriate reliance on SOC1 report
4	Insufficient work performed
4	Failure to confirm investments - evidence of existence
2	No review/testing of investment valuation assumptions (ESOP)
2	Inadequate evidence of confirmation of investment ownership and existence with custodian
2	Failure to adequately test change in service provider
1	Failure to test assets transferred from the plan

- 1 No assessment of valuation spec.'s qualifications
- 1 Failure to document work performed related to cash
- 1 Failure to address liquidation basis of non-marketable securities and insurance contracts
- 1 Failure to adequately test cost basis of non-participant directed investments
- 1 Failure to test end of year values for investments in self-directed brokerage accounts
- 1 Insufficient testing of dividend income (ESOP)
- 1 Investments per the financial statements did not agree to the confirmed trust statement
- 1 Failure to adequately identify plan's investment medium at the end of year
- 1 Principal IPG contract was excluded from plan's financial statements; there was no copy of the contract in the audit file; there was no accounting analysis supporting the conclusion for excluding the investment from the plan's financial statement reporting

Investments – Limited Scope Only

Audit Quality Study Review Results					
Strata	Acceptable	Acceptable, Minor	Unacceptable, Minor	Unacceptable, Major	Totals
1-2 plans	50	4	4	17	75
3-5 plans	55	4	2	10	71
6-24 plans	68	5	1	7	81
25-99 plans	43	2	0	4	49
100-749 plans	23	1	0	0	24
750+ plans	18	2	0	0	20
Totals	257	18	7	38	320

Unacceptable, Major Membership in AIPCA Employee Benefit Plan Audit Quality Center			
Strata	Yes	No	Totals
1-2 plans	3	14	17
3-5 plans	1	9	10
6-24 plans	5	2	7
25-99 plans	4	0	4
100-749 plans	0	0	0
750+ plans	0	0	0
Totals	13	25	38

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 performed by an "unlicensed" auditor
10	Audit workpapers do not contain the certification
6	Failure to adequately test change in service provider
5	Certifying entity does not qualify for limited scope
3	Certification not consistent with plan reporting period
3	Uncertified investments/transactions not audited
3	Unsigned certification
3	No list of plan investments and/or transactions certified included with the certification
2	Certification is not for the plan
2	No comparison/reconciliation of certified income to amount reported on financial statements
2	Certifying entity identified in report not consistent with certification
1	Inappropriate treatment of contract to fair value adjustment

- 1 No audit program
- 1 Certification did not mention the plan name nor period covered
- 1 Failure to test assets transferred from plan
- 1 Certification obtained 3/21/14, audit report dated 10/5/12
- 1 Trust report prepared by and obtained from the recordkeeper
- 1 Investments per trust do not agree to financial statements
- 1 Failure to gain understanding of plan's common/collective trust and stable value funds
- 1 Inadequate evidence of evaluation of GIC for accounting and presentation
- 1 Failure to evaluate insurance contract, contract to fair value, and whether it was fully-benefit responsive
- 1 Failure to analyze pooled separate account for investments in common collective trust/stable value funds
- 1 Unexplained variance in certified participant loan total
- 1 Dividend income and net appreciation do not tie to financial statements
- 1 No documentation supporting fair value reported on 5500 - amount marked up to fair value without corresponding adjustment to contract value
- 1 Certification obtained from trustee for master trust – certification at plan level obtained from entity that was not a qualifying entity and was not an agent for the trustee

Notes Receivable

Audit Quality Study Review Results						
Strata	Acceptable	Acceptable, Minor	Unacceptable, Minor	Unacceptable, Major	N/A	Totals
1-2 plans	34	4	3	20	34	95
3-5 plans	31	4	4	13	43	95
6-24 plans	46	3	6	16	24	95
25-99 plans	35	1	1	2	26	65
100-749 plans	11	0	0	0	14	25
750+ plans	16	0	0	0	9	25
Totals	173	12	14	51	150	400

Unacceptable, Major Membership in AIPCA Employee Benefit Plan Audit Quality Center			
Strata	Yes	No	Totals
1-2 plans	2	18	20
3-5 plans	4	9	13
6-24 plans	7	9	16
25-99 plans	1	1	2
100-749 plans	0	0	0
750+ plans	0	0	0
Totals	14	37	51

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

<u>#</u>	<u>Description of Unacceptable, Major Finding</u>
2	Audit performed by an "unlicensed" auditor
21	No work performed
30	No/inadequate testing of compliance with plan
7	No review of supporting loan documentation
5	No/inadequate testing for determination of delinquent loans that should be reported as deemed distributions
4	No audit program
3	No listing of outstanding loans
2	No evidence of test of loan interest
2	No work performed on participant loans which were not covered by the limited scope certification
1	No testing of transfer to new custodian
1	Inadequate consideration of error in loan reporting on financial statements

- 1 Inadequate documentation as to the source of listing of participant loans for completeness and accuracy

Contributions Received & Receivable

Audit Quality Study Review Results						
Strata	Acceptable	Acceptable, Minor	Unacceptable, Minor	Unacceptable, Major	N/A	Totals
1-2 plans	44	5	6	40	0	95
3-5 plans	47	4	6	37	1	95
6-24 plans	51	10	5	27	2	95
25-99 plans	50	6	2	6	1	65
100-749 plans	23	1	1	0	0	25
750+ plans	21	2	1	1	0	25
Totals	236	28	21	111	4	400

Unacceptable, Major Membership in AIPCA Employee Benefit Plan Audit Quality Center			
Strata	Yes	No	Totals
1-2 plans	3	37	40
3-5 plans	6	31	37
6-24 plans	17	10	27
25-99 plans	5	1	6
100-749 plans	0	0	0
750+ plans	1	0	1
Totals	32	79	111

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

<u>#</u>	<u>Description of Unacceptable, Major Finding</u>
3	Audit performed by an "unlicensed" auditor
1	Failure to identify or inquire about potential missing contributions occurring in time period leading up to plan admin termination and his possible conversion, fraud and theft
53	Failure to test timely remittance of employee contributions
35	Failure to test compliance with plan compensation provisions
24	No/Inadequate testing of use of forfeitures
10	Failure to agree/reconcile contributions to plan sponsor payroll records, employee records, custodian/trust, and/or Schedule H
10	No/inadequate testing of rollover contributions (material amount)
9	No work performed
7	Failure to address testing errors and/or variance and their impact on financial statements
5	No/inadequate testing of contribution receivable(s)

- 5 Inadequate testing/documentation of recalculation of contributions/deferrals
- 3 Failure to test rollovers for compliance with the plan document
- 2 Insufficient work performed of contributing employers (multi-employer plans)
- 2 No audit program
- 2 No schedule of contributions received &/or receivable
- 2 Failure to recognize untimely employee contributions
- 2 Failure to review criteria for contribution receivables and recording per GAAP
- 2 Inadequate documentation related to late remittances
- 1 Failure to agree contributions to actuarial report
- 1 Failure to adequately test timing of employee contributions
- 1 No testing of ROTH contributions
- 1 Inappropriate reliance on SOC1 Report
- 1 Failure to consider plan's funding status (DB plan)
- 1 No contributions withheld from a bonus and no testing to determine the propriety of such
- 1 Failure to verify employer discretionary percentage
- 1 No disclosure of corrective distributions in the plan's financial statements and notes
- 1 Failure to document recalculation of employer match
- 1 Failure to adequately communicate delinquent remittances to management
- 1 No schedule/listing of contributions
- 1 Testing of employer matching contribution did not adequately address the apparent failure by the sponsor the match the required 3% of compensation
- 1 Failure to evaluate any required employer receivable that might result from any unfunded accumulated benefit obligation resulting from plan termination
- 1 Failure to identify inconsistency in COBRA contributions
- 1 Failure to determine if reinsurance receivable was complete
- 1 Inadequate testing of recalculation of employee deferrals
- 1 Inadequate sample size
- 1 Receivable improperly accrued
- 1 Delinquent contributions reported on supplemental schedule differed to that reported in the workpapers and on Schedule H

- 1 Inadequate testing of employer contributions which appear to not be made in accordance with the plan
- 1 Failure to compare amount of employer contributions to amount approved by the Board of Directors
- 1 Eligibility testing did not include test of end of year employment requirement
- 1 Inadequate consideration of impact of non-correction of prior year errors on current year's work & financial statements
- 1 Lack of documentation for support of employer contribution formula
- 1 Lack of identification of improper use of forfeitures to offset employer contributions prior to plan expenses being paid

Benefit Payments

Audit Quality Study Review Results						
Strata	Acceptable	Acceptable, Minor	Unacceptable, Minor	Unacceptable, Major	N/A	Totals
1-2 plans	44	11	5	35	0	95
3-5 plans	59	8	2	26	0	95
6-24 plans	53	6	8	26	2	95
25-99 plans	54	5	1	4	1	65
100-749 plans	23	0	0	2	0	25
750+ plans	24	1	0	0	0	25
Totals	257	31	16	93	3	400

Unacceptable, Major Membership in AIPCA Employee Benefit Plan Audit Quality Center			
Strata	Yes	No	Totals
1-2 plans	2	33	35
3-5 plans	4	22	26
6-24 plans	15	11	26
25-99 plans	3	1	4
100-749 plans	2	0	2
750+ plans	0	0	0
Totals	26	67	93

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

<u>#</u>	<u>Description of Unacceptable, Major Finding</u>
3	Audit performed by an "unlicensed" auditor
41	No recalculation of benefit payments
38	No/inadequate work regarding eligibility of individuals receiving benefit
28	No work performed
19	No/inadequate work regarding validity of claims
10	Inappropriate reliance on SOC1 report
9	No/inadequate work regarding forfeitures
7	Failure to trace benefit payments to individual participant's account
6	No/inadequate work regarding participant receipt of benefit payment
6	No/inadequate testing of hardship/in-service benefit payments
3	No testing of rollovers out of plan for compliance with plan document
3	No schedule/listing of benefit payments made

- 2 Inappropriate application of limited scope audit
- 2 Total per financial statement was not reconciled to total per trust report
- 2 No review of supporting documents and approvals
- 2 No/inadequate testing for compliance with plan document
- 1 No testing of long outstanding benefit checks
- 1 Participant confirmation were not included in workpapers
- 1 No audit program
- 1 Inadequate follow up on error noted in benefit recalculation testing
- 1 Unreconciled difference in total benefit payments between distribution listing and that reported on the financial statements
- 1 No testing of corrective distributions
- 1 No reconciliation of total benefit payments to total participant accounts
- 1 No agreement of benefit payment recalculations for compliance with formula in plan document
- 1 Failure to identify inconsistency in COBRA contributions but lack of reporting of dental and vision claims
- 1 Inadequate testing of propriety of payee

Participant Data, Including Individual Participant Accounts

Audit Quality Study Review Results						
Strata	Acceptable	Acceptable, Minor	Unacceptable, Minor	Unacceptable, Major	N/A	Totals
1-2 plans	23	7	6	59	0	95
3-5 plans	40	7	10	37	1	95
6-24 plans	32	12	12	37	2	95
25-99 plans	35	8	6	16	0	65
100-749 plans	23	1	0	1	0	25
750+ plans	17	5	2	1	0	25
Totals	170	40	36	151	3	400

Unacceptable, Major Membership in AIPCA Employee Benefit Plan Audit Quality Center			
Strata	Yes	No	Totals
1-2 plans	6	53	59
3-5 plans	7	30	37
6-24 plans	22	15	37
25-99 plans	13	3	16
100-749 plans	1	0	1
750+ plans	1	0	1
Totals	50	101	151

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

<u>#</u>	<u>Description of Unacceptable, Major Finding</u>
3	Audit performed by an "unlicensed" auditor
89	Failure to adequately test allocations to participant accounts
73	No/insufficient testing of payroll data
68	No/Inadequate testing of participant investment options
41	No reconciliation of total individual participant accounts to total plan assets
35	Failure to adequately test eligibility, terminations and forfeitures
29	Failure to test compliance with plan compensation provisions
18	No work performed
10	Failure to adequately test change in service provider
10	Inappropriate reliance on SOC1 report
2	No audit program
2	Inadequate testing of participant deferral percentage

- 1 No testing of participant accounts at time of change in trustee/third party administrator
- 1 Failure to obtain or evaluate any census data based on premise that an actuarial report did not need to be obtained for a terminated plan
- 1 No testing for compliance with IRS deferral limits
- 1 Failure to test participant opening balances audited by another auditor
- 1 Failure to test payroll process
- 1 Inadequate evidence obtained of transfer of \$2.3M to an affiliated entity benefit plan
- 1 Failure to test that newly eligible employees were included in the plan
- 1 Failure to test the basic data used by the actuary
- 1 No evidence of testing of participant data provided to the plan's actuary
- 1 No alternative procedures performed on non-reply participant confirmations
- 1 No testing of employee withholdings for authorization
- 1 No evidence of work performed on individual participant accounts
- 1 Detail tests of data samples incomplete
- 1 Inadequate work performed, most standard participant data substantive audit procedures not performed
- 1 No evidence of recalculation of employee deferral percentage
- 1 No evidence of testing opening participant balances from plan inception to 12/31/2010
- 1 No testing for inclusiveness
- 1 No testing of health coverage/plan selected by participant
- 1 No recalculation of employee contributions

Plan Obligations

Audit Quality Study Review Results						
Strata	Acceptable	Acceptable, Minor	Unacceptable, Minor	Unacceptable, Major	N/A	Totals
1-2 plans	2	0	0	2	91	95
3-5 plans	5	1	1	5	83	95
6-24 plans	5	0	1	2	87	95
25-99 plans	6	2	1	3	53	65
100-749 plans	4	0	0	2	19	25
750+ plans	1	1	0	1	22	25
Totals	23	4	3	15	355	400

Unacceptable, Major Membership in AIPCA Employee Benefit Plan Audit Quality Center			
Strata	Yes	No	Totals
1-2 plans	0	2	2
3-5 plans	1	4	5
6-24 plans	2	0	2
25-99 plans	2	1	3
100-749 plans	2	0	2
750+ plans	1	0	1
Totals	8	7	15

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

<u>#</u>	<u>Description of Unacceptable, Major Finding</u>
7	No/insufficient testing of census data (defined benefit pension plans)
3	No work performed
1	No/inadequate testing of IBNR
2	Failure to assess specialist's qualifications
2	Failure to test insurance premiums paid
1	Failure to assess whether actuary used plan's provisions and considered amendment effective 1/1/2011
1	Failure to obtain liquidation basis actuarial report for the terminated plan
1	Failure to review/assess specialist's assumptions
1	No evidence of testing of plan's funding status

Parties In Interest/Prohibited Transactions

Audit Quality Study Review Results					
Strata	Acceptable	Acceptable, Minor	Unacceptable, Minor	Unacceptable, Major	Totals
1-2 plans	32	18	8	37	95
3-5 plans	44	12	7	32	95
6-24 plans	41	20	14	20	95
25-99 plans	42	4	7	12	65
100-749 plans	20	4	1	0	25
750+ plans	18	6	0	1	25
Totals	197	64	37	102	400

Unacceptable, Major Membership in AIPCA Employee Benefit Plan Audit Quality Center			
Strata	Yes	No	Totals
1-2 plans	4	33	37
3-5 plans	8	24	32
6-24 plans	12	8	20
25-99 plans	8	4	12
100-749 plans	0	0	0
750+ plans	1	0	1
Totals	33	69	102

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

<u>#</u>	<u>Description of Unacceptable, Major Finding</u>
3	Audit performed by an "unlicensed" auditor
46	No work performed
39	Failure to document related parties/parties in interest
29	Failure to document results of inquiries of management
17	Inadequate work
3	Failure to properly disclose prohibited transactions in notes to financial statements
3	No/inadequate evidence of consideration of effect of prohibited transactions/party in interest transactions on plan financial statements
3	Incomplete listing of parties in interest
2	No audit program
1	Failure to adequately and accurately identify accounting and reporting with parties in interest

- 1 No procedures performed to verify major areas regarding parties in interest
- 1 Inadequate documentation of management inquiries
- 1 Inadequate work regarding transactions with plan sponsor of money going from plan to the sponsor
- 1 Inadequate work, overall conclusion of no non-exempt transactions was not supported by evidence of procedures performed and parties in interest portion of audit program was not completed

Plan Tax Status

Audit Quality Study Review Results					
Strata	Acceptable	Acceptable, Minor	Unacceptable, Minor	Unacceptable, Major	Totals
1-2 plans	51	10	10	24	95
3-5 plans	60	9	6	20	95
6-24 plans	68	10	5	12	95
25-99 plans	56	2	5	2	65
100-749 plans	23	0	2	0	25
750+ plans	24	1	0	0	25
Totals	282	32	28	58	400

Unacceptable, Major Membership in AIPCA Employee Benefit Plan Audit Quality Center			
Strata	Yes	No	Totals
1-2 plans	0	24	24
3-5 plans	6	14	20
6-24 plans	11	1	12
25-99 plans	1	1	2
100-749 plans	0	0	0
750+ plans	0	0	0
Totals	18	40	58

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

<u>#</u>	<u>Description of Unacceptable, Major Finding</u>
3	Audit performed by an "unlicensed" auditor
27	No work performed
20	No evidence IRS tax compliance tests were reviewed
8	No tax determination letter obtained
7	Failure to document results of inquiries with management
4	Inadequate work
2	No audit program
1	Compliance tests indicate data integrity issues that could affect the results of the testing, but no indication this was considered
1	Incorrect tax letter
1	Plan document is outdated
1	Footnotes do not match plan document
1	Footnotes do not address tax uncertainties

- 1 IRS determination letter not reviewed or which was for the correct plan
- 1 Inconsistent documentation regarding compliance tests
- 1 No evidence of work performed in support of the prior year testing results which resulted in the current year return of excess contributions
- 1 No evidence of IRS tax compliance tests
- 1 No work performed other than obtaining an IRS determination letter

- 1 Plan failed ADP & ACP testing which required \$48,257 in corrective distributions, but no evidence of work performed

Commitments & Contingencies

Audit Quality Study Review Results					
Strata	Acceptable	Acceptable, Minor	Unacceptable, Minor	Unacceptable, Major	Totals
1-2 plans	65	2	2	26	95
3-5 plans	65	11	4	15	95
6-24 plans	67	16	3	9	95
25-99 plans	58	2	1	3	64
100-749 plans	23	1	1	0	25
750+ plans	23	1	1	0	25
Totals	301	33	12	53	399

Unacceptable, Major Membership in AIPCA Employee Benefit Plan Audit Quality Center			
Strata	Yes	No	Totals
1-2 plans	1	25	26
3-5 plans	1	14	15
6-24 plans	8	1	9
25-99 plans	2	1	3
100-749 plans	0	0	0
750+ plans	0	0	0
Totals	12	41	53

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

<u>#</u>	<u>Description of Unacceptable, Major Finding</u>
3	Audit performed by an "unlicensed" auditor
33	No work performed
12	Failure to document results of inquiries with management
8	Inadequate work
2	No audit program

Administrative Expenses

Audit Quality Study Review Results						
Strata	Acceptable	Acceptable, Minor	Unacceptable, Minor	Unacceptable, Major	N/A	Totals
1-2 plans	53	9	2	25	6	95
3-5 plans	54	7	6	18	10	95
6-24 plans	60	9	2	18	6	95
25-99 plans	53	3	0	4	5	65
100-749 plans	18	4	0	1	2	25
750+ plans	23	1	0	0	1	25
Totals	261	33	10	66	30	400

Unacceptable, Major Membership in AIPCA Employee Benefit Plan Audit Quality Center			
Strata	Yes	No	Totals
1-2 plans	2	23	25
3-5 plans	3	15	18
6-24 plans	10	8	18
25-99 plans	2	2	4
100-749 plans	1	0	1
750+ plans	0	0	0
Totals	18	48	66

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

<u>#</u>	<u>Description of Unacceptable, Major Finding</u>
3	Audit performed by an "unlicensed" auditor
55	No work performed
7	Inadequate work performed
1	Area classified as immaterial but no other work or audit program
1	Expenses deemed immaterial but amount is above materiality threshold
1	Fees netted against forfeitures with negative fee reported as other income & not analyzed for possible related party transaction

Subsequent Events

Audit Quality Study Review Results					
Strata	Acceptable	Acceptable, Minor	Unacceptable, Minor	Unacceptable, Major	Totals
1-2 plans	48	9	6	32	95
3-5 plans	55	12	2	26	95
6-24 plans	58	15	8	14	95
25-99 plans	54	4	4	3	65
100-749 plans	22	2	0	1	25
750+ plans	23	2	0	0	25
Totals	260	44	20	76	400

Unacceptable, Major Membership in AIPCA Employee Benefit Plan Audit Quality Center			
Strata	Yes	No	Totals
1-2 plans	2	30	32
3-5 plans	6	20	26
6-24 plans	9	5	14
25-99 plans	2	1	3
100-749 plans	1	0	1
750+ plans	0	0	0
Totals	20	56	76

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

<u>#</u>	<u>Description of Unacceptable, Major Finding</u>
3	Audit performed by an "unlicensed" auditor
42	No work performed
14	Failure to review interim financial information
13	Failure to document results of inquiries with management
9	Inadequate work performed
2	No audit program for this area of audit
2	Inadequate documentation of inquiries
2	Inadequate audit evidence that work was performed
1	Inadequate documentation - unable to determine accounting records or data reviewed, with whom inquiries were made, and result of such inquiries
1	Failure to obtain evidence of complete liquidation of the plan by 7/25/12

- 1 Audit documentation did not indicate subsequent event of plan asset transfer to a successor plan in 2012
- 1 No review of subsequent plan amendments
- 1 No indication whether receivables were subsequently received
- 1 Inadequate review through 10/1/12 of final 5500 filing in which benefits paid were materially greater than the accumulated benefit obligation reflected on the 12/31/11 statement of accumulated plan benefits
- 1 No inquiries of plan administrator or trustee, inquiries were only made of controller who was not a plan official
- 1 Audit documentation submitted pertained to the 2010 plan year

Plan Mergers & Terminating Plans

Audit Quality Study Review Results						
Strata	Acceptable	Acceptable, Minor	Unacceptable, Minor	Unacceptable, Major	N/A	Totals
1-2 plans	6	0	0	0	89	95
3-5 plans	2	0	0	1	92	95
6-24 plans	2	0	0	1	92	95
25-99 plans	3	0	0	0	62	65
100-749 plans	1	1	0	1	22	25
750+ plans	2	1	0	0	22	25
Totals	16	2	0	3	379	400

Unacceptable, Major Membership in AIPCA Employee Benefit Plan Audit Quality Center			
Strata	Yes	No	Totals
1-2 plans	0	0	0
3-5 plans	1	0	1
6-24 plans	0	1	1
25-99 plans	0	0	0
100-749 plans	1	0	1
750+ plans	0	0	0
Totals	2	1	3

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

<u>#</u>	<u>Description of Unacceptable, Major Finding</u>
1	Failure to obtain liquidation basis actuarial report
1	Failure to evaluate potential employer contribution on liquidation basis
1	Failure to perform audit procedures on plan liquidation occurring during subsequent events time period
1	Inadequate documentation of audit work on subsequent events/pending dissolution of the plan
1	Failure to test plan assets transferred at 12/31/2011 (plan year end) to another plan at the detailed participant level until 2013

Plan Representations

Audit Quality Study Review Results					
Strata	Acceptable	Acceptable, Minor	Unacceptable, Minor	Unacceptable, Major	Totals
1-2 plans	77	4	6	8	95
3-5 plans	83	4	2	6	95
6-24 plans	84	7	4	0	95
25-99 plans	59	4	0	2	65
100-749 plans	23	2	0	0	25
750+ plans	21	4	0	0	25
Totals	347	25	12	16	400

Unacceptable, Major Membership in AIPCA Employee Benefit Plan Audit Quality Center			
Strata	Yes	No	Totals
1-2 plans	1	7	8
3-5 plans	2	4	6
6-24 plans	0	0	0
25-99 plans	1	1	2
100-749 plans	0	0	0
750+ plans	0	0	0
Totals	4	12	16

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

<u>#</u>	<u>Description of Unacceptable, Major Finding</u>
3	Audit performed by an "unlicensed" auditor
1	No audit performed, auditor performed and issued a "review" report
4	No client representation letter obtained
6	Inadequate representations obtained
5	Client representations were not appropriately tailored to the plan
2	Inappropriate client representation letter date
1	Unsigned client representation letter
1	Failure to evaluate numerous representations that were inconsistent with information known by the auditor
1	Client representation letter was not on letterhead of the plan or plan sponsor & the signer was identified as "office manager". Signer also signed as the plan administrator on the Form 5500.
1	Representation letter contains the language for a full scope audit but a limited scope audit was performed

Compliance with GAAS & GAAP

Audit Quality Study Review Results					
Strata	Acceptable	Acceptable, Minor	Unacceptable, Minor	Unacceptable, Major	Totals
1-2 plans	39	12	9	35	95
3-5 plans	57	5	6	27	95
6-24 plans	61	11	6	17	95
25-99 plans	49	5	6	5	65
100-749 plans	22	3	0	0	25
750+ plans	21	4	0	0	25
Totals	249	40	27	84	400

Unacceptable, Major Membership in AIPCA Employee Benefit Plan Audit Quality Center			
Strata	Yes	No	Totals
1-2 plans	4	31	35
3-5 plans	5	22	27
6-24 plans	10	7	17
25-99 plans	5	0	5
100-749 plans	0	0	0
750+ plans	0	0	0
Totals	24	60	84

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

<u>#</u>	<u>Description of Unacceptable, Major Finding</u>
3	Audit performed by an "unlicensed" auditor
1	No audit performed, auditor performed and issued a "review" report
57	Inadequate footnote disclosures
28	Inappropriate presentation of financial information on financial statements
16	No/lack of ASC 820 Fair Value Measurement disclosures
4	Report not modified for lack of ERISA schedules
3	Incorrect/incomplete ASC 820 Fair Value Measurement disclosures
4	Opinion does not extend to all financial statements and/or years presented
4	Failure to refer to supplemental information (e.g., ERISA required schedules)
2	Delinquent employee contributions not reported/disclosed
2	Inappropriate presentation of participant loans

- 2 No adjustment from fair value to contract value for fully-benefit responsive contract
- 2 Audit opinion does not contain the appropriate language required by SAS 58 (e.g., reference to U.S. GAAP)
- 2 No FAS 157 Subsequent Events disclosure
- 1 Plan failed to present its financial statements on the liquidation basis of accounting and the auditor failed to evaluate and/or report on this departure from GAAP
- 1 Audit report does not contain the "independent" title
- 1 Audit workpapers did not document sufficient appropriate audit evidence to support an unqualified opinion
- 1 Failure to modify full scope, unqualified report for a material omission from the schedule of reportable transactions
- 1 Failure to present benefit responsive insurance contract at contract value and to make necessary footnote disclosures
- 1 Improper reporting in auditor's report of benefit responsive and non-benefit-responsive contracts
- 1 Incorrect footnote disclosures
- 1 Opinion only, no financial statements attached to 5500
- 1 Required 5% investment disclosure is for the incorrect plan year
- 1 Inappropriately presented benefit payments as refunds of contributions
- 1 Inadequate footnote disclosure for investments
- 1 Inappropriate report date
- 1 Investment amount on financial statements not consistent with footnote disclosures
- 1 Incomplete schedule of assets
- 1 Limited scope audit inappropriately applied
- 1 Reportable transaction schedule presented but should not have one
- 1 Principal IPG contract of \$4.5 million excluded from the plan's financial statements
- 1 Lack of consideration of report modification for significant uncertainty for rehabilitation of plan to avoid insolvency
- 1 Financial statements inappropriately presented on the liquidation basis, liquidation basis does not apply to frozen plans
- 1 No reference to the other comprehensive basis of accounting used in the auditor's report
- 1 Inappropriately indicated limited scope covered benefit payments

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	49	8	5	33	95
3-5 plans	72	4	3	16	95
6-24 plans	75	3	4	13	95
25-99 plans	55	2	3	5	65
100-749 plans	25	0	0	0	25
750+ plans	23	2	0	0	25
Totals	299	19	15	67	400

Unacceptable, Major Membership in AIPCA Employee Benefit Plan Audit Quality Center			
Strata	Yes	No	Totals
1-2 plans	2	31	33
3-5 plans	3	13	16
6-24 plans	8	5	13
25-99 plans	3	2	5
100-749 plans	0	0	0
750+ plans	0	0	0
Totals	16	51	67

The following details the unacceptable major findings in audit reports issued related to compliance with Department of Labor Rules and Regulations for Reporting and Disclosure and the number of occurrences.

<u>#</u>	<u>Description of Unacceptable, Major Finding</u>
3	Audit performed by an "unlicensed" auditor
1	No audit performed, auditor performed and issued a "review" report
1	Audit performed by an auditor who lacked independence
11	No/inadequate footnote disclosures
11	Required supplemental schedules not prepared/attached
9	Incomplete Schedule of Assets Held for Investment (e.g., does not include all investments, missing participant loans, no indication of parties in interest, etc.)
8	Unsigned audit report
7	Delinquent employee contributions not reported/disclosed
6	No/Incomplete audit report attached to the plan's Form 5500

- 5 Financial statements do not agree to the Schedule H
- 4 Schedule H, Line 3, audit opinion type not properly completed
- 4 Limited scope audit incorrectly applied
- 3 Statement of Net Assets not presented comparatively
- 1 Audit report contains an unacceptable qualification
- 1 Administrative fees not separately disclosed from benefit payments
- 1 Certification provided by third-party not supported by evidence of Agency relationship with trustee
- 1 Plan Form 5500 contained Schedule A's for welfare benefits but no evidence of review to determine whether a separate plan & filing should have been made
- 1 Incorrect format of schedule of assets
- 1 No certification to support limited scope audit disclaimer opinion in the audit report
- 1 Inappropriate reference to certifying entity
- 1 Opinion does not extend to all required supplemental schedules
- 1 Reference made to an incorrect, non-qualifying, certifying entity in the audit opinion
- 1 Schedule of Reportable Transactions did not disclose common stock shares purchased from officers of the sponsor company
- 1 Schedule of Assets Held for Investment does not break out self-directed brokerage accounts
- 1 Total investments per schedule of assets does not reconcile to total assets presented on the plan's financial statements
- 1 Inappropriate items included on the schedule of assets held
- 1 Incorrect schedule of assets held
- 1 Auditor unable to explain \$21,530 in deemed distribution loans, principal and interest
- 1 Audit report is not for the plan

Appendix III

Appendix III Overview

The following chart presents, among strata, the number of audits with an unacceptable major review result, by the number of affected audit areas. For example, in the 1-2 plan stratum, there were 2 audits with an unacceptable major review result with one affected audit area. The remainder of Appendix III provides the detail findings of the 234 audits with an unacceptable major review result.

Number of Audits by Stratum by Number of Deficient Areas of Audit for Engagements With an Unacceptable Major Review Result																
Strata	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Total
1 - 2 plans	2	4	8	5	7	3	7	2	5	7	3	6	4	4	5	72
3 - 5 plans	3	7	7	8	11	3	2	1	7	3	6	2	4	0	1	65
6 - 24 plans	7	9	4	7	5	8	2	9	4	4	3	0	2	0	0	64
25 - 99 plans	2	1	4	6	6	0	3	2	1	2	0	0	0	0	0	27
100 - 749 plans	1	0	0	1	0	0	0	1	0	0	0	0	0	0	0	3
750+ plans	1	1	0	0	1	0	0	0	0	0	0	0	0	0	0	3
Totals	16	22	23	27	30	14	14	15	17	16	12	8	10	4	6	234
	6.8%	9.4%	9.8%	11.5%	12.8%	6.0%	6.0%	6.4%	7.3%	6.8%	5.1%	3.4%	4.3%	1.7%	2.6%	100%

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
1	No	15	Limited	DC 401(k)	Internal Controls	<p>No/inadequate documentation of internal control environment</p> <p>Lack of documentation of risk assessment procedures</p> <p>No/inadequate evidence of fraud "brainstorming"</p> <p>No review of internal control of service provider(s)</p>
					Notes Receivable	No/inadequate testing of compliance with plan document
					Contributions Received & Receivable	<p>No test of timely remittance of employee contributions</p> <p>No testing of compliance with compensation provisions</p> <p>Inadequate testing of use of forfeitures</p> <p>Inadequate documentation of recalculation of contributions</p>
					Benefit Payments	<p>No/inadequate work regarding eligibility of individuals receiving benefits</p> <p>No recalculation of benefit payments</p>
					Participant Data & Participant Accounts	<p>No/insufficient testing of payroll data</p> <p>Inadequate testing of participant eligibility/terminations/forfeitures</p> <p>Inadequate testing of allocations to participant accounts</p> <p>Inadequate testing of participant investment options</p>
					Parties in Interest/ Prohibited Transactions	<p>No documentation of parties in interest/related parties</p> <p>No documentation of results of inquiries with management</p>
					Plan Tax Status	<p>No evidence IRS tax compliance tests were reviewed</p> <p>No documentation of results of inquiries with management</p>

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Commitments & Contingencies	No documentation of results of inquiries with management
					Subsequent Events	No review of interim financial data No documentation of results of inquiries with management
					Minor Item(s): Planning & Supervision	No evidence of required communications (114/115) Audit report dated under old standards when substantial audit work was completed rather than under the new standards of when work had been reviewed
					Investments & Investment Transactions	Uncertified investments/transactions not audited No agreement of certified investment income to financial statements
					Administrative Expenses	No work performed
					Plan Representations	Inadequate representations
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	Required schedules not attached/prepared
2	No	15	Limited	DC 401(k)	All relevant areas of audit	Unlicensed auditor
					Compliance with GAAS & GAAP	Unlicensed auditor
					Compliance with ERISA & DOL Rules	Unlicensed auditor

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
3	No	15	Full	DC	Planning & Supervision	No/lack of lack of evidence of audit planning No/insufficient audit program Improper performance of limited scope audit No/inadequate assessment of fraud risk
					Internal Controls	No work performed
					Investments & Investment Transactions	No work performed Audit workpapers did not contain the certification for a limited scope audit
					Notes Receivable	No work performed
					Contributions Received & Receivable	No work performed
					Benefit Payments	No work performed
					Participant Data & Participant Accounts	No work performed
					Parties in Interest/Prohibited Transactions	No work performed
					Plan Tax Status	No work performed
					Commitments & Contingencies	No work performed
					Administrative Expenses	No work performed
					Subsequent Events	No work performed
					Plan Representations	No plan representation letter
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Report does not refer to prior year presented
					Compliance with ERISA & DOL Rules	Limited scope audit incorrectly applied Financial statements did not agree to Form 5500, Schedule H Schedule H, Line 3, opinion type incorrectly indicated

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
4	No	15	Limited	DC 401(k)	Internal Controls	No/inadequate documentation of internal control environment Lack of documentation of risk assessment procedures No/inadequate evidence of fraud "brainstorming" No review of internal control of service provider(s)
					Notes Receivable	No/inadequate testing of compliance with plan document
					Contributions Received & Receivable	No test of timely remittance of employee contributions No testing of compliance with compensation provisions Inadequate testing of use of forfeitures Inadequate documentation of recalculation of contributions
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No recalculation of benefit payments
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of participant eligibility/terminations/forfeitures Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties No documentation of results of inquiries with management
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed No documentation of results of inquiries with management
					Commitments & Contingencies	No documentation of results of inquiries with management
					Subsequent Events	No review of interim financial data No documentation of results of inquiries with management

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Minor Item(s): Planning & Supervision	No evidence of required communications (114/115) Audit report dated under old standards when substantial audit work was completed rather than under the new standards of when work had been reviewed
					Investments & Investment Transactions	Uncertified investments/transactions not audited No agreement of certified investment income to financial statements
					Administrative Expenses	No work performed
					Plan Representations	Inadequate representations
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	Required schedules not attached/prepared
5	No	15	Full	DC 401(k)	All relevant areas of audit	Unlicensed auditor
					Compliance with GAAS & GAAP	Unlicensed auditor
					Compliance with ERISA & DOL Rules	Unlicensed auditor
6	Yes	14	Limited	DC 403b	Planning & Supervision	No/insufficient audit program
					Internal Controls	Lack of documentation of risk assessment procedures No assessment/documentation of control risk No SOC1 report bridge letter
					Investments & Investment Transactions	No audit program for this area of audit
					Notes Receivable	No work performed No audit program for this area of audit

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No test of timely remittance of employee contributions No testing of compliance with compensation provisions Inadequate testing of use of forfeitures
					Benefit Payments	No work performed
					Participant Data & Participant Accounts	Inadequate testing of participant eligibility/terminations/forfeitures Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options No reconciliation of participant accounts to total assets
					Parties in Interest/Prohibited Transactions	No work performed
					Commitments & Contingencies	No work performed
					Administrative Expenses	No work performed
					Subsequent Events	Inadequate work - documentation submitted pertained to the 2010 plan year
					Plan Representations	Inadequate representations Representation letter inappropriately contains wording for a full scope audit
					Compliance with GAAS & GAAP	Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	Incorrect format for schedule of assets
7	No	14	Limited	DC	All relevant areas of audit	Unlicensed auditor
					Compliance with GAAS & GAAP	Unlicensed auditor
					Compliance with ERISA & DOL Rules	Unlicensed auditor

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
8	No	14	Full	DC	Planning & Supervision	No/lack of evidence of audit planning
					Internal Controls	No work performed
					Investments & Investment Transactions	No work performed
					Notes Receivable	No work performed
					Contributions Received & Receivable	No work performed
					Benefit Payments	No work performed
					Participant Data & Participant Accounts	No work performed
					Parties in Interest/Prohibited Transactions	No work performed Incomplete identification of parties in interest/related parties
					Plan Tax Status	No work performed
					Commitments & Contingencies	No work performed
					Administrative Expenses	No work performed
					Subsequent Events	No work performed
					Compliance with GAAS & GAAP	Inadequate footnote disclosures Non-compliance with SAS 58 - no reference to U.S. GAAP and GAAS
					Compliance with ERISA & DOL Rules	Statement of net assets not comparative IQPA opinion contains an unacceptable qualification Schedule of investments does not break out self-directed brokerage accounts Schedule H, Line 3, opinion type incorrectly indicated

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
9	No	14	Limited	DC 401(k)	Planning & Supervision	No/insufficient review of plan documents/plan operations No evidence of planning inquiries No analytical procedures
					Internal Controls	No/inadequate documentation of internal control environment No evidence of SOC1 report review reliance No review of internal control of service provider(s) No documentation to support assessment of control risk below maximum Fraud brainstorming did not include in-charge who performed most of the audit work
					Investments & Investment Transactions	Audit workpapers did not contain the certification The trust report prepared by and obtained from the recordkeeper
					Notes Receivable	No/inadequate testing of compliance with plan document
					Contributions Received & Receivable	No testing of rollover contributions which were material
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No recalculation of benefit payments No/inadequate work regarding forfeitures No testing to ensure participant receipt of distribution
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of participant eligibility/ terminations/ forfeitures No testing of compliance with compensation provisions No reconciliation of participant accounts to total assets
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed No documentation of results of inquiries with management
					Commitments & Contingencies	Inadequate evidence that work was performed

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Administrative Expenses	No work performed
					Subsequent Events	Inadequate evidence that work was performed
					Compliance with GAAS & GAAP	No/lack of ASC 820 fair value measurement disclosures Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	No/inadequate footnote disclosures
					Minor Item(s): Plan Representations	Three representations in the template were omitted from the client signed representation letter, but there was no documentation of any follow up by the IQPA
10	No	13	Full	DC 403b	Planning & Supervision	No/insufficient audit program No evidence of required communications (114/115)
					Internal Controls	No documentation of evaluation of internal control No assessment/documentation of control risk No evidence of SOC1 report review reliance
					Investments & Investment Transactions	No work performed
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No test of timely remittance of employee contributions
					Benefit Payments	No tracing of benefit payments to participant accounts
					Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	No work performed
					Plan Tax Status	No work performed
					Commitments & Contingencies	No work performed

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Administrative Expenses	No work performed
					Subsequent Events	No work performed
					Compliance with GAAS & GAAP	No/lack of ASC 820 fair value measurement disclosures Report not modified for lack of ERISA schedules
					Compliance with ERISA & DOL Rules	No/inadequate footnote disclosures Required schedules not attached/prepared
11	No	13	Full	DC 401(k)	Planning & Supervision	No/lack of lack of evidence of audit planning No/insufficient audit program
					Internal Controls	No work performed
					Investments & Investment Transactions	No work performed
					Contributions Received & Receivable	No work performed
					Benefit Payments	No work performed
					Participant Data & Participant Accounts	No work performed
					Parties in Interest/Prohibited Transactions	No work performed
					Plan Tax Status	No work performed
					Commitments & Contingencies	No work performed
					Subsequent Events	No work performed
					Plan Representations	Inadequate representations Representations not appropriately tailored to plan

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Compliance with GAAS & GAAP	Inadequate footnote disclosures Report did not refer to supplemental information Inappropriately presented benefit payments as refunds of contributions
					Compliance with ERISA & DOL Rules	Incomplete schedule of assets
12	No	13	Full	Health	Planning & Supervision	No/insufficient audit program No/insufficient review of plan documents/plan operations No evidence of required communications (114/115) No/inadequate assessment of fraud risk
					Internal Controls	No/inadequate documentation of internal control environment Lack of documentation of risk assessment procedures No/inadequate evidence of fraud inquiries
					Investments & Investment Transactions	No testing of end of year asset values No testing of investment transactions Insufficient work performed
					Contributions Received & Receivable	Insufficient work performed of contributing employers (multi-employer plans) No test of timely remittance of employee contributions
					Benefit Payments	No work performed
					Participant Data	No work performed
					Plan Obligations	No work performed
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties No documentation of results of inquiries with management
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed
					Administrative Expenses	No work performed
					Subsequent Events	No review of interim financial data

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Compliance with GAAS & GAAP	Opinion only, no financial statements attached to 5500
					Compliance with ERISA & DOL Rules	Opinion only, no financial statements attached to 5500
13	No	13	Other "Review"	DC	All relevant areas of audit	No audit performed
					Compliance with GAAS & GAAP	No audit performed
					Compliance with ERISA & DOL Rules	No audit performed
14	No	12	Limited	DC 401(k)	Planning & Supervision	No/lack of evidence of audit planning No evidence of required communications (114/115) No/insufficient review of plan documents/operation
					Internal Controls	No assessment/documentation of control risk No/inadequate evidence of fraud "brainstorming" No/inadequate evidence of fraud inquiries No evidence of SOC1 report review reliance
					Notes Receivable	No work performed
					Contributions Received & Receivable	No work performed
					Benefit Payments	No work performed
					Participant Data & Participant Accounts	No/insufficient testing of payroll data No testing of compliance with compensation provisions Inadequate testing of allocations to participant accounts Inappropriate reliance on SOC1 report
					Parties in Interest/Prohibited Transactions	No work performed No documentation of parties in interest/related parties
					Commitments & Contingencies	No work performed

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Administrative Expenses	No work performed
					Subsequent Events	No work performed
					Compliance with ERISA & DOL Rules	No/inadequate footnote disclosures Incomplete schedule of assets
					Minor Item(s): Plan Tax Status	No tax determination letter obtained
15	No	12	Limited	DC 401(k)	Investments & Investment Transactions	Certifying entity identified in report was not consistent with certification Certification did not have financial information attached
					Benefit Payments	No recalculation of benefit payments No/inadequate work regarding eligibility No test of receipt of benefit payments
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of participant eligibility/ terminations/forfeitures Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	Inadequate work Identification of a related party as a trustee who does not appear to be a trustee
					Subsequent Events	No review of interim financial data No documentation of results of inquiries with management
					Compliance with GAAS & GAAP	Inadequate footnote disclosures Report not modified for lack of ERISA schedules
					Compliance with ERISA & DOL Rules	Required schedules not attached/prepared
					Minor Item(s): Planning & Supervision	Engagement letter contains full scope language for limited scope audit Expectations memo identified significant changes - one identified & one was not, both were not addressed

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Internal Controls	No/inadequate documentation of internal control environment No documentation of evaluation of internal control Control risk assessed at low for all areas was not supported
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No testing of compliance with compensation provisions Inadequate testing of use of forfeitures
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed
					Plan Representations	Representations not appropriately tailored to plan
16	No	12	Limited	DC 401(k)	Planning & Supervision	No audit materiality determined No indication of supervisory review of workpapers
					Internal Controls	No/inadequate documentation of internal control environment No documentation of evaluation of internal control No/inadequate evidence of fraud "brainstorming"
					Investments & Investment Transactions	Audit workpapers did not contain the certification
					Contributions Received & Receivable	No test of timely remittance of employee contributions
					Benefit Payments	No recalculation of benefit payments
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of allocations to participant accounts
					Parties in Interest/Prohibited Transactions	No work performed
					Plan Tax Status	No work performed
					Commitments & Contingencies	No work performed

1-2 Plan Stratum						
Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Subsequent Events	No work performed
					Compliance with GAAS & GAAP	No/lack of ASC 820 fair value measurement disclosures
					Compliance with ERISA & DOL Rules	Financial statements did not agree to Schedule H
17	No	12	Limited	DC 401(k)	Planning & Supervision	No/lack of evidence of audit planning No/insufficient audit program No/inadequate assessment of fraud risk No/insufficient review of plan documents/operations
					Internal Controls	No work performed No/inadequate documentation of internal control environment No assessment/documentation of control risk No/inadequate evidence of fraud "brainstorming"
					Investments & Investment Transactions	No list of plan investments
					Notes Receivable	No work performed
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No test of timely remittance of employee contributions No testing of compliance with compensation provisions Inadequate testing of use of forfeitures
					Benefit Payments	No work performed
					Participant Data & Participant Accounts	No work performed
					Parties in Interest/Prohibited Transactions	No work performed
					Plan Tax Status	No work performed

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Commitments & Contingencies	Inadequate work
					Administrative Expenses	No work performed
					Subsequent Events	No work performed
18	No	12	Full	DC	Investments & Investment Transactions	No testing of investment transactions Investments per the financial statements did not agree to the confirmation trust statement
					Notes Receivable	No/inadequate testing of compliance with plan document
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No test of timely remittance of employee contributions No testing of compliance with compensation provisions
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No recalculation of benefit payments
					Participant Data & Participant Accounts	Inadequate testing of participant eligibility/terminations/forfeitures No/insufficient testing of payroll data Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	No documentation of results of inquiries with management
					Commitments & Contingencies	Inadequate work
					Administrative Expenses	No work performed
					Subsequent Events	No work performed
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	Delinquent employee contributions not reported/disclosed

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Minor Item(s): Internal Controls	No/inadequate documentation of internal control environment
19	No	12	Limited	DC 401(k)	Planning & Supervision	No/lack of evidence of audit planning No/insufficient audit program No/inadequate assessment of fraud risk No/insufficient review of plan documents/operations
					Internal Controls	No work performed
					Contributions Received & Receivable	No work performed
					Benefit Payments	No work performed
					Participant Data & Participant Accounts	No work performed
					Parties in Interest/Prohibited Transactions	No work performed
					Plan Tax Status	No work performed
					Commitments & Contingencies	No work performed
					Administrative Expenses	No work performed
					Subsequent Events	No work performed
					Compliance with GAAS & GAAP	Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	No/inadequate footnote disclosures
20	No	11	Limited	DC 401(k)	Planning & Supervision	Auditor lacked independence No/lack of evidence of audit planning No/insufficient audit program No evidence of required communications (114/115)
					Internal Controls	No/inadequate evidence of fraud "brainstorming" No evidence of SOC1 report review reliance

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Investments & Investment Transactions	No audit program for this area of audit
					Notes Receivable	No work performed No audit program for this area of audit
					Contributions Received & Receivable	No work performed No audit program for this area of audit
					Benefit Payments	No work performed No audit program for this area of audit
					Participant Data & Participant Accounts	No work performed No audit program for this area of audit
					Parties in Interest/Prohibited Transactions	No work performed No audit program for this area of audit No identification of parties in interest/related parties
					Plan Tax Status	No work performed No audit program for this area of audit
					Commitments & Contingencies	No work performed No audit program for this area of audit
					Subsequent Events	No work performed No audit program for this area of audit
21	No	11	Limited	DC 401(k)	Planning & Supervision	No/insufficient review of plan documents/operations No/inadequate procedures on initial/beginning balances No/inadequate work related to predecessor auditors
					Internal Controls	No/inadequate documentation of internal control environment Lack of documentation of risk assessment procedures Inconsistent evidence of review of SOC1 report
					Investments & Investment Transactions	Certification not consistent with plan reporting period Inadequate testing of change in service provider Uncertified investments and/or transactions not audited

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Notes Receivable	No/inadequate testing of compliance with plan document Participant loans were not certified and full scope procedures were not performed No schedule of loans reconciling to financial statements Insufficient work to determine if total amount was proper
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions Inadequate testing of use of forfeitures No contributions withheld from a bonus and no testing to determine the propriety of such
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits
					Participant Data & Participant Accounts	Inadequate testing of participant eligibility/terminations/forfeitures Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options No reconciliation of participant accounts to total assets
					Parties in Interest/Prohibited Transactions	Inadequate work No documentation of parties in interest/related parties
					Plan Tax Status	No documentation of results of inquiries with management No tax determination letter obtained No evidence IRS tax compliance tests were reviewed
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	Required schedules not attached/prepared Statement of net assets not comparative

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
22	No	11	Limited	DC 401(k)	Planning & Supervision	No/insufficient review of plan documents/operations No/inadequate work related to predecessor auditors No evidence of required communications (114/115) Firm is not licensed but individual is licensed
					Internal Controls	No evidence of SOC1 report review reliance Inconsistency in risk assessment for contributions
					Notes Receivable	No/inadequate testing of compliance with plan document
					Contributions Received & Receivable	Insufficient documentation to enable re-performance Insufficient work related to possible late submission of employee contributions
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No/inadequate testing of hardship/in-service payments Un-reconciled difference in total benefit payments between distribution listing and that reported on the financial statements
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of participant eligibility/ terminations/forfeitures Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Administrative Expenses	Expenses deemed immaterial but amount is above materiality threshold Fees netted against forfeitures with negative fee reported as other income & not analyzed for possible related party transaction
					Subsequent Events	No review of interim financial data No documentation of results of inquiries with management

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Minor Item(s): Parties in Interest/Prohibited Transactions	No disclosure of prohibited transactions in notes to financial statements Inadequate work
					Commitments & Contingencies	No documentation of results of inquiries with management Inadequate work
					Compliance with GAAS & GAAP	Inadequate footnote disclosures Delinquent employee contributions not reported/disclosed
23	No	10	Limited	DC 401(k)	Notes Receivable	No work performed
					Contributions Received & Receivable	No resolution of variances in calculations Lack of documentation for support of employer contribution formula Lack of identification of improper use of forfeitures to offset employer contribution prior to plan expenses being paid
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of participant eligibility/terminations/forfeitures No/insufficient testing of payroll data
					Parties in Interest/Prohibited Transactions	No disclosure of prohibited transactions in notes to financial statements Inadequate work
					Compliance with GAAS & GAAP	No/lack of ASC 820 fair value measurement disclosures Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	Limited scope audit incorrectly applied Required schedules not attached/prepared
					Minor Item(s): Internal Controls	Lack of documentation of risk assessment procedures No/inadequate evidence of fraud "brainstorming" No review of internal control of service provider(s)

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Investments & Investment Transactions	3 of 4 insurance policies were not available and no documentation supporting estimated value of the cash surrender value of the policies
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits Lack of follow-up on inconsistencies in reporting of distributions to participants who appear to be related parties
					Subsequent Events	No documentation evidencing what subsequent accounting records were reviewed and the results of examinations
24	No	10	Full	DC 401(k)	Internal Controls	No/inadequate documentation of internal control environment No evidence of SOC1 report review reliance Lack of evidence to support reduction in control risk
					Investments & Investment Transactions	No assessment of valuation specialist's qualifications No testing of investment transactions No testing of investment income Inadequate testing of change in service provider Inadequate identification of plan's investment medium(s) at end of year
					Participant Data & Participant Accounts	Inadequate testing of change in service provider
					Plan Tax Status	No work performed
					Plan Representations	Representations not appropriately tailored to plan Inappropriate representation letter date
					Compliance with GAAS & GAAP	No/lack of ASC 820 fair value measurement disclosures Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	Required schedules not attached/prepared Incorrect schedule of assets held for investment

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Minor Items: Planning & Supervision	Lack of planning analytical procedures
					Contributions Received & Receivable	No reconciliation of employer & employee contribution amounts
					Benefit Payments	No reconciliation of distributions
25	No	10	Full	DC 401(k)	Internal Controls	No documentation of evaluation of internal control No assessment/documentation of control risk
					Investments & Investment Transactions	No confirmation of investments No testing of investment transactions
					Benefit Payments	No work performed
					Participant Data & Participant Accounts	No/insufficient testing of payroll data No testing of compliance with compensation provisions Inadequate testing of allocations to participant accounts
					Parties in Interest/Prohibited Transactions	No work performed Incomplete list of parties in interest
					Commitments & Contingencies	No work performed
					Subsequent Events	No work performed
					Compliance with GAAS & GAAP	Opinion does not extend to all financial statements Inadequate footnote disclosures
					Minor Item(s): Planning & Supervision	No analytics No evidence of supervisory review
					Compliance with ERISA & DOL Rules	Incorrect opinion disclosed on Schedule H, Part III

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
26	No	10	Limited	DC 401(k)	Contributions Received & Receivable	No testing of compliance with compensation provisions Inadequate work recalculating employer and employee contributions Circular employee contribution testing Eligibility testing did not include test of end of year employment requirement
					Benefit Payments	Inadequate follow up on errors noted in benefit recalculation testing No testing of participant receipt
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of eligibility/terminations/forfeitures Inadequate testing of participant investment options No reconciliation of total participant accounts to total assets
					Minor Item(s): Planning & Supervision	Report dated prior to partner review sign off date Management letter dated for date prior to sponsor signature date
					Internal Controls	No/inadequate evidence of fraud inquiries No/inadequate documentation of internal control environment No evidence of SOC1 report review reliance Control risk below maximum but no evidence of test of controls
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed Unclear if determination letter was for the plan Eligibility period for pretax and rollover contributions was waived but there were no amendments to support this
					Subsequent Events	No review interim financial data
					Plan Representations	Inappropriate representation letter date
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Inadequate footnote disclosures

1-2 Plan Stratum						
Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Compliance with ERISA & DOL Rules	No/inadequate footnote disclosures
27	No	10	Full	Health	Planning & Supervision	No/insufficient review of plan documents/plan operations
					Internal Controls	No review of internal control of service providers
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No test of timely remittance of employee contributions
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No/inadequate work regarding validity of claims No recalculation of benefit payments
					Participant Data	No work performed Inadequate testing of participant eligibility/terminations/forfeitures
					Plan Obligations	No work performed
					Administrative Expenses	No work performed
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	No/inadequate footnote disclosures
					Minor Item(s): Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties
28	No	10	Full	DC 401(k)	Planning & Supervision	No/insufficient review of plan documents/plan operations Lack of preliminary analytics
					Internal Controls	No/inadequate documentation of internal control environment No assessment/documentation of control risk Lack of documentation of risk assessment procedures No evidence of SOC1 report review reliance SOC1 report does not cover entire period and no work performed to address such

1-2 Plan Stratum						
Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Investments & Investment Transactions	No testing of end of year asset values No testing of investment transactions No testing of investment income
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No test of timely remittance of employee contributions
					Participant Data & Participant Accounts	No work performed
					Parties in Interest/Prohibited Transactions	No work performed
					Commitments & Contingencies	No work performed
					Subsequent Events	No work performed
					Compliance with GAAS & GAAP	Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	Statement of net assets not comparative
29	No	10	Limited	DC 401(k)	Planning & Supervision	No planning analytics
					Internal Controls	No documentation of evaluation of internal control No assessment/documentation of control risk No/inadequate evidence of fraud "brainstorming"
					Contributions Received & Receivable	No test of timely remittance of employee contributions No testing of compliance with compensation provisions No test of rollovers No reconciliation to trust report and sponsor records Inadequate testing of forfeitures
					Benefit Payments	Inadequate work No list of benefit payments made No reconciliation to trust and participant accounts No test of corrective distributions No review of supporting documents & approvals No tracing of payment to participant's account

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Participant Data & Participant Accounts	No/insufficient testing of payroll data No evidence of work performed on individual participant accounts
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed No evidence of work performed in support of prior year testing results which resulted in current year return of excess contributions
					Administrative Expenses	No work performed
					Subsequent Events	No documentation of results of inquiries with management
					Compliance with GAAS & GAAP	No/lack of ASC 820 fair value measurement disclosures No subsequent events disclosure
					Compliance with ERISA & DOL Rules	Incomplete schedule of assets Participant loans not disclosed on schedule of assets
30	No	9	Limited	DC 401(k)	Planning & Supervision	No evidence of required communications(114/115)
					Internal Controls	No documentation of SOC1 report controls relied upon No documentation of an assessment of user controls
					Contributions Received & Receivable	No test of timely remittance of employee contributions No recalculation of employee contributions based upon participant election No evidence supporting receipt of contributions & whether receivables should be recognized
					Benefit Payments	Participant confirmations not included in workpapers
					Participant Data & Participant Accounts	No/insufficient testing of payroll data No testing of compliance with compensation provisions Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options No reconciliation of participant accounts to total plan assets
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties No documentation of results of inquiries with management

1-2 Plan Stratum						
Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed No documentation of results of inquiries with management
					Commitments & Contingencies	No documentation of results of inquiries with management
					Subsequent Events	No documentation of results of inquiries with management
31	No	9	Full	DC 401(k)	Planning & Supervision	IQPA did not address the \$4.7M rollover into this new plan in 2011
					Internal Controls	Lack of documentation of risk assessment procedures
					Investments & Investment Transactions	No testing of end of year asset values No testing of investment transactions No testing of investment income
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No testing of rollover contributions
					Benefit Payments	No recalculation of benefit payments No/inadequate work regarding eligibility No/inadequate testing of hardship/in-service payments
					Participant Data & Participant Accounts	No/insufficient testing of payroll data No testing of compliance with compensation provisions Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties No documentation of results of inquiries with management
					Compliance with GAAS & GAAP	Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	Opinion does not extend to all supplemental schedules
32	No	9	Full	DC 401(k)	Internal Controls	No/inadequate documentation of internal control environment No understanding of internal control environment for third party recordkeeper & accounting services

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Investments & Investment Transactions	No testing of investment transactions No testing of investment income No testing of end of year fair values for investments held in self-directed brokerage accounts
					Contributions Received & Receivable	No audit program for this area of audit No agreement of contributions to trust records No testing/reconciliation of contribution receivable
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Administrative Expenses	No work performed
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	Financial statements did not agree to Schedule H Inappropriate items included on the schedule of assets
					Minor Item(s): Plan Tax Status	No tax determination letter obtained
					Plan Representations	Representations not appropriately tailored to plan
33	No	9	Limited	DC	Planning & Supervision	No/lack of lack of evidence of audit planning No/insufficient audit program No/insufficient review of plan documents/operations
					Internal Controls	No work performed No evidence of fraud "brainstorming"
					Benefit Payments	No work performed
					Participant Data & Participant Accounts	No work performed

1-2 Plan Stratum						
Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Parties in Interest/Prohibited Transactions	No work performed
					Plan Tax Status	No work performed
					Commitments & Contingencies	No work performed
					Administrative Expenses	No work performed
					Subsequent Events	No work performed
34	No	9	Limited	DC 401(k)	Internal Controls	No/inadequate documentation of internal control environment No/inadequate evidence of fraud "brainstorming" No/inadequate evidence of fraud inquiries
					Notes Receivable	No/inadequate testing of compliance with plan document
					Contributions Received & Receivable	No testing of rollover and Roth contributions Inadequate testing of forfeitures
					Participant Data & Participant Accounts	Inappropriate reliance on SOC1 report Inadequate testing of participant investment options Inadequate testing of allocations to participant accounts
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties
					Administrative Expenses	No work performed
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Inadequate footnote disclosures
					Minor Item(s): Planning & Supervision	Engagement letter language is for a full scope audit but a limited scope audit was performed Engagement letter is not for the plan
					Benefit Payments	No/inadequate work regarding hardship/in-service payments

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
35	No	8	Full	DC	Planning & Supervision	No/insufficient audit program Inadequate documentation of plan operations/administration Inadequate preliminary analytic review Inadequate review of workpapers
					Internal Controls	No/inadequate documentation of internal control environment No documentation of evaluation of internal control No review of internal control of service providers
					Investments & Investment Transactions	Inappropriate reliance on SOC1 report Inadequate evidence of confirmation of investment ownership and existence with custodian
					Contributions Received & Receivable	No test of timely remittance of employee contributions No testing of compliance with compensation provisions Inadequate testing of use of forfeitures
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Compliance with GAAS & GAAP	Inadequate footnote disclosures
					Minor Item(s): Commitments & Contingencies	No work performed - IQPA indicated "n/a"
					Subsequent Events	Inadequate evidence of review of subsequent financial information Inadequate evidence of specific inquiries
36	No	8	Limited	DC 401(k)	Contributions Received & Receivable	No recalculation of employer and/or employee contributions
					Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Compliance with GAAS & GAAP	Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	No/inadequate footnote disclosures

1-2 Plan Stratum						
Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Minor Item(s): Internal Controls	SOC1 reports did not cover entire period and no review of controls outside of the SOC1 report period No evidence of review of payroll internal controls or SOC1 report of payroll provider
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed
					Subsequent Events	No review interim financial data
37	No	7	Limited	DC 403b	Planning & Supervision	No/inadequate procedures on initial/beginning balances
					Internal Controls	No/inadequate evidence of fraud brainstorming"
					Benefit Payments	No work performed
					Participant Data & Participant Accounts	Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	No work performed
					Commitments & Contingencies	No work performed
					Subsequent Events	No work performed
38	Yes	7	Limited	DC 403b	Investments & Investment Transactions	Uncertified investments/transactions not audited No reconciliation of investment income to financial statements
					Contributions Received & Receivable	No testing of compliance with compensation provisions No reconciliation of contributions per sponsor records to custodian records
					Participant Data & Participant Accounts	Inadequate testing of eligibility/terminations/forfeitures Inadequate testing of allocations to participant accounts
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Inadequate footnote disclosures

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Minor Item(s): Planning & Supervision	No/insufficient review of plan documents/plan operations
					Notes Receivable	Inadequate documentation of testing of participant loans for compliance with plan document
					Subsequent Events	No documentation of results of inquiries with management
39	No	7	Limited-Scope	DC 401(k)	Planning & Supervision	No/insufficient review of plan documents/plan operations
					Internal Controls	No assessment/documentation of control risk No evidence of SOC1 report review reliance
					Investments & Investment Transactions	Audit workpapers did not contain the certification
					Participant Data & Participant Accounts	No/insufficient testing of payroll data No testing of compliance with compensation provisions No reconciliation of participant accounts to total assets
					Commitments & Contingencies	No work performed
					Administrative Expenses	No work performed
					Subsequent Events	No work performed
40	Yes	7	Limited	DC 401(k)	Planning & Supervision	No/inadequate procedures on initial/beginning balances No verification of balances transferred from/to new custodian
					Investments & Investment Transactions	No/inadequate testing of change in service provider No testing of assets transferred from plan
					Notes Receivable	No evidence of work performed
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No test of timely remittance of employee contributions No testing of compliance with compensation provisions Inadequate testing of use of forfeitures

1-2 Plan Stratum						
Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Participant Data & Participant Accounts	No/inadequate testing of change in service provider Inadequate testing of allocations to participant accounts No reconciliation of participant accounts to total assets
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties IQPA did not adequately and accurately identify accounting and reporting with parties in interest
					Compliance with ERISA & DOL Rules	Required schedules not attached/prepared
41	No	7	Limited	DC 401(k)	Internal Controls	No evidence of SOC1 report review reliance No documentation of an assessment of user controls
					Notes Receivable	No/inadequate testing of compliance with plan document No review of supporting loan documents No listing of outstanding loans
					Benefit Payments	No work performed Total per financial statements was not reconciled to total per the trust report
					Participant Data & Participant Accounts	No reconciliation of participant accounts to total assets No evidence of testing of allocation of investment income to participant accounts
					Subsequent Events	No review of interim financial data
					Minor Item(s): Parties in Interest/Prohibited Transactions Plan Tax Status	No documentation of parties in interest/related parties No tax determination letter obtained
42	No	7	Limited	DC	Planning & Supervision	No/inadequate procedures on initial/beginning balances No audit work on opening balances of participant accounts No/insufficient review of plan documents/operation

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Minor Item(s): Internal Controls	No evidence of SOC1 report review reliance No identification of initial audit engagement risks No evidence of review of SOC1 report user controls IQPA did not address internal controls over participant accounts from plan inception thru 12/31/2010
					Investments & Investment Transactions	No documentation of any audit procedures on opening investment balances for initial plan audit
					Notes Receivable	No/inadequate testing of compliance with plan document
					Contributions Received & Receivable	No test of timely remittance of employee contributions Inadequate testing of use of forfeitures Unclear how employer & employee contributions were tested Unclear how census data was tested for proper inclusion/exclusion Unclear how forfeiture amount and disposition tested
					Benefit Payments	Inadequate evidence regarding amount or propriety of approval for payment Unclear how benefit was recalculated for accuracy, how vesting was tested or how forfeitures were tested
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inappropriate reliance on SOC1 report Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options No evidence of testing opening participant balances from plan inception to 12/31/2010
43	No	7	Limited	DC 401(k)	Planning & Supervision	No/insufficient review of plan documents/plan operations
					Internal Controls	No evidence of SOC1 report review reliance
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No test of timely remittance of employee contributions
					Benefit Payments	No recalculation of benefit payments No/inadequate work regarding eligibility No/inadequate work regarding validity of claims

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of eligibility/terminations/forfeitures Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Compliance with ERISA & DOL Rules	Filing contained Schedules A for welfare benefits but there was no evidence of review to determine whether a separate filing should be made for a welfare plan
					Minor Item(s): Parties in Interest/Prohibited Transactions	Inadequate work
44	No	6	Limited	DC 401(k)	Participant Data & Participant Accounts	No/insufficient testing of payroll data No testing of compliance with compensation provisions Inadequate testing of participant investment options
					Compliance with ERISA & DOL Rules	Delinquent employee contributions were not reported/disclosed
					Minor Item(s): Internal Controls	No review of internal control of service providers Control risk assessed at moderate/low with no supporting documentation
					Contributions Received & Receivable	Documentation issues make it unclear as to whether proper compensation was used & whether employee contributions were recalculated IQPA concluded timely remittance when evidence supports they were untimely
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No testing to determine receipt of payment
					Parties in Interest/Prohibited Transactions	No disclosure of prohibited transactions in notes to the financial statements No/inadequate documentation of effect of party in interest/prohibited transactions on financial statements
45	No	6	Limited	DC	Internal Controls	No review of internal control of service providers

1-2 Plan Stratum						
Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No recalculation of benefit payments
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Compliance with GAAS & GAAP	Inadequate footnote disclosures
					Minor Item(s): Subsequent Events	No review of interim financial data
46	No	6	Limited	DC 401(k)	Internal Controls	No/inadequate documentation of internal control environment No/Inadequate assessment of control risk Lack of documentation of risk assessment procedures No/inadequate evidence of fraud "brainstorming"
					Notes Receivable	No/inadequate testing of compliance with plan document
					Contributions Received & Receivable	No test of timely remittance of employee contributions
					Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts
					Parties in Interest/Prohibited Transactions	No work performed
					Plan Tax Status	No tax determination letter obtained
47	Yes	5	Limited	DC 401(k)	Planning & Supervision	No/insufficient review of plan documents/plan operations No evidence off required communications (114/115) No evidence of determination of audit materiality
					Internal Controls	No documentation of evaluation of internal control Lack of documentation of risk assessment procedures IQPA did not obtain and review SOC1 report covering 6 months of the plan year

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Participant Data & Participant Accounts	No/insufficient testing of payroll data
					Parties in Interest/Prohibited Transactions	Inadequate work
					Subsequent Events	No review of interim financial data
48	No	5	Limited	DC 401(k)	Planning & Supervision	No/inadequate procedures on initial/beginning balances
					Internal Controls	No/inadequate documentation of internal control environment
					Minor Item(s): Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	Incomplete list of parties in interest
					Compliance with GAAS & GAAP	Inadequate footnote disclosures Interest income from participant loans not segregated from investment income 5% investment disclosure incorrectly includes participant loans
49	No	5	Limited	DC 401(k)	Notes Receivable	No/inadequate testing of compliance with plan document
					Parties in Interest/Prohibited Transactions	Inadequate work No documentation of parties in interest/related parties No documentation of results of inquiries with management
					Administrative Expenses	No work performed
					Compliance with GAAS & GAAP	No/lack of ASC 820 fair value measurement disclosures Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	No/inadequate footnote disclosures IQPA unable to explain \$21,530 in deemed distribution loans, principal and interest

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
50	No	5	Limited	DC 401(k)	Planning & Supervision	No/insufficient review of plan documents/plan operations Inadequate supervision, governance communications, preliminary analytical review and risk assessments
					Contributions Received & Receivable	Inadequate testing of participant deferrals Inadequate documentation related to late remittances
					Minor Item(s): Internal Controls	No/inadequate documentation of internal control environment Inadequate documentation of sponsor payroll system Inappropriate communication that no significant deficiencies were identified
					Notes Receivable	Inappropriately presented as investments
					Participant Data & Participant Accounts	Lack of documentation of census and demographic information
51	No	5	Limited	DC 401(k)	Benefit Payments	No tracing of benefit payment to participant's account
					Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed
					Commitments & Contingencies	No documentation of results of inquiries with management
					Administrative Expenses	No work performed
52	No	5	Limited	DC 401(k)	Participant Data & Participant Accounts	No/inadequate testing of change in service provider Inadequate testing of eligibility/terminations/forfeitures Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Subsequent Events	No review of interim financial data
					Minor Item(s): Plan Tax Status	No evidence IRS tax compliance tests were reviewed
					Compliance with GAAS & GAAP	Inadequate footnote disclosures

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Compliance with ERISA & DOL Rules	Required schedules not attached/prepared Missing schedule of reportable transactions Inaccurate footnote wording Schedule of assets does not identify parties in interest
53	No	5	Full	DC 401(k)	Investments & Investment Transactions	No testing of investment transactions No testing of investment income
					Parties in Interest/Prohibited Transactions	No work performed Incomplete list of parties in interest
					Minor Item(s): Internal Controls	No/inadequate evidence of fraud "brainstorming"
					Participant Data & Participant Accounts	Inappropriate reliance on SOC1 report Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed
54	No	4	Limited	DC 401(k)	Investments & Investment Transactions	Unsigned certification
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Compliance with ERISA & DOL Rules	Schedule H, Line 3, audit opinion type not properly completed
					Minor Item(s): Compliance with GAAS & GAAP	Limited scope audit disclosure incorrectly includes contributions and benefit payments
55	No	4	Limited	DC 401(k)	Planning & Supervision	No/lack of lack of evidence of audit planning No/inadequate assessment of risk No/inadequate review of plan documents/operations No evidence of required communications (114/115)
					Internal Controls	No evidence of work performed No/inadequate evidence of fraud "brainstorming" No/inadequate documentation of internal control environment No assessment/documentation of control risk

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Plan Tax Status	No work performed
					Administrative Expenses	No work performed
56	No	4	Limited	DC 401(k)	Planning & Supervision	No engagement letter
					Parties in Interest/Prohibited Transactions	No work performed
					Compliance with GAAS & GAAP	Audit report did not contain the "independent" title
					Compliance with ERISA & DOL Rules	Unsigned IQPA report
57	No	4	Limited	DC	Internal Controls	No/inadequate evidence of fraud "brainstorming"
					Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options No reconciliation of participant accounts to total assets
					Compliance with GAAS & GAAP	No/lack of ASC 820 fair value measurement disclosures Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	Unsigned IQPA report Limited scope audit incorrectly applied
58	Yes	4	Limited	DC	Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No recalculation of benefit payments
					Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts
					Parties in Interest/Prohibited Transactions	Inadequate work
					Administrative Expenses	Inadequate work

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
59	No	3	Limited	DC	Contributions Received & Receivable	No recalculation of employer and/or employee contributions No test of timely remittance of employee contributions No testing of compliance with compensation provisions
					Participant Data & Participant Accounts	No testing of compliance with compensation provisions Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options No reconciliation of participant accounts to total assets
					Minor Item(s): Plan Tax Status	No evidence IRS tax compliance tests were reviewed
60	Yes	3	Limited	DC 401(k)	Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts No reconciliation of participant accounts to total assets
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Inadequate footnote disclosures
					Minor Item(s): Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties
61	No	3	Limited	DC	Parties in Interest/Prohibited Transactions	No work performed
					Commitments & Contingencies	No work performed
					Subsequent Events	No work performed
62	No	3	Limited	DC	Investments & Investment Transactions	Audit workpapers did not contain the certification Certification obtained was dated 3/21/14, subsequent to audit report date of 10/5/12
					Minor Item(s): Contributions Received & Receivable Participant Data & Participant Accounts	No recalculation of employer and/or employee contributions No/insufficient testing of payroll data Inappropriate reliance on SOC1 report Inadequate testing of allocations to participant accounts

1-2 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
63	No	3	Limited	DC 401(k)	Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of eligibility/terminations/forfeitures Inadequate testing of allocations to participant accounts
					Minor Item(s): Internal Controls	No evidence of SOC1 report review reliance
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed
64	No	3	Full	DC	Contributions Received & Receivable	No test of timely remittance of employee contributions
					Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts
					Administrative Expenses	No work performed
65	No	3	Limited	DC 401(k)	Participant Data & Participant Accounts	No work performed
					Parties in Interest/Prohibited Transactions	No work performed
					Minor Item(s): Contributions Received & Receivable	Failure to document the reason for no contributions being made
66	No	3	Limited	DC 401(k)	Compliance with ERISA & DOL Rules	Unsigned IQPA report
					Minor Item(s): Participant Data & Participant Accounts	Inadequate documentation of testing individual account income postings
					Compliance with GAAS & GAAP	Supplemental schedules not referenced in paragraphs 1 and 3 of audit report
67	No	2	Limited	DC 401(k)	Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts
					Minor Item(s): Compliance with GAAS & GAAP	Inadequate footnote disclosures

1-2 Plan Stratum						
Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
68	Yes	2	Full	DB	Investments & Investment Transactions	IPG contract excluded from plan's financial statements No accounting analysis supporting conclusion for excluding IPG contract from financial statement reporting No copy of IPG contract in file
					Compliance with GAAS & GAAP	IPG contract of \$4.5M excluded from the financial statements Lack of consideration of report modification for significant uncertainty for rehabilitation plan to avoid insolvency Inadequate footnote disclosures
69	No	2	Limited	DC	Investments & Investment Transactions	Audit workpapers did not contain the certification
					Participant Data & Participant Accounts	No/insufficient testing of payroll data
70	No	2	Limited	DC	Internal Controls	No assessment/documentation of control risk No/inadequate evidence of fraud "brainstorming" No/inadequate documentation of internal control environment Lack of documentation of risk assessment procedures
					Investments & Investment Transactions	Audit workpapers did not contain the certification
71	No	1	Limited	DC 401(k)	Investments & Investment Transactions	Unsigned certification
72	No	1	Limited	DC	Compliance with GAAS & GAAP	Inadequate footnote disclosures Incomplete schedule of assets

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
1	No	15	Full	DC 401(k)	Planning & Supervision	No/insufficient review of plan documents/plan operations No evidence of required communications (114/115) No evidence of preliminary analytics Partner sign-off date was 3 days after audit report date
					Investments & Investment Transactions	No work performed
					Contributions Received & Receivable	No test of timely remittance of employee contributions No testing of compliance with compensation provisions Inadequate testing of use of forfeitures
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No recalculation of benefit payments No/inadequate work regarding forfeitures
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of participant eligibility/terminations/forfeitures Inadequate testing of allocations to participant accounts No reconciliation of participant accounts to total assets
					Parties in Interest/Prohibited Transactions	Inadequate work
					Administrative Expenses	No work performed
					Subsequent Events	Inadequate documentation - unable to determine accounting records or data reviewed, with whom inquiries were made, and result of such inquiries
					Compliance with GAAS & GAAP	Inadequate footnote disclosures Audit report did not refer to supplemental information
					Compliance with ERISA & DOL Rules	Incomplete audit report attached to Form 5500 Schedule of assets did not indicate parties in interest
					Minor Item(s): Internal Controls	No/inadequate documentation of internal control environment Lack of documentation of risk assessment procedures No/inadequate evidence of fraud "brainstorming"

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Notes Receivable	Inadequate testing of existence No participant confirmations No evidence of examination of promissory notes No test of interest income
					Plan Tax Status	Tax compliance testing was for 2010, not 2011, and impact was not posted nor accumulated in the summary of uncorrected misstatements
					Commitments & Contingencies	Inadequate work
					Plan Representations	Inappropriate representation letter date Representations not appropriately tailored to plan
2	No	13	Limited	DC 401(k)	Planning & Supervision	No/lack of lack of evidence of audit planning No evidence of required communications (114/115)
					Internal Controls	No assessment/documentation of control risk Lack of documentation of risk assessment procedures
					Investments & Investment Transactions	Improper reference to and reliance on certifying entity
					Notes Receivable	No work performed No/inadequate testing of compliance with plan document
					Contributions Received & Receivable	No work performed
					Benefit Payments	No work performed
					Participant Data & Participant Accounts	No work performed
					Parties in Interest/Prohibited Transactions	No work performed
					Plan Tax Status	Inadequate work No evidence IRS tax compliance tests were reviewed
					Administrative Expenses	No work performed
					Subsequent Events	No work performed

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Inappropriate presentation of participant loans No adjustment from fair value to contract value for fully-benefit responsive contract
					Compliance with ERISA & DOL Rules	Inappropriate reference to certifying entity Incomplete schedule of assets
3	No	13	Full	Health	Planning & Supervision	No/insufficient review of plan documents/plan operations No evidence of required communications (114/115) Insufficient analytical procedures
					Investments & Investment Transactions	Insufficient work performed
					Contributions Received & Receivable	IQPA did not identify inconsistency in COBRA contributions IQPA did not determine if reinsurance receivable was complete
					Benefit Payments	Inappropriate reliance on SOC1 report No/inadequate work regarding validity of claims IQPA did not identify inconsistency in COBRA contributions and the lack of reporting of dental and vision claims
					Subsequent Events	Inadequate work
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Report not modified for lack of ERISA schedules
					Compliance with ERISA & DOL Rules	Report is not for the plan
					Minor Item(s): Participant Data	Inadequate testing of participant eligibility/terminations/forfeitures Inadequate resolution and conclusion on errors noted
					Plan Obligations	No/inadequate testing of IBNR
					Parties in Interest/Prohibited Transactions	No disclosure of prohibited transactions in notes to financial statements Inadequate documentation regarding large claims for a related party to support conclusion
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed
					Administrative Expenses	Inadequate work

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Plan Representations	Representations not appropriately tailored to plan
4	No	13	Limited	DC 401(k)	Planning & Supervision	No/lack of lack of evidence of audit planning No/insufficient review of plan documents/plan operations No evidence of required communications (114/115) Inadequate supervision/untimely partner review
					Internal Controls	No/inadequate documentation of internal control environment No evidence of SOC1 report review reliance No/inadequate evidence of fraud" brainstorming" Lack of documentation of risk assessment procedures
					Investments & Investment Transactions	Unexplained variance in certified participant loan total
					Notes Receivable	No evidence of work performed No/inadequate testing of compliance with plan document
					Contributions Received & Receivable	No test of timely remittance of employee contributions No testing of compliance with compensation provisions Inadequate reconciliation of contributions received and receivable Inadequate resolution of variance in deferral percentages and participant elections
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No recalculation of benefit payments No/inadequate testing of hardship/in-service payments
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of participant eligibility/terminations/forfeitures Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options No reconciliation of participant accounts to total assets

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Parties in Interest/Prohibited Transactions	Inadequate work No documentation of results of inquiries with management
					Plan Tax Status	Incorrect tax determination letter Plan document is outdated Footnotes did not match plan document Footnotes did not address tax uncertainties
					Commitments & Contingencies	Inadequate work
					Subsequent Events	Inadequate work No review of interim financial data
					Compliance with GAAS & GAAP	Inadequate footnote disclosures Delinquent employee contributions not reported/disclosed
					Compliance with ERISA & DOL Rules	No/inadequate footnote disclosures Delinquent employee contributions not reported/disclosed
5	No	13	Limited	DC 401(k)	Internal Controls	No documentation of evaluation of internal control No/inadequate evidence of fraud "brainstorming" No review of internal control of service provider(s)
					Investments & Investment Transactions	Audit workpapers did not contain the certification Inadequate testing of change in service provider No comparison/reconciliation of certified income to amount reported on financial statements
					Contributions Received & Receivable	No testing of compliance with compensation provisions Inadequate testing of timely remittance of employee contributions Inadequate testing of employer contributions which appear to have not been made in accordance with the plan document
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No recalculation of benefit payments Inadequate work regarding participant receipt
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of participant eligibility/ terminations/forfeitures Inadequate testing of allocations to participant accounts No reconciliation of participant accounts to total assets

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Plan Tax Status	IRS determination letter was not reviewed or which was for the correct plan Inconsistent documentation regarding compliance tests No documentation of results of inquiries with management
					Commitments & Contingencies	No documentation of results of inquiries with management
					Subsequent Events	Inadequate work Insufficient documentation of inquiries and procedures performed
					Compliance with ERISA & DOL Rules	Delinquent employee contributions not reported/disclosed Required schedules not attached/prepared Some assets on Schedule of Assets did not indicate parties in interest
					Minor Item(s): Planning & Supervision	No/insufficient audit program Ineffective analytics did not identify potential misstatements Partner signoffs after audit report date
					Parties in Interest/Prohibited Transactions	No documentation of results of inquiries with management
					Administrative Expenses	Inadequate work
					Compliance with GAAS & GAAP	Inadequate footnote disclosures Report not modified for lack of ERISA schedules
6	Yes	12	Full	DB	Planning & Supervision	No/insufficient review of plan documents/operation No evidence of IQPA consideration of plan termination in planning audit procedures for a liquidation basis for investments and accumulated plan benefit obligations
					Internal Controls	IQPA did not identify audit risks related to a liquidation basis for non-marketable investments, accumulated plan benefit obligations, nor benefit payments subsequent to plan termination
					Investments & Investment Transactions	No verification of existence of investments, IQPA relied on SOC1 report IQPA did not address liquidation basis for non-marketable securities and insurance contracts
					Contributions Received & Receivable	No evaluation of any required employer contribution receivable that might result from any unfunded accumulated benefit obligation resulting from plan termination
					Benefit Payments	No recalculation of benefit payments

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Participant Data	IQPA did not obtain or evaluate any census data based on the premise that an actuarial report did not need to be obtained for a terminated plan
					Plan Obligations	No liquidation basis actuarial report obtained for the terminated plan
					Parties in Interest/Prohibited Transactions	No work performed
					Plan Mergers & Terminations	No liquidation basis actuarial report obtained No evaluation of potential employer contribution on liquidation basis No audit procedures performed on plan liquidation occurring during the subsequent events time period
					Subsequent Events	IQPA did not obtain evidence of complete liquidation of the plan by 7/25/12
					Plan Representations	No evaluation of numerous representations that were inconsistent with information known by the auditor
					Compliance with GAAS & GAAP	Audit workpapers did not document sufficient appropriate audit evidence to support the unqualified opinion
7	No	12	Limited	DC	Planning & Supervision	No/lack of evidence of audit planning No/insufficient audit program No/inadequate procedures on initial/beginning balances
					Internal Controls	No/inadequate documentation of internal control environment No review of internal control of service provider(s)
					Investments & Investment Transactions	Audit workpapers did not contain the certification Certification was not consistent with the plan reporting period
					Notes Receivable	No work performed
					Contributions Received & Receivable	No work performed
					Benefit Payments	No work performed
					Participant Data & Participant Accounts	No testing of compliance with compensation provisions Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options No reconciliation of participant accounts to total assets

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties
					Plan Tax Status	Inadequate work No evidence IRS tax compliance tests were reviewed No tax determination letter obtained
					Commitments & Contingencies	Inadequate work
					Administrative Expenses	No work performed
					Subsequent Events	No work performed
8	No	11	Limited	DC 403b	Internal Controls	Lack of documentation of risk assessment procedures No evidence of SOC1 report review reliance
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No test of rollovers for compliance with plan document
					Benefit Payments	No testing of approvals, proper payee, proper distribution amount, proper payment to proper payee, and rollovers for compliance with plan document
					Participant Data & Participant Accounts	No testing of compliance with compensation provisions Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options No reconciliation of participant accounts to total assets
					Parties in Interest/Prohibited Transactions	No work performed No documentation of parties in interest/related parties
					Plan Tax Status	No work performed
					Commitments & Contingencies	No work performed
					Subsequent Events	No work performed
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Inadequate footnote disclosure for investments Improper reporting in auditor's report of benefit responsive and non-benefit-responsive contracts

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Minor Item(s): Planning & Supervision	No/lack of evidence of audit planning No/insufficient review of plan documents/operations No preliminary analytics with expectations documented
					Compliance with ERISA & DOL Rules	Unsigned IQPA report
9	No	11	Full	DC	Planning & Supervision	No/insufficient review of plan documents/operations No evidence of required communications (114/115)
					Internal Controls	No/inadequate documentation of internal control environment No/inadequate evidence of fraud "brainstorming"
					Investments & Investment Transactions	Insufficient work performed No testing of investment transactions No testing of investment income
					Notes Receivable	No/inadequate testing of compliance with plan document
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No test of timely remittance of employee contributions No testing of compliance with compensation provisions No schedule of contributions received & receivable
					Participant Data & Participant Accounts	Inadequate testing of participant eligibility/terminations/forfeitures No/insufficient testing of payroll data Inadequate testing of allocations to participant accounts No reconciliation of participant accounts to total assets
					Parties in Interest/Prohibited Transactions	No work performed
					Commitments & Contingencies	No work performed
					Administrative Expenses	No work performed
					Subsequent Events	No work performed
					Plan Representations	Representations not appropriately tailored to plan Inadequate representations
10	No	11	Full	Health	Planning & Supervision	No/lack of evidence of audit planning No/insufficient review of plan documents/operations

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
						No/inadequate assessment of fraud risk No evidence of required communications (114/115) No evidence of review of workpapers
					Internal Controls	No/inadequate documentation of internal control environment No assessment/documentation of control risk Lack of documentation of risk assessment procedures No/inadequate evidence of fraud inquiries No SOC1 report review, reliance, or test of user controls
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No test of timely remittance of employee contributions No testing of compliance with compensation provisions No consideration of plan funding status
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No/inadequate work regarding validity of claims No recalculation of benefit payments
					Participant Data	No testing for inclusiveness No testing of health coverage plan selected for compliance with participant election
					Plan Obligations	No/inadequate testing of IBNR No testing of insurance premiums paid
					Parties in Interest/Prohibited Transactions	No work performed No documentation of parties in interest/related parties
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed No work performed other than obtaining an IRS determination letter
					Administrative Expenses	No work performed
					Compliance with GAAS & GAAP	No/lack of ASC 820 fair value measurement disclosures Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	Required schedules not attached/prepared

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
11	Yes	11	Limited	DC	Planning & Supervision	No evidence of required communications (114/115) No evidence of planning analytics
					Internal Controls	Lack of documentation of risk assessment procedures No SOC1 report bridge letter
					Notes Receivable	No/inadequate testing of compliance with plan document
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No testing of compliance with compensation provisions Inadequate testing of use of forfeitures
					Benefit Payments	No evidence of the performance of substantive audit procedures
					Participant Data & Participant Accounts	Inadequate work performed, most standard participant data substantive audit procedures not performed
					Parties in Interest/Prohibited Transactions	No documentation of results of inquiries with management
					Plan Tax Status	No tax determination letter obtained
					Subsequent Events	No documentation of results of inquiries with management No review of interim financial data
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	Limited scope audit incorrectly applied Net income per Form 5500 does not agree to financial statements
12	No	11	Limited	DC 401(k)	Planning & Supervision	No evidence of required communications (114/115) Inadequate supervision, partner review completed after report date
					Internal Controls	No/inadequate documentation of internal control environment Inadequate documentation of risk assessment No/inadequate evidence of fraud "brainstorming" No/inadequate evidence of fraud inquiries Fraud brainstorming and inquiries made after audit report date

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Contributions Received & Receivable	Inadequate testing of recalculation of employee deferrals Inadequate testing of use of forfeitures No testing of compliance with compensation provisions Non-receipt of employer contribution for 1 sample selection Inadequate testing of rollovers Inadequate sample size
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of participant eligibility/terminations/forfeitures Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	No documentation of results of inquiries with management Inadequate work
					Commitments & Contingencies	No work performed
					Subsequent Events	No work performed
					Plan Representations	Inappropriate representation letter date Representation letter was not on letterhead of the plan or plan sponsor and signer only identified as "office manager" who is also the signer as plan administrator on the Form 5500
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Inappropriate report date Not all investments were presented in the fair value measurement disclosure Investment amount on financial statements not consistent with footnote disclosures
					Minor Item(s): Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No evidence of testing of receipt of payment
					Compliance with GAAS & GAAP	Required schedules not attached/prepared

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
13	No	11	Limited	DC 401(k)	Planning & Supervision	No/insufficient review of plan documents/operations No evidence of required communications (114/115) No analytics
					Internal Controls	No/inadequate documentation of internal control environment No assessment/documentation of control risk No/inadequate evidence of fraud "brainstorming" No/inadequate evidence of fraud inquiries
					Contributions Received & Receivable	No test of timely remittance of employee contributions Inadequate testing of use of forfeitures No contribution listing No agreement of contributions per plan sponsor to trust statements
					Benefit Payments	No work performed
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options No reconciliation of participant accounts to total assets
					Parties in Interest/Prohibited Transactions	No documentation of results of inquiries with management
					Plan Tax Status	Plan failed ADP & ACP discrimination testing which required \$48,257 in corrective distributions - no evidence of work performed
					Commitments & Contingencies	No documentation of results of inquiries with management
					Administrative Expenses	No work performed
					Subsequent Events	No documentation of results of inquiries with management No review of interim financial data
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Inadequate footnote disclosures

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
14	No	10	Limited	DC 403b	Planning & Supervision	No/insufficient review of plan documents/operations No evidence of required communications (114/115) No preliminary analytics No evidence of planning related to testing of mid-year change in trustee/recordkeeper
					Internal Controls	No documentation of evaluation of internal control No assessment/documentation of control risk No/inadequate evidence of fraud inquiries No evidence of SOC1 report review reliance IQPA did not identify and document all significant audit areas
					Contributions Received & Receivable	No testing of rollover contributions (13% of total assets)
					Benefit Payments	No work performed Inappropriate reliance on SOC1 report
					Participant Data & Participant Accounts	No/insufficient testing of payroll data No testing of compliance with compensation provisions Inadequate testing of participant eligibility/terminations/forfeitures Inadequate testing of allocations to participant accounts No testing of participant accounts at time of change in trustee/third party recordkeeper No reconciliation of participant accounts to total assets
					Parties in Interest/Prohibited Transactions	Inadequate work No documentation of parties in interest/related parties
					Administrative Expenses	No work performed
					Subsequent Events	No work performed
					Compliance with GAAS & GAAP	Inadequate footnote disclosures No ASC 820 fair value measurement disclosure Delinquent employee contributions not reported/disclosed
					Compliance with ERISA & DOL Rules	Form 5500 financial information did not agree with auditor's report

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
15	No	10	Limited	DC 403b	Planning & Supervision	No/lack of lack of evidence of audit planning No/insufficient review of plan documents/operations No preliminary analytics with developed expectations
					Internal Controls	No assessment/documentation of control risk No identification of significant audit areas
					Notes Receivable	No/inadequate testing of compliance with plan document
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No testing of compliance with compensation provisions No testing of rollovers for compliance with plan document
					Benefit Payments	No work performed
					Participant Data & Participant Accounts	No/insufficient testing of payroll data No testing of compliance with compensation provisions Inadequate testing of change in service provider Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	No work performed No documentation of parties in interest/related parties
					Commitments & Contingencies	No work performed
					Administrative Expenses	No work performed
					Subsequent Events	No work performed
16	No	10	Limited	DC 401(k)	Planning & Supervision	No/insufficient review of plan document/plan operations No evidence of required communications (114/115) No preliminary analytical review procedures Partner review over a month after audit report date
					Contributions Received & Receivable	No test of timely remittance of employee contributions IQPA did not identify and conclude on effects of errors in contributions

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Participant Data & Participant Accounts	Inadequate testing of participant eligibility/terminations/forfeitures Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	No/inadequate evidence of consideration of effect of prohibited transactions/party in interest transactions on financial statements No documentation of results of inquiries with management
					Commitments & Contingencies	No work performed
					Subsequent Events	No work performed
					Minor Item(s): Internal Controls	Lack of documentation of risk assessment procedures Inadequate documentation of SOC1 report
					Administrative Expenses	Inadequate work
					Compliance with GAAS & GAAP	Delinquent employee contributions not reported/disclosed
					Compliance with ERISA & DOL Rules	Delinquent employee contributions not reported/disclosed
17	No	9	Limited	DC 401(k)	Planning & Supervision	No/lack of lack of evidence of audit planning No/insufficient review of plan documents/operations
					Internal Controls	No review of internal control of service providers
					Investments & Investment Transactions	Certification not consistent with plan reporting period No/inadequate testing of change in service provider
					Notes Receivable	No/inadequate testing of compliance with plan document No testing of delinquent loans No testing of transfer to another custodian
					Contributions Received & Receivable	Total contributions per custodian not tied to payroll records Inadequate testing of forfeitures
					Benefit Payments	No work performed

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Participant Data & Participant Accounts	No/inadequate testing of change in service provider Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options No reconciliation of participant accounts to total assets
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Report not modified for lack of ERISA schedules
					Compliance with ERISA & DOL Rules	Required schedules not attached/prepared
18	Yes	9	Limited	DC 401(k)	Planning & Supervision	No/insufficient review of plan documents/plan operations No materiality determination No preliminary analytics
					Internal Controls	No/inadequate documentation of internal control environment No/inadequate evidence of fraud inquiries
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions
					Participant Data & Participant Accounts	Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	No work performed
					Plan Tax Status	No work performed
					Commitments & Contingencies	No work performed
					Administrative Expenses	No work performed
					Plan Representations	Unsigned plan representation letter Inadequate representations, approximately 10 total representations
19	Yes	9	Limited	DC 401(k)	Planning & Supervision	No/lack of evidence of audit planning Improper performance of limited scope audit
					Internal Controls	No documentation of evaluation of internal control No assessment/documentation of control risk No/inadequate evidence of fraud "brainstorming" No evidence of SOC1 report review reliance

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Notes Receivable	No work performed
					Contributions Received & Receivable	No test of timely remittance of employee contributions Inadequate testing of use of forfeitures Inappropriate reliance on SOC1 report
					Benefit Payments	No work performed
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of eligibility/terminations/forfeitures Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties
					Plan Tax Status	Inadequate work No evidence IRS tax compliance tests were reviewed
					Subsequent Events	No work performed
20	No	9	Limited	DC 401(k)	Planning & Supervision	No evidence of required communications (114/115) No documentation of determination of materiality levels
					Contributions Received & Receivable	No test of timely remittance of employee contributions No verification of subsequent receipt of contributions receivable
					Benefit Payments	No tracing/comparison of benefit payment with participant's account
					Participant Data & Participant Accounts	No testing of whether newly eligible employees were included in the plan
					Plan Tax Status	No work performed
					Administrative Expenses	No work performed
					Commitments & Contingencies	No work performed
					Subsequent Events	No work performed
					Minor Item(s): Notes Receivable	No/inadequate testing of compliance with plan document

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
21	No	9	Limited	DC	Planning & Supervision	No documentation of current developments and analytics
					Internal Controls	No/inadequate documentation of internal control environment No assessment/documentation of control risk No evidence of SOC1 Report review reliance No/lack of documentation of risk assessment procedures
					Contributions Received & Receivable	No test of timely remittance of employee contributions No testing of the posting of contributions per employer records to employee records
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	No work performed
					Plan Tax Status	No work performed
					Commitments & Contingencies	No work performed
					Subsequent Events	No work performed
					Compliance with GAAS & GAAP	Inadequate footnote disclosures
22	No	9	Full	DC 401(k)	Internal Controls	No/inadequate documentation of internal control environment No assessment/documentation of control risk No documentation of an understanding & operation of the 5 elements of internal control
					Investments & Investment Transaction	No testing of investment income
					Notes Receivable	No/inadequate testing of compliance with plan document No testing of loan documents No testing of loan interest

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No recalculation of benefit payments No tracing/comparison of benefit payment with participant's account
					Parties in Interest/Prohibited Transactions	No work performed
					Plan Tax Status	No work performed
					Commitments & Contingencies	No work performed
					Subsequent Events	No work performed
					Minor Item(s): Administrative Expenses	Although classified as immaterial, no other work performed
23	No	9	Full	DC	Internal Controls	No/inadequate documentation of internal control environment No assessment/documentation of control risk
					Investments & Investment Transactions	No testing of end of year asset values No testing of investment transactions No testing of investment income No documentation of work performed related to cash accounts
					Contributions Received & Receivable	Insufficient work performed of contributing employers (multi-employer plans) No recalculation of employer and/or employee contributions No test of timely remittance of employee contributions Inadequate testing of use of forfeitures
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No recalculation of benefit payments No/inadequate work regarding forfeitures No tracing of payments to individual participant accounts No evidence of tests of participant receipt
					Participant Data & Participant Accounts	No work performed
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties No audit program for this area of audit

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed No audit program for this area of audit
					Commitments & Contingencies	No documentation of results of inquiries with management No audit program for this area of audit
					Subsequent Events	No work performed No audit program for this area of audit
24	No	8	Limited	DC 401(k)	Planning & Supervision	No evidence of required communications (114/115) Incorrect engagement letter Partner did not participate in team "brainstorming" discussion
					Internal Controls	Lack of documentation of risk assessment procedures No evidence of SOC1 report review reliance No/inadequate evidence of fraud "brainstorming"
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No testing of compliance with compensation provisions
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No/inadequate work regarding validity of claims No/inadequate testing of hardship/in-service payments
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of eligibility/terminations/forfeitures Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties No documentation of results of inquiries with management
					Plan Representations	Inadequate representations Representations not appropriately tailored to plan
					Compliance with GAAS & GAAP	Inadequate footnote disclosures

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
25	No	7	Limited	DC 401(k)	Internal Controls	No/inadequate documentation of internal control environment No/inadequate evidence of fraud inquiries
					Contributions Received & Receivable	No testing of compliance with compensation provisions Inadequate testing of use of forfeitures Inadequate follow up and conclusion on variances IQPA did not recognize untimely contributions
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of allocations to participant accounts No reconciliation of participant accounts to total assets
					Parties in Interest/Prohibited Transactions	No/inadequate evidence of consideration of effect of prohibited transactions/parties in interest on financial statements
					Compliance with ERISA & DOL Rules	Delinquent employee contributions not reported/disclosed
					Minor Item(s): Notes Receivable	No/inadequate testing of compliance with plan document No evidence of determination of delinquent loans that should be reported as deemed distributions
					Compliance with GAAS & GAAP	Delinquent employee contributions not reported/disclosed Inadequate footnote disclosures
26	No	7	Limited	DC 401(k)	Internal Controls	No/inadequate documentation of internal control environment No/inadequate evidence of fraud inquiries
					Contributions Received & Receivable	No testing of compliance with compensation provisions Inadequate testing of use of forfeitures Inadequate follow up and conclusion on variances IQPA did not recognize untimely contributions
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of allocations to participant accounts No reconciliation of participant accounts to total assets

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Parties in Interest/Prohibited Transactions	No/inadequate evidence of consideration of effect of prohibited transactions/parties in interest on financial statements
					Compliance with ERISA & DOL Rules	Delinquent employee contributions not reported/disclosed
					Minor Item(s): Notes Receivable	No/inadequate testing of compliance with plan document No evidence of determination of delinquent loans that should be reported as deemed distributions
					Compliance with GAAS & GAAP	Delinquent employee contributions not reported/disclosed Inadequate footnote disclosures
27	Yes	6	Limited	DC 403b	Internal Controls	No review of internal control of service providers Unclear documentation of low & moderate inherent control risk was determined based on errors in prior years in contributions
					Notes Receivable	No/inadequate testing of compliance with plan document No testing for determination of delinquent loans that should be reported as deemed distributions
					Contributions Received & Receivable	No testing of rollover contributions which were over the materiality threshold
					Investments & Investment Transactions	Certified investment income does not tie to the financial statements and there was no documentation of a reconciliation of the variance
					Minor Item(s): Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties Audit program steps marked "n/a" with no explanation of why
28	No	6	Limited	DC 401(k)	Compliance with ERISA & DOL Rules	Reference made to incorrect, non-qualifying, certifying entity in audit opinion
					Minor Item(s): Contributions Received & Receivable	No audit evidence of testing of rollover contributions
					Participant Data & Participant Accounts	Inappropriate reliance on SOC1 report Inadequate testing of allocations to participant accounts

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Parties in Interest/Prohibited Transactions	No documentation of results of inquiries with management
					Commitments & Contingencies	No documentation of results of inquiries with management
					Subsequent Events	No documentation of results of inquiries with management
29	Yes	6	Limited	DC 401(k)	Internal Controls	No evidence of SOC1 report review reliance
					Participant Data & Participant Accounts	Failure to test compliance with plan compensation provisions Inappropriate reliance of SOC1 report Inadequate testing of allocations to participant accounts No reconciliation of participant accounts to total assets Inadequate testing of employee authorizations for deferral amounts & investment elections
					Parties in Interest/Prohibited Transactions	No work performed No documentation of parties in interest/related parties
					Subsequent Events	No work performed
					Minor Item(s): Contributions Received & Receivable	No testing of rollovers for compliance with plan document
					Administrative Expenses	Inadequate work
30	No	5	Limited	DC 401(k)	Benefit Payments	No work performed
					Participant Data & Participant Accounts	Inadequate testing of eligibility/terminations/forfeitures Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	No work performed
					Administrative Expenses	No work performed
					Compliance with GAAS & GAAP	No/lack of ASC 820 fair value measurement disclosures

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
31	No	5	Limited	DC	Internal Controls	No/inadequate documentation of internal control environment No bridge letter obtained for financial statement period not covered by the SOC1 report
					Minor Item(s): Parties in Interest/Prohibited Transactions	Incomplete list of parties in interest
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed
					Commitments & Contingencies	No documentation of results of inquiries with management
					Subsequent Events	No documentation of results of inquiries with management
32	No	5	Limited	DC 401(k)	Internal Controls	No/inadequate documentation of internal control environment No/inadequate evidence of fraud "brainstorming"
					Contributions Received & Receivable	No testing of rollover contributions which were nearly 4.5 times the materiality threshold
					Participant Data & Participant Accounts	No testing of compliance with compensation provisions
					Minor Item(s): Planning & Supervision	No/insufficient review of plan documents/plan operations Inadequate evidence of timely partner review of workpapers and audit issues
					Administrative Expenses	Inadequate work
33	No	5	Limited	DC	Compliance with ERISA & DOL Rules	Total investments per schedule of assets did not reconcile to total assets per financial statements
					Minor Item(s): Contributions Received & Receivable	Audit workpapers did not include a copy of the executed plan amendment in support of the suspension of the employer safe harbor matching contribution
					Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	Inadequate consideration of prohibited/party in interest transactions due to suspension of the employer safe harbor match where a copy of executed plan amendment was not obtained

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Plan Tax Status	Inadequate consideration of IRC discrimination tests due to suspension of the employer safe harbor match where a copy of the executed plan amendment was not obtained
34	No	5	Full	DB	Participant Data	Inadequate testing of eligibility/terminations/forfeitures
					Plan Obligations	No assessment of specialist's qualifications
					Administrative Expenses	No work performed
					Subsequent Events	Inadequate review through 10/1/12 of final 5500 filing in which benefits paid were materially greater than the accumulated benefit obligation reflected on the 12/31/11 statement of accumulated plan benefits
					Compliance with GAAS & GAAP	Plan failed to report on the liquidation basis of accounting and the IQPA failed to evaluate and/or report on this departure from GAAP
35	No	5	Limited	DC 401(k)	Contributions Received & Receivable	No recalculation of employer and/or employee contributions No test of timely remittance of employee contributions
					Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties
					Administrative Expenses	No work performed
					Subsequent Events	No work performed
36	No	5	Full	Health	Internal Controls	No review of internal control of service providers
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No test of timely remittance of employee contributions
					Benefit Payments	No recalculation of benefit payments
					Plan Obligations	No test of insurance premiums paid
					Administrative Expenses	Inadequate work

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
37	Yes	5	Limited	DC 401(k)	Investments & Investment Transactions	No evaluation of insurance contract; contract value to fair value; whether insurance contract is fully-benefit responsive; and failure to analyze pooled separate account for investments in common collective trust/stable value funds
					Notes Receivable	No/inadequate testing of compliance with plan document No listing of outstanding loans
					Plan Tax Status	No work performed
					Compliance with GAAS & GAAP	No/lack of ASC 820 fair value measurement disclosures Inadequate footnote disclosures
					Minor Item(s): Contributions Received & Receivable	No testing of material rollover contributions
38	No	5	Limited	DC 401(k)	Internal Controls	No/inadequate documentation of internal control environment SOC1 report does not cover last 11 months of the plan year
					Minor Item(s): Contributions Received & Receivable	No testing of compliance with compensation provisions Inadequate testing of rollover contributions Improper presentation of forfeitures on the statement of net assets
					Benefit Payments	Unclear how premature distribution was tested for compliance with ERISA, how vesting of terminated participants was tested, and why an apparent deficient pay-out computation did not result in expansion of audit testing Inadequate consideration/communication of internal control deficiencies
					Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options Inadequate documentation of testing of sponsor payroll process Inadequate testing of eligible compensation
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
39	Yes	5	Limited	DC	Internal Controls	No/inadequate documentation of internal control environment
					Participant Data & Participant Accounts	Inappropriate reliance on SOC1 report Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties
					Administrative Expenses	No work performed Area classified as immaterial but no other work or audit program
					Minor Item(s): Compliance with GAAS & GAAP	Interest income on notes receivable not segregated from investment income
40	No	5	Limited	Health	Investments & Investment Transactions	Certifying entity does not qualify for limited scope
					Plan Obligations	No work performed
					Administrative Expenses	Inadequate work
					Plan Representations	No plan representation letter
					Compliance with GAAS & GAAP	Failure to refer to supplemental info. (e.g., ERISA required schedules)
41	Yes	4	Limited	DC	Internal Controls	No evidence of SOC1 report review reliance
					Participant Data & Participant Accounts	No/insufficient testing of payroll data
					Parties in Interest/Prohibited Transactions	No work performed
					Subsequent Events	Inadequate work
42	No	4	Limited	DC 401(k)	Investments & Investment Transactions	Audit workpapers did not contain the certification No/inadequate testing of change in service provider Uncertified investments and/or transactions not audited
					Contributions Received & Receivable	No testing of contributions receivable

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Participant Data & Participant Accounts	No/inadequate testing of change in service provider Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options No reconciliation of participant accounts to total assets
					Parties in Interest/Prohibited Transactions	No work performed
43	Yes	4	Limited	DC 401(k)	Internal Controls	No assessment/documentation of control risk No documentation of inherent/control risk or combined risk for each significant audit area
					Participant Data & Participant Accounts	Inappropriate reliance on SOC1 report Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	Incomplete schedule of assets
44	No	4	Limited	DC 401(k)	Internal Controls	No/inadequate documentation of internal control environment No documentation of evaluation of internal control No assessment/documentation of control risk Lack of documentation of risk assessment procedures
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of allocations to participant accounts
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties
					Compliance with GAAS & GAAP	No/lack of ASC 820 fair value measurement disclosures
45	No	4	Limited	DC 401(k)	Planning & Supervision	No/inadequate procedures on initial/beginning balances
					Contributions Received & Receivable	No test of timely remittance of employee contributions

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No/inadequate testing of hardship/in-service payments No/inadequate work regarding validity of claims
					Compliance with GAAS & GAAP	No/lack of ASC 820 fair value measurement disclosures Limited scope audit inappropriately applied Opinion does not contain the appropriate language
46	No	4	Limited	DC 403b	Investments & Investment Transactions	Inappropriate treatment of contract to fair value adjustment
					Notes Receivable	No evidence of work performed
					Contributions Received & Receivable	No test of timely remittance of employee contributions
					Compliance with GAAS & GAAP	Inadequate or incorrect footnote disclosures
47	Yes	4	Limited	DC 401(k)	Parties in Interest/Prohibited Transactions	Inadequate work No documentation of results of inquiries with management
					Plan Tax Status	Inadequate work No documentation of results of inquiries with management No evidence of review of IRS compliance test results
					Subsequent Events	Inadequate work No documentation of results of inquiries with management No evidence of review of interim financial data and plan minutes
					Minor Item(s): Commitments & Contingencies	Inadequate work No documentation of results of inquiries with management
48	No	4	Limited	DC 401(k)	Parties in Interest/Prohibited Transactions	No work performed
					Plan Tax Status	No work performed
					Commitments & Contingencies	No work performed
					Subsequent Events	No work performed

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
49	Yes	3	Limited	DC 401(k)	Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefit No/inadequate work regarding validity of claims No recalculation of benefit payments
					Compliance with ERISA & DOL Rules	Unsigned IQPA report
					Minor Item(s): Plan Tax Status	No evidence IRS tax compliance tests were reviewed
50	No	3	Full	Health	Participant Data	No/insufficient testing of payroll data
					Parties in Interest/Prohibited Transactions	No work performed
					Compliance with GAAS & GAAP	No/lack of ASC 820 fair value measurement disclosures No FAS 165 subsequent events disclosure Inadequate footnote disclosures
51	No	3	Limited	DC 403b	Notes Receivable	No/inadequate testing of compliance with plan document No review of loan documentation No review of deemed distributions
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions Inadequate work on receivables
					Participant Data & Participant Accounts	No/insufficient testing of payroll data No testing of compliance with compensation provisions
52	No	3	Limited	DC 401(k)	Contributions Received & Receivable	No test of timely remittance of employee contributions
					Benefit Payments	No recalculation of benefit payments
					Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options No reconciliation of participant accounts to total assets
53	No	3	Limited	DC 401(k)	Investments & Investment Transactions	Certifying entity does not qualify for limited scope
					Minor Item(s): Participant Data & Participant Accounts	No/insufficient testing of payroll data

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Compliance with GAAS & GAAP	Inadequate footnote disclosures Incomplete fair value measurement footnote disclosure No plan amendment disclosure Who pays administrative expenses not disclosed
54	No	3	Limited	DC 401(k)	Internal Controls	No/Inadequate assessment of control risk Lack of documentation of risk assessment procedures
					Contributions Received & Receivable	No test of timely remittance of employee contributions
					Administrative Expenses	No work performed
55	No	3	Limited	DC 403b	Contributions Received & Receivable	No test of timely remittance of employee contributions
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements No adjustment on financial statements for fully-benefit responsive investment contract fair value to contract value
56	No	2	Limited	DC 401(k)	Internal Controls	No review of internal control of service provider(s)
					Minor Item(s): Participant Data & Participant Accounts	No/insufficient testing of payroll data
57	No	2	Full	Health	Benefit Payments	No work performed Inappropriate reliance on SOC1 report
					Minor Item(s): Contributions Received & Receivable	Unclear documentation regarding review of timely remittance of employee contributions
58	No	2	Full	DC 401(k)	Participant Data	No testing of compliance with compensation provisions Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options No reconciliation of participant accounts to total assets No alternative procedures performed on non-reply participant confirmations

3-5 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Minor Item(s): Internal Controls	No assessment/documentation of control risk Lack of documentation of risk assessment procedures
59	No	2	Limited	DC	Compliance with GAAS & GAAP	Failure to present benefit responsive insurance contract at contract value and make necessary footnote disclosures Inappropriate reliance on SOC1 report
					Minor Item(s): Participant Data & Participant Accounts	
60	No	2	Limited	DC 401(k)	Plan Tax Status Compliance with GAAS & GAAP	No tax determination letter obtained Inappropriate presentation of financial information on financial statements Inadequate footnote disclosures
61	Yes	2	Full	Health	Administrative Expenses	No work performed
					Minor Item(s): Parties in Interest/Prohibited Transactions	Incomplete list of parties in interest
62	Yes	2	Limited	DC 401(k)	Contributions Received & Receivable Plan Tax Status	No test of timely remittance of employee contributions No evidence IRS tax compliance tests were reviewed
63	Yes	1	Full	DB	Compliance with GAAS & GAAP	Opinion does not extend to all financial statements Auditor did not report on prior year financial statements presented
64	No	1	Limited	DC 401(k)	Benefit Payments	No work performed
65	No	1	Full	DB	Investments & Investment Transactions	No testing of end of year asset values No testing of investment transactions No testing of investment income

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
1	Yes	13	Full	DC 401(k)	Planning & Supervision	No/lack of lack of evidence of audit planning No/insufficient review of plan documents/operations No evidence of required communications (114/115)
					Internal Controls	No/inadequate documentation of internal control environment No assessment/documentation of control risk No documentation of evaluation of internal control No evidence of SOC1 report review reliance
					Investments & Investment Transactions	No testing of end of year asset values No testing of investment transactions No testing of investment income
					Notes Receivable	No/inadequate testing of compliance with plan document
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No testing of compliance with compensation provisions Inappropriate reliance on SOC1 report
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No/inadequate testing of hardship/in-service payments No/inadequate work regarding validity of claims
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inappropriate reliance on SOC1 report Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed
					Commitments & Contingencies	Inadequate work performed No documentation of results of inquiries with management
					Administrative Expenses	No work performed
					Subsequent Events	No work performed
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Participant loan interest and administrative fees not separately disclosed on financial statements

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Compliance with ERISA & DOL Rules	Administrative fees not separately presented from benefit payments
2	No	13	Limited	DC 403b	Planning & Supervision	No/insufficient review of plan documents/plan operations No evidence of required communications (114/115)
					Internal Controls	No/inadequate documentation of internal control environment No assessment/documentation of control risk No evidence of SOC1 report review reliance
					Notes Receivable	No work performed No/inadequate testing of compliance with plan document
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No test of timely remittance of employee contributions Inadequate testing of use of forfeitures
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No testing for compliance with plan document No testing of posting of disbursement at individual account level
					Participant Data & Participant Accounts	No/insufficient testing of payroll data No testing of compliance with compensation provisions Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	No work performed No documentation of parties in interest/related parties
					Commitments & Contingencies	Inadequate work No documentation of results of inquiries with management
					Administrative Expenses	No work performed
					Subsequent Events	No work performed
					Compliance with GAAS & GAAP	No/lack of ASC 820 fair value measurement disclosures 5% investment disclosure note is for the incorrect plan years
					Compliance with ERISA & DOL Rules	Incomplete schedule of assets

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Minor Item(s): Plan Representations	Representations not appropriately tailored to plan
3	Yes	11	Limited	DC 401(k)	Internal Controls	No assessment/documentation of control risk Lack of documentation of risk assessment procedures No evidence of SOC1 report review reliance
					Notes Receivable	No work performed No audit program for this area of audit
					Contributions Received & Receivable	No testing of compliance with compensation provisions Inadequate testing of use of forfeitures No verification of employer discretionary contribution percentage
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options No reconciliation of participant accounts to total assets
					Parties in Interest/Prohibited Transactions	No documentation of results of inquiries with management
					Plan Tax Status	No work performed
					Commitments & Contingencies	Inadequate work No documentation of results of inquiries with management
					Subsequent Events	No documentation of results of inquiries with management Inadequate work
					Compliance with GAAS & GAAP	Incorrect ASC 820 fair value measurement disclosure Inadequate footnote disclosures
					Minor Item(s): Benefit Payments	No/inadequate work regarding forfeitures
					Plan Representations	Inappropriate representation letter date

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
4	No	11	Limited	DC	Planning & Supervision	No/insufficient review of plan documents/operations No evidence of required communications (114/115)
					Internal Controls	No/inadequate documentation of internal control environment No assessment/documentation of control risk No evidence of SOC1 report review reliance
					Benefit Payments	Inappropriate application of limited scope audit No testing of rollovers out of plan for compliance with plan document
					Participant Data & Participant Accounts	No testing of employee withholdings for authorization Inappropriate reliance on SOC1 report Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options No reconciliation of participant accounts to total assets
					Parties in Interest/Prohibited Transactions	No work performed No documentation of parties in interest/related parties
					Administrative Expenses	No work performed
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	Auditor's report not included with Form 5500 filing
					Minor Item(s): Notes Receivable	No/inadequate testing of compliance with plan document
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No testing of rollovers into plan for compliance with plan document
					Subsequent Events	No review interim financial data

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
5	No	11	Limited	DC 401(k)	Investments & Investment Income	Dividend income and net appreciation did not tie to financial statements No documentation supporting fair value reported on 5500 - amount marked up to fair value without corresponding adjustment to contract value
					Notes Receivable	No/inadequate testing of compliance with plan document Certification did not cover loans - no testing done on ending values or payments made during the year
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No testing of compliance with compensation provisions
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No recalculation of benefit payments No/inadequate work regarding forfeitures
					Participant Data & Participant Accounts	No/insufficient testing of payroll data No testing of compliance with compensation provisions Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties No documentation of results of inquiries with management
					Subsequent Events	No review of interim financial data No inquiries of plan administrator and/or trustee - inquiries were only made of the controller who was not a plan official
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Inadequate footnote disclosures
					Minor Item(s): Planning & Supervision	No evidence of required communications (114/115) Inadequate documentation showing proper supervision and timely partner review
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed No tax uncertainty footnote disclosure

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Compliance with ERISA & DOL Rules	Notes receivable from participants were not reflected as parties in interest on schedule of assets
6	Yes	10	Limited	DB	Planning & Supervision	No/insufficient review of plan documents/operations No/inadequate assessment of fraud risk No evidence of required communications (114/115)
					Internal Controls	No/inadequate documentation of internal control environment Lack of documentation of risk assessment procedures No/inadequate evidence of fraud inquiries
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No recalculation of benefit payments No testing of receipt by participants
					Participant Data	No work performed
					Plan Obligations	No/insufficient testing of census data No assessment of specialist's qualifications No review/assessment of specialist's assumptions
					Parties in Interest/Prohibited Transactions	No disclosure of prohibited transactions in notes to financial statements No documentation of results of inquiries with management
					Commitments & Contingencies	No work performed
					Administrative Expenses	No work performed
					Subsequent Events	No work performed
					Compliance with GAAS & GAAP	Financial statements were inappropriately presented on the liquidation basis - liquidation basis does not apply to frozen plans No reference to the "other comprehensive basis of accounting" used in the report Inappropriately indicated the limited scope covered benefit payments Inadequate footnote disclosures No related party note
7	Yes	10	Limited	DC 401(k)	Internal Controls	No assessment/documentation of control risk No/inadequate evidence of fraud inquiries No evidence of SOC1 report review reliance

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of allocations to participant accounts
					Parties in Interest/Prohibited Transactions	No work performed No documentation of parties in interest/related parties
					Administrative Expenses	Inadequate work
					Subsequent Events	No work performed
					Minor Item(s): Planning & Supervision	No evidence of review of workpapers
					Contributions Received & Receivable	No testing of rollover contributions for compliance with plan document
					Benefit Payments	No/inadequate work regarding forfeitures
					Plan Tax Status	No tax determination letter obtained
					Commitments & Contingencies	Inadequate work
8	No	10	Limited	DC 401(k)	Planning & Supervision	No/inadequate procedures on initial/beginning balances No/inadequate work related to predecessor auditors No evidence of required communications (114/115) Inadequate evidence of partner involvement/review No evidence that \$1M insurance contract documentation was obtained and reviewed for disclosure and accounting treatment
					Investments & Investment Transactions	Certification is not for the plan Inadequate evidence of evaluation of insurance contract (GIC) for accounting treatment and presentation
					Plan Mergers & Terminations	Inadequate documentation of audit work on subsequent events/pending dissolution of the plan
					Subsequent Events	Audit documentation did not indicate subsequent event of plan asset transfer to a successor plan in 2012

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Compliance with GAAS & GAAP	Inadequate footnote disclosures Disclosure omissions: dissolution of plan, subsequent probable distributions/transfers; incomplete tax compliance testing; party in interest transactions, insurance (GIC) contract terms, and improper presentation/disclosure of notes receivable
					Minor Item(s): Notes Receivable	Presented as investments on the plan's financial statements and in the ASC 820 fair value measurement disclosures
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of allocations to participant accounts
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties No evaluation of omission of party in interest disclosure in the financial statements
					Commitments & Contingencies	Pending dissolution of plan in 2012 and transfer to another plan not identified in commitment & contingencies audit workpapers
					Plan Representations	Inconsistent representations regarding tax compliance testing and intention to dissolve plan in 2012
9	Yes	10	Limited	DC 401(k)	Planning & Supervision	No/lack of lack of evidence of audit planning No/insufficient review of plan documents/operations No/inadequate assessment of fraud risk
					Internal Controls	No assessment/documentation of control risk No/inadequate evidence of fraud "brainstorming" No review of internal control of service providers No evidence of SOC1 report review reliance
					Notes Receivable	No/inadequate testing of compliance with plan
					Contributions Received & Receivable	Failure to test rollovers to the plan

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options No reconciliation of participant accounts to total assets
					Parties in Interest/Prohibited Transactions	No documentation of results of inquiries with management
					Plan Tax Status	Inadequate work performed No evidence IRS tax compliance tests were reviewed
					Commitments & Contingencies	No work performed
					Administrative Expenses	Inadequate work
					Subsequent Events	No work performed
10	No	9	Limited	DC 401(k)	Planning & Supervision	Inadequate gaining of an understanding of the plan No/inadequate assessment of fraud risk No planning analytics
					Internal Controls	No/inadequate documentation of internal control environment Lack of documentation of risk assessment procedures No/inadequate evidence of fraud "brainstorming" No/inadequate evidence of fraud inquiries
					Notes Receivable	No work performed
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No test of timely remittance of employee contributions No testing of compliance with compensation provisions
					Benefit Payments	No work performed
					Participant Data & Participant Accounts	No work performed
					Administrative Expenses	No work performed
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Inadequate footnote disclosures

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Compliance with ERISA & DOL Rules	Incomplete schedule of assets
11	Yes	9	Full	DC 401(k)	Planning & Supervision	No/insufficient review of plan documents/plan operations No/inadequate assessment of fraud risk
					Internal Controls	No work performed
					Investments & Investment Transactions	No testing of assets transferred from the plan No/inadequate testing of change in service provider No testing of investment transactions
					Notes Receivable	No schedule of participant loans No evidence of review of loan documents No evidence of testing of loan interest
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No test of timely remittance of employee contributions No testing of compliance with compensation provisions
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No/inadequate work regarding validity of claims No recalculation of benefit payments No/inadequate work regarding use of forfeitures
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties No documentation of results of inquiries with management
					Compliance with GAAS & GAAP	Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	No/inadequate footnote disclosures
12	Yes	9	Limited	DC 401(k)	Planning & Supervision	No evidence of required communications(114/115)
					Internal Controls	No/inadequate documentation of internal control environment No documentation of evaluation of internal control No assessment/documentation of control risk No/inadequate evidence of fraud "brainstorming"

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Benefit Payments	Inappropriate reliance on SOC1 report No/inadequate work regarding forfeitures No testing of rollovers out of plan for compliance with plan document Inadequate testing of propriety of payee
					Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts No reconciliation of participant accounts to total assets
					Parties in Interest/Prohibited Transactions	No work performed No documentation of parties in interest/related parties
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed
					Compliance with ERISA & DOL Rules	Incomplete IQPA report attached to Form 5500
					Minor Item(s): Notes Receivable	No/inadequate testing of compliance with plan document First year audit, no testing of detail at individual participant level
					Administrative Expenses	Inadequate work
13	No	9	Limited	DC 401(k)	Planning & Supervision	No/lack of lack of evidence of audit planning No/inadequate assessment of fraud risk
					Internal Controls	No work performed
					Notes Receivable	No work performed
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No test of timely remittance of employee contributions No testing of compliance with compensation provisions No disclosure of corrective distributions in the financial statements & footnotes
					Benefit Payments	No recalculation of benefit payments No/inadequate work regarding eligibility No/inadequate work regarding forfeitures
					Participant Data & Participant Accounts	No/insufficient testing of payroll data No testing of compliance with compensation provisions Inadequate testing of allocations to participant accounts No reconciliation of participant accounts to total assets

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties No documentation of results of inquiries with management No procedures performed to verify major areas with parties in interest
					Administrative Expenses	No work performed
					Subsequent Events	Inadequate work
14	Yes	8	Limited	DC 401(k)	Planning & Supervision	No/inadequate procedures on initial/beginning balances No/insufficient review of plan documents/operation
					Contributions Received & Receivable	Receivables inappropriately accrued Delinquent contributions on schedule differed to that reported on Schedule H and in the related workpapers
					Parties in Interest/Prohibited Transactions	Inadequate work
					Minor Item(s): Benefit Payments	No/inadequate work regarding forfeitures
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of eligibility/terminations/forfeitures No testing of compliance with compensation provisions Inadequate testing of allocations to participant accounts
					Subsequent Events	Inadequate work
					Plan Representations	Representations not appropriately tailored to plan
					Compliance with GAAS & GAAP	Inadequate footnote disclosures Minor presentation items on financial statements
15	Yes	8	Full	DC ESOP	Planning & Supervision	No/lack of evidence of audit planning No/insufficient review of plan documents/plan operations No/inadequate assessment of fraud risk No evidence of required communications (114/115)
					Internal Controls	No/inadequate documentation of internal control environment No assessment/documentation of control risk No/inadequate evidence of fraud inquiries No evidence of SOC1 report review reliance

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Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Investments & Investment Transactions	No review of investment valuation assumptions Insufficient work performed
					Participant Data & Participant Accounts	No/insufficient testing of payroll data No testing of compliance with compensation provisions Inadequate testing of allocations to participant accounts No reconciliation of participant accounts to total assets
					Administrative Expenses	No work performed
					Subsequent Events	No work performed
					Compliance with GAAS & GAAP	Inadequate footnote disclosures
					Minor Item(s): Parties in Interest/Prohibited Transactions	Inadequate work
16	Yes	8	Limited	DC 403b	Notes Receivable	No/inadequate testing of compliance with plan document
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No testing of compliance with compensation provisions No comparison of amount of employer contributions to that approved by the Board of Directors No review of criteria for contribution receivables and proper recording in accordance with GAAP
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No recalculation of benefit payments No/inadequate work regarding validity of claims
					Participant Data & Participant Accounts	No testing of compliance with compensation provisions Inadequate testing of eligibility/terminations/forfeitures Inadequate testing of allocations to participant accounts
					Compliance with GAAS & GAAP	Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	No/inadequate footnote disclosures

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Minor Item(s): Plan Tax Status	No evidence IRS tax compliance tests were reviewed
					Subsequent Events	No review of interim financial data
17	Yes	8	Limited	DC 401(k)	Planning & Supervision	No/insufficient audit program
					Contributions Received & Receivable	No testing of rollover contributions
					Benefit Payments	No work performed
					Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options No reconciliation of participant accounts to total assets
					Parties in Interest/Prohibited Transactions	No work performed
					Plan Tax Status	No work performed
					Commitments & Contingencies	No work performed
					Subsequent Events	No work performed
18	Yes	8	Limited	DC 403b	Internal Controls	No documentation of evaluation of internal control No review of internal control of service providers Inconsistent documentation of risk assessment Lack of documentation supporting lowering control risk
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No testing of compliance with compensation provisions Inadequate testing of rollover contributions IQPA did not address testing errors and the impact on the financial statements
					Benefit Payments	No recalculation of benefit payments No/inadequate work regarding validity of claims
					Minor Item(s): Notes Receivable	No/inadequate testing of compliance with plan document
					Participant Data & Participant Accounts	Inadequate testing of eligibility/terminations/forfeitures Inadequate testing of participant investment options

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed
					Compliance with GAAS & GAAP	Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	Inappropriate financial statement presentations
19	No	8	Limited	DC 401(k)	Planning & Supervision	No/insufficient audit program Inadequate planning analytical review
					Internal Controls	Inadequate assessment of control risk
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No/inadequate work regarding validity of claims No/inadequate work regarding forfeitures Inadequate review to ensure compliance with plan document
					Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Administrative Expenses	No work performed
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Inadequate footnote disclosures
					Minor Item(s): Notes Receivable	No/inadequate testing of compliance with plan document
					Contributions Received & Receivable	No evidence of testing rollovers Inadequate testing of forfeitures
20	Yes	8	Limited	DC 401(k)	Contributions Received & Receivable	No recalculation of employer and/or employee contributions No test of timely remittance of employee contributions
					Benefit Payments	No recalculation of benefit payments No testing of long outstanding benefit checks
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options No reconciliation of participant accounts to total assets

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed No tax determination letter obtained
					Administrative Expenses	No work performed
					Minor Item(s): Investments & Investment Transactions	IQPA did not note fully benefit responsive contract and adjustment to contract value
					Commitments & Contingencies	No documentation of results of inquiries with management
					Subsequent Events	No documentation of results of inquiries with management
21	No	8	Limited	DC 403b	Planning & Supervision	No/insufficient review of plan documents/plan operations Missing permanent file with vital plan documents
					Notes Receivable	No/inadequate testing of compliance with plan document Inadequate review of loans issued to participants
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No test of timely remittance of employee contributions No testing of compliance with compensation provisions Inadequate testing of use of forfeitures
					Benefit Payments	No recalculation of benefit payments No/inadequate work regarding validity of claims No/inadequate work regarding eligibility No schedule of benefits paid to participants provided
					Participant Data & Participant Accounts	No/insufficient testing of payroll data No testing of compliance with compensation provisions Inadequate testing of eligibility/terminations/forfeitures Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties No documentation of results of inquiries with management
					Plan Tax Status	No work performed
					Administrative Expenses	No work performed

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Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
22	No	8	Limited	DC	Planning & Supervision	No/lack of lack of evidence of audit planning No evidence of required communications (114/115) No evidence of supervisory review
					Internal Controls	No work performed
					Notes Receivable	No work performed
					Benefit Payments	No work performed
					Participant Data & Participant Accounts	No work performed
					Compliance with ERISA & DOL Rules	Unsigned IQPA report
					Minor Item(s): Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties
					Compliance with GAAS & GAAP	No/lack of ASC 820 fair value measurement disclosures
23	No	7	Limited	DC 401(k)	Planning & Supervision	No documentation of significant conditions and effects on operations No analytics
					Notes Receivable	No/inadequate testing of compliance with plan document No review of loan documents No review of deemed distributions
					Contributions Received & Receivable	No testing of receivables
					Benefit Payments	Inappropriate reliance on SOC1 report No/inadequate work regarding eligibility No/inadequate work regarding validity of claims No recalculation of benefit payments
					Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	Inadequate work
					Subsequent Events	Inadequate work

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Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
24	Yes	7	Limited	DC 401(k)	Planning & Supervision	No/lack of lack of evidence of audit planning No/insufficient audit program No/insufficient review of plan documents/operations No assessment of fraud risk
					Internal Controls	No evidence of work performed
					Notes Receivable	No/inadequate testing of compliance with plan document
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of participant investment options
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed No tax determination letter obtained
					Minor Item(s): Parties in Interest/Prohibited Transactions	Inadequate work
25	Yes	6	Limited	DB	Internal Controls	No/Inadequate assessment of control risk No/Inadequate evidence of fraud "brainstorming" No/Inadequate documentation of internal control environment No documentation of risk of material misstatement
					Participant Data	No testing of the basic data used by the actuary
					Plan Obligations	No/insufficient testing of census data
					Parties in Interest/Prohibited Transactions	Inadequate work
					Plan Tax Status	No work performed
Commitments & Contingencies	No work performed					
26	Yes	6	Limited	DC	Internal Controls	No/Inadequate documentation of internal control environment No review of internal control of service providers
					Benefit Payments	No/Inadequate work regarding eligibility of individuals receiving benefits No recalculation of benefit payments

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Participant Data & Participant Accounts	No/inadequate testing of change in service provider No/insufficient testing of payroll data No reconciliation of participant accounts to total assets
					Plan Tax Status	Compliance tests indicate data integrity issues that could affect the results of the testing, but no indication this was considered No tax determination letter obtained
					Minor Item(s): Notes Receivable	No/inadequate testing of compliance with plan document
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Inadequate footnote disclosures
27	Yes	6	Full	DC	Internal Controls	No review of internal control of service providers Partner not involved in fraud "brainstorming" Sole trustee and person responsible for governance not interviewed for fraud
					Investments & Investment Transactions	No testing of investment transactions Insufficient testing of investment income No evidence of testing for existence
					Subsequent Events	No documentation of results of inquiries with management No review of interim financial data
					Minor Item(s): Benefit Payments	Insufficient 103 documentation of tests of vesting, eligibility, taxes, rollover distribution
					Participant Data & Participant Accounts	No/insufficient testing of payroll data
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Inadequate footnote disclosures
28	No	6	Limited	DC 401(k)	Planning & Supervision	No/insufficient review of plan documents/plan operations
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No test of timely remittance of employee contributions No testing of compliance with compensation provisions Inadequate testing of use of forfeitures

6-24 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits No recalculation of benefit payments No/inadequate work regarding validity of claims
					Participant Data & Participant Accounts	Inadequate testing of eligibility/terminations/forfeitures No/insufficient testing of payroll data No testing of compliance with compensation provisions Inadequate testing of allocations to participant accounts
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties No documentation of results of inquiries with management
					Administrative Expenses	No work performed
29	No	6	Limited	DC 401(k)	Internal Controls	No/inadequate documentation of internal control environment
					Notes Receivable	No evidence of work performed
					Contributions Received & Receivable	No test of timely remittance of employee contributions
					Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Compliance with ERISA & DOL Rules	Incomplete IQPA report attached to Form 5500 No/inadequate footnote disclosures
					Minor Item(s): Administrative Expenses	No work performed
30	Yes	6	Limited	Health	Investments & Investment Transactions	Audit workpapers did not contain the certification
					Benefit Payments	Inappropriate reliance on SOC1 report Complete reliance placed on SOC1 report to the exclusion of audit work
					Compliance with ERISA & DOL Rules	No certification to support the limited scope audit disclaimer opinion in the audit report
					Minor Item(s): Planning & Supervision	Engagement letter was for full scope but limited scope was issued Workpapers indicated confusion regarding scope of audit work

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Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Internal Controls	No evidence of SOC1 report review reliance
					Plan Obligations	No/inadequate testing of IBNR Inadequate testing of claims payable
31	Yes	6	Limited	DC 403b	Internal Controls	No/Inadequate assessment of control risk No evidence of SOC1 report review reliance
					Benefit Payments	Inappropriate application of limited scope audit Inappropriate reliance on SOC1 report No/inadequate work regarding eligibility
					Participant Data & Participant Accounts	No/insufficient testing of payroll data No testing of compliance with compensation provisions No testing for compliance with IRS deferral limits No reconciliation of participant accounts to total assets Inadequate testing of participant investment options
					Plan Tax Status	No work performed
					Administrative Expenses	No work performed
					Minor Item(s): Parties in Interest/Prohibited Transactions	Inadequate work
32	Yes	6	Limited	DC 401(k)	Planning & Supervision	No/insufficient review of plan documents/plan operations No/inadequate assessment of fraud risk No evidence of required communications (114/115)
					Internal Controls	No evidence of SOC1 report review reliance No/inadequate evidence of fraud "brainstorming"
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No test of timely remittance of employee contributions No testing of compliance with compensation provisions
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties No documentation of results of inquiries with management

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Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Plan Tax Status	No work performed
					Administrative Expenses	No work performed
33	No	5	Limited	DC 401(k)	Internal Controls	No evidence of SOC1 report review reliance
					Notes Receivable	No evidence of work performed No/inadequate testing of compliance with plan document
					Contributions Received & Receivable	No test of timely remittance of employee contributions
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of allocations to participant accounts
					Administrative Expenses	No work performed
34	Yes	5	Limited	DC 401(k)	Planning & Supervision	No/lack of lack of evidence of audit planning No audit program or insufficient audit program No evidence of review of service provider agreements Inadequate identification of parties in interest for planning
					Internal Controls	No assessment/documentation of control risk Lack of documentation of risk assessment procedures No evidence of SOC1 report review reliance No review of internal control of service providers
					Participant Data & Participant Accounts	No testing of compliance with compensation provisions No/insufficient testing of payroll data No reconciliation of total participant accounts to total assets
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties
					Administrative Expenses	Inadequate work
35	No	5	Limited	DC 403b	Benefit Payments	Inappropriate reliance on SOC1 report
					Minor Item(s): Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts

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Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties
					Subsequent Events Compliance with GAAS & GAAP	No review of interim financial data Inappropriate presentation of financial information on financial statements
36	Yes	5	Limited	DC 401(k)	Planning & Supervision	No/insufficient review of plan documents/plan operations
					Internal Controls	No/inadequate documentation of internal control environment
					Minor Item(s): Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts
					Parties in Interest/Prohibited Transactions	Incomplete documentation of parties in interest/related parties
					Subsequent Events	Inadequate work
37	Yes	5	Full	DC 401(k)	Investments & Investment Transactions	No testing of investment transactions No testing of investment income
					Parties in Interest/Prohibited Transactions	No documentation of results of inquiries with management
					Commitments & Contingencies	No documentation of results of inquiries with management
					Subsequent Events	No documentation of results of inquiries with management
					Minor Item(s): Participant Data	Inadequate testing of eligibility/terminations/forfeitures
38	No	4	Limited	DC 401(k)	Planning & Supervision	No/inadequate procedures on initial/beginning balances
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Inadequate footnote disclosures
					Minor Item(s): Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties

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Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
39	Yes	4	Limited	DC 401(k)	Planning & Supervision	Conditions that affect the plan Preliminary analytics
					Notes Receivable	No/inadequate testing of compliance with plan document Inadequate testing of reclassified distributions and loan documentation
					Contributions Received & Receivable	No test of timely remittance of employee contributions No communication of delinquent remittances to management
					Commitments & Contingencies	No work performed
40	Yes	4	Limited	DC 401(k)	Planning & Supervision	No planning analytical review No documentation of significant decrease in net assets and large amount of benefit payments
					Internal Controls	No documentation of activity level internal controls at plan sponsor level
					Minor Item(s): Benefit Payments	No/inadequate work regarding forfeitures No documentation of consideration of partial plan termination which could have resulted in 100% vesting of participants
					Participant Data & Participant Accounts	No testing of compliance with compensation provisions Relied on sponsor payroll for completeness and accuracy
41	Yes	4	Limited	DC 401(k)	Internal Controls	No documentation of evaluation of internal control
					Investments & Investment Transactions	No/inadequate testing of change in service provider
					Participant Data & Participant Accounts	No/inadequate testing of change in service provider Inadequate testing of allocations to participant accounts
					Minor Item(s): Plan Tax Status	No tax determination letter obtained
42	Yes	4	Limited	DC 401(k)	Investments & Investment Transactions	Certifying entity does not qualify for limited scope
					Contributions Received & Receivable	No test of timely remittance of employee contributions No testing that contributions were received by the plan
					Benefit Payments	Inappropriate reliance on SOC1 report No recalculation of benefit payments No/inadequate work regarding eligibility

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Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Participant Data & Participant Accounts	Inadequate testing of eligibility/terminations/forfeitures No/insufficient testing of payroll data Inappropriate reliance on SOC1 report
43	Yes	4	Limited	DC 401(k)	Investments & Investment Transactions	Certification is not for the plan Certification obtained was for the master trust Certification obtained from third party but third party is not a qualifying entity and is not an agent for the trustee/custodian
					Contributions Received & Receivable	Testing of employer matching contribution did not adequately address the apparent failure by the sponsor the match the required 3% of compensation
					Compliance with ERISA & DOL Rules	Certification by third party of the investments at the plan level is not supported by evidence of an Agency relationship between the third party and the trustee/custodian
					Minor Item(s): Benefit Payments	Testing of benefit payments was unclear as to specific procedures performed
44	Yes	4	Full	DC	Internal Controls	No/inadequate documentation of internal control environment Lack of documentation of risk assessment procedures No review of internal control of service providers
					Investments & Investment Transactions	No testing of investment transactions Inadequate documentation of confirmation of certain assets
					Participant Data & Participant Accounts	No/insufficient testing of payroll data No testing of compliance with compensation provisions Inadequate testing of participant investment options
					Minor Item(s): Contributions Received & Receivable	Inadequate documentation regarding potential errors in profit sharing contribution
45	Yes	3	Limited	DC 401(k)	Compliance with GAAS & GAAP	Inadequate footnote disclosures Reportable transaction schedule presented but should not have one
					Minor Item(s): Compliance with ERISA & DOL Rules	Reportable transaction schedule presented but should not have one
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties

6-24 Plan Stratum						
Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
46	Yes	3	Full	DC 401(k)	Contributions Received & Receivable	No test of timely remittance of employee contributions Inadequate testing of use of forfeitures
					Compliance with GAAS & GAAP	Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	Delinquent employee contributions not reported/disclosed
47	No	3	Limited	DC	Planning & Supervision	Insufficient audit programs Inadequate planning analytics No evidence of required communications (114/115)
					Minor Item(s): Benefit Payments	Inadequate evidence of accuracy and propriety of withdrawals/in-service partial withdrawals
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate documentation of testing of income allocations No testing of participant investment elections (SOC1 reliance)
48	Yes	3	Limited	DC 401(k)	Compliance with ERISA & DOL Rules	Unsigned IQPA report
					Minor Item(s): Internal Controls	No/inadequate evidence of fraud brainstorming ^{mm}
					Subsequent Events	No review of interim financial data
49	Yes	2	Limited	DC 401(k)	Internal Controls	No/inadequate documentation of internal control environment
					Contributions Received & Receivable	No test of timely remittance of employee contributions
50	Yes	2	Limited	DC 401(k)	Investments & Investment Transactions	Certifying entity does not qualify for limited scope Unsigned certification
					Participant Data & Participant Accounts	No/inadequate testing of change in service provider No reconciliation of participant accounts to total assets
51	No	2	Limited	DC 401(k)	Contributions Received & Receivable	No recalculation of employer and/or employee contributions No test of timely remittance of employee contributions
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inappropriate reliance on SOC1 report Inadequate testing of participant investment options Inadequate testing of allocations to participant accounts

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Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
52	Yes	2	Limited	DC 401(k)	Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts
					Administrative Expenses	Inadequate work
53	Yes	2	Limited	DC 401(k)	Compliance with GAAS & GAAP	Inadequate footnote disclosures Inappropriate presentation of financial information on financial statements
					Minor Item(s): Internal Controls	No documentation of COSO (Committee of Sponsoring Organizations) controls at the plan sponsor
54	Yes	2	Full	DB	Internal Controls	No review of internal control of service provider(s)
					Benefit Payments	No/inadequate work regarding eligibility of individuals receiving benefits
55	Yes	2	Limited	DC	Compliance with GAAS & GAAP	Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	Unsigned audit report
56	No	2	Limited	DC 401(k)	Participant Data & Participant Accounts	No/insufficient testing of payroll data Inappropriate reliance on SOC1 report Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Minor Item(s): Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties
57	No	2	Limited	DC 401(k)	Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options
					Parties in Interest/Prohibited Transactions	No work performed
58	Yes	1	Limited	DC 401(k)	Planning & Supervision	No/inadequate procedures on initial/beginning balances

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Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
59	Yes	1	Limited	DC 401(k)	Internal Controls	No/inadequate documentation of internal control environment
60	Yes	1	Limited	DC	Contributions Received & Receivable	No documentation of recalculation of employer match
61	Yes	1	Limited	DC 401(k)	Benefit Payments	No recalculation of benefit payments No/inadequate work regarding eligibility of individuals receiving benefits
62	Yes	1	Full	DC 401(k)	Participant Data & Participant Accounts	No reconciliation of participant accounts to total assets Inadequate testing of allocations to participant accounts
63	Yes	1	Full	Health	Benefit Payments	No recalculation of benefit payments
64	Yes	1	Limited	DC 401(k)	Participant Data & Participant Accounts	No reconciliation of participant accounts to total assets Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options

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Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
1	Yes	10	Limited	DC	Internal Controls	No evidence of understanding of the plan's internal control environment at the cycle, account and transaction level No documentation of evaluation of internal control
					Investments & Investment Transactions	Investments per the trust report did not agree to the financial statements No/lack of understanding of plan's common/collective trust and stable value fund investments
					Contributions Received & Receivable	No test of timely remittance of employee contributions Inadequate testing of use of forfeitures
					Benefit Payments	No/inadequate work regarding forfeitures
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of allocations to participant accounts
					Parties in Interest/Prohibited Transactions	No documentation of results of inquiries with management
					Commitments & Contingencies	No documentation of results of inquiries with management
					Compliance with GAAS & GAAP	Inadequate footnote disclosures Incorrect FAS 157 fair value measurement disclosure
					Minor Item(s): Notes Receivable	Lack of documentation and understanding of loans rollover into the plan
					Plan Tax Status	No tax determination letter obtained
2	No	10	Limited	DC 401(k)	Planning & Supervision	Incorrect industry guide used resulting in no identification of parties in interest No preliminary analytics performed No expectations developed
					Internal Controls	Lack of documentation of risk assessment procedures No SOC1 report bridge letter No testing of complementary user controls No identification of significant audit areas Control risk assessments did not conform with actual level of work performed
					Parties in Interest/Prohibited Transactions	No work performed No documentation of parties in interest/related parties
					Commitments & Contingencies	No work performed

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Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Administrative Expenses	No work performed
					Subsequent Events	No work performed
					Compliance with ERISA & DOL Rules	No/inadequate footnote disclosures
					Minor Item(s): Participant Data & Participant Accounts	No testing of compliance with compensation provisions
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed
					Compliance with GAAS & GAAP	Improper reporting of notes receivable from participants
3	No	9	Limited	DC 401(k)	Planning & Supervision	No/insufficient audit program No/lack of evidence of audit planning No evidence of required communications (114/115) No/insufficient review of plan documents/operation
					Notes Receivable	No work performed No audit program for this area of audit
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No schedule of contributions provided No test of timely remittance of employee contributions No testing of compliance with compensation provisions
					Benefit Payments	No/inadequate work regarding validity of claims No schedule of benefits paid provided No recalculation of benefit payments No/inadequate work regarding eligibility
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of eligibility/terminations/forfeiture Inadequate testing of participant investment options Inadequate documentation provided
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties No documentation of results of inquiries with management
					Plan Tax Status	No work performed
					Administrative Expenses	No work performed
					Plan Representations	Representations not appropriately tailored to plan Inadequate representations

25-99 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
4	Yes	8	Full	DC	Internal Controls	No/inadequate documentation of internal control environment
					Investments & Investment Transactions	No testing of investment transactions Inadequate testing of cost basis of non-participant directed investments
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions No testing of compliance with compensation provisions
					Benefit Payments	No recalculation of benefit payments
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of eligibility/terminations/forfeitures
					Parties in Interest/Prohibited Transactions	No disclosure of prohibited transactions in notes to financial statements Inadequate work regarding transactions with plan sponsor - money going from plan to the sponsor
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	Required schedules not attached/prepared
5	Yes	8	Full	DC ESOP	Internal Controls	No/inadequate documentation of internal control environment No/inadequate evidence of fraud inquiries No review of internal control of service providers
					Investments & Investment Transactions	No testing of assumptions or financial data used in the valuation specialist's report No testing of investment transactions Insufficient testing of dividend income
					Participant Data & Participant Accounts	No/inadequate testing of change in service provider No/insufficient testing of payroll data Inadequate testing of allocations to participant accounts
					Parties in Interest/Prohibited Transactions	Inadequate work
					Subsequent Events	Inadequate documentation of inquiries No review of subsequent plan amendments No indication whether receivables were subsequently received
					Compliance with GAAS & GAAP	No modification in full scope unqualified report for material omission from the Schedule of Reportable Transactions

25-99 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Compliance with ERISA & DOL Rules	Schedule of Reportable Transactions did not include common stock shares purchased from the officers of the sponsoring company
					Minor Item(s): Plan Obligations	Inadequate testing of the release of shares from unallocated to allocated No assessment/review of specialist's assumptions
6	Yes	7	Limited	DC 401(k)	Planning & Supervision	No/insufficient audit program No/insufficient review of plan documents/operation No evidence of required communications (114/115)
					Internal Controls	No/inadequate documentation of internal control environment No documentation of evaluation of internal control No evidence of SOC1 Report review reliance
					Participant Data & Participant Accounts	No work performed
					Parties in Interest/Prohibited Transactions	No work performed
					Commitments & Contingencies	No work performed
					Administrative Expenses	No work performed
					Subsequent Events	No work performed
7	Yes	7	Limited	DB	Internal Controls	No assessment/documentation of control risk No evidence of SOC1 report review reliance
					Benefit Payments	No recalculation of benefit payments
					Participant Data	Inadequate testing of eligibility/terminations/forfeitures No testing of compliance with compensation provisions Inadequate testing of participant investment options
					Plan Obligations	No/insufficient testing of census data
					Plan Tax Status	No work performed
					Administrative Expenses	No work performed

25-99 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Minor Item(s): Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties No documentation of results of inquiries with management
8	Yes	7	Limited	DC 401(k)	Planning & Supervision	No/insufficient review of plan documents/plan operations No evidence of required communications (114/115) No calculation of audit materiality No evidence of preliminary analytics No documentation of prior year known issues
					Investments & Investment Transactions	Certification did not include asset listing and transactions certified
					Notes Receivable	Inadequate documentation as to source of listings for completeness and accuracy Inadequate consideration of error in loan reporting on the financial statements
					Contributions Received & Receivable	Inadequate reconciliation of receivable - audit workpapers were on the cash basis but the financial statements were on the accrual basis Inadequate consideration of the impact of non-correction of prior year errors on the current year work & financial statements
					Minor Item(s): Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of participant investment options
					Compliance with GAAS & GAAP	IQPA report not modified for lack of ERISA required schedules Inadequate footnote disclosures
					Compliance with ERISA & DOL Rules	Required schedules not attached/prepared
9	No	5	Full	DB	Investments & Investment Transactions	Inappropriate reliance on SOC1 report No testing of investment transactions No testing of investment income
					Participant Data	No evidence of testing of participant data provided to the plan's actuary
					Plan Obligations	No/insufficient testing of census data No evidence of testing of plan's funding status

25-99 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties No documentation of results of inquiries with management
					Compliance with ERISA & DOL Rules	Incomplete IQPA report attached to Form 5500
10	Yes	5	Limited	DC 401(k)	Internal Controls	Failure to document COSO (Committee of Sponsoring Organizations) controls
					Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties No documentation of results of inquiries with management
					Compliance with GAAS & GAAP	Inadequate footnote disclosures IQPA report did not refer to supplemental information
					Minor Item(s): Commitments & Contingencies Subsequent Events	Inadequate work No documentation of results of inquiries with management
11	Yes	5	Limited	DC 401(k)	Planning & Supervision	No evidence of required communications (114/115) No evidence of materiality Insufficient analytics Unsigned plan adoption agreement and participant agreements
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of participant deferral percentage No evidence of recalculation of deferral percentage
					Compliance with GAAS & GAAP	Inappropriate presentation of financial information on financial statements
					Compliance with ERISA & DOL Rules	Schedule H, Line 3, audit opinion type not properly completed
					Minor Item(s): Benefit Payments	Inadequate testing of rollover distributions No listing of benefit payments
12	Yes	5	Limited	DC 401(k)	Contributions Received & Receivable	No recalculation of employer and/or employee contributions
					Minor Item(s): Internal Controls	Lack of documentation of risk assessment procedures No/inadequate evidence of fraud "brainstorming" No review of internal control of service providers No understanding & review of internal control over payroll service provider

25-99 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Participant Data & Participant Accounts	No/insufficient testing of payroll data No documentation supporting change in scope of testing of 5 participants to 1 for income allocation and investment election testing
					Compliance with GAAS & GAAP	IQPA report not modified for lack of ERISA required schedules Improper reference to certifying entity GIC valuation methodology incorrect Schedule of assets indicates wrong class of fund for an investment Missing information on schedule of assets related to participant loans Missing schedule of reportable transactions
					Compliance with ERISA & DOL Rules	Required schedules not attached/prepared
13	No	5	Limited	DC 401(k)	Planning & Supervision	No/insufficient review of plan documents/plan operations
					Minor Item(s): Parties in Interest/Prohibited Transactions	No documentation of parties in interest/related parties
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed
					Subsequent Events	No review of interim financial data
					Compliance with GAAS & GAAP	Opinion and footnotes refer to incorrect trustee/custodian related to the limited scope audit
14	Yes	5	Limited	DC 401(k)	Participant Data	Inadequate evidence obtained of transfer of \$2.3M to an affiliated entity benefit plan No testing of the payroll process
					Minor Item(s): Planning & Supervision	Inadequate documentation of preliminary expectations Inadequate identification and documentation of \$2.3M unusual and infrequent transaction
					Internal Controls	No/inadequate documentation of internal control environment No evidence of SOC1 report review reliance of sponsor payroll provider Inadequate documentation of walk-throughs
					Contributions Received & Receivable	Inappropriate reliance on SOC1 report Did not test integrity of payroll system

25-99 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Compliance with ERISA & DOL Rules	Audit report did not extend to schedule of delinquent contributions
15	Yes	4	Limited	DC 401(k)	Internal Controls	No/inadequate documentation of internal control environment No assessment/documentation of control risk No/inadequate evidence of fraud "brainstorming" No evidence of SOC1 report review reliance
					Participant Data & Participant Accounts	No testing of compliance with compensation provisions No recalculation of employee contributions Inadequate testing of participant investment options No reconciliation of participant accounts to total assets
					Parties in Interest/Prohibited Transactions	No work performed No documentation of parties in interest/related parties
					Minor Item(s): Planning & Supervision	No planning to address risks in change of trustee & recordkeepers at mid-year No evidence of workpaper review
16	Yes	4	Limited	DC 401(k)	Internal Controls	No documentation of evaluation of internal control No identification and review of user controls of third party service providers
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of eligibility/terminations/ forfeitures Inadequate testing of allocations to participant accounts Inadequate testing of participant investment options Detail tests of data samples incomplete
					Minor Item(s): Planning & Supervision	Inadequate preliminary review Inadequate risk assessment process
					Contributions Received & Receivable	No/inadequate documentation of testing of employer contributions and employee deferrals to an accurate posting to individual participant accounts
17	Yes	4	Limited	DC 401(k)	Planning & Supervision	No planning analytics with developed expectations No materiality workpaper No evidence of required communications (114/115)

25-99 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Internal Controls	No assessment/documentation of control risk
					Participant Data & Participant Accounts	No/insufficient testing of payroll data
					Minor Item(s): Plan Tax Status	Inadequate work
18	Yes	4	Limited	DC 401(k)	Internal Controls	Lack of documentation of risk assessment procedures
					Parties in Interest/Prohibited Transactions	No work performed
					Plan Representations	No plan representation letter
					Minor Item(s): Subsequent Events	No review of interim financial data No audit program for this area of audit for this area of audit
19	Yes	4	Limited	DC 401(k)	Internal Controls	No review of internal control of service providers No/inadequate evidence of fraud "brainstorming"
					Contributions Received & Receivable	No recalculation of employer and/or employee contributions
					Participant Data & Participant Accounts	No/insufficient testing of payroll data No testing of participant opening balances audited by another auditor
					Minor Item(s): Parties in Interest/Prohibited Transactions	No documentation of parties in interest
20	No	4	Full	DC	Internal Controls	No evidence of SOC1 report review reliance
					Participant Data & Participant Accounts	Inadequate testing of allocations to participant accounts
					Parties in Interest/Prohibited Transactions	Inadequate work
					Minor Item(s): Compliance with GAAS & GAAP	Inadequate footnote disclosures
21	Yes	3	Limited	DB cash balance	Plan Obligations	No/insufficient testing of census data
					Minor Item(s): Participant Data & Participant Accounts	No/insufficient testing of payroll data

25-99 Plan Stratum						
Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
					Plan Tax Status	No evidence IRS tax compliance tests were reviewed
22	Yes	3	Limited	DC 401(A)	Investments & Investment Transactions	Certifying entity does not qualify for limited scope
					Minor Item(s): Participant Data	No/insufficient testing of payroll data
					Compliance with GAAS & GAAP	Opinion is incorrectly dated to prior year
23	Yes	3	Limited	DC 401(k)	Internal Controls	Inappropriate reliance on SSAE 16 to assess risk in significant audit areas
					Participant Data & Participant Accounts	No/insufficient testing of payroll data
					Parties in Interest/Prohibited Transactions	Inadequate work
24	Yes	3	Full	Health	Investments & Investment Transactions	Inappropriate reliance on SOC1 report No testing of end of year asset values No testing of investment transactions No testing of investment income
					Minor Item(s): Internal Controls	No evidence of SOC1 report review reliance
					Parties in Interest/Prohibited Transactions	No work performed
25	Yes	2	Limited	DC	Investments & Investment Transactions	Certification does not mention plan name nor period covered
					Participant Data & Participant Accounts	No/insufficient testing of payroll data Inadequate testing of allocations to participant accounts
26	Yes	1	Limited	DC 401(k)	Planning & Supervision	No/inadequate procedures on initial/beginning balances
27	Yes	1	Full	DC 401(k)	Investments & Investment Transactions	No verification of existence of plan assets with the custodian Complete reliance on account statement

100-749 Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
1	Yes	8	Limited	Health	Planning & Supervision	No/insufficient review of plan documents/plan operations
					Benefit Payments	No recalculation of benefit payments No/inadequate work regarding validity of claims
					Plan Obligations	No assessment of whether actuary used plan's provisions and considered the plan's amendment effective 1/1/2011
					Minor Item(s): Contributions Received & Receivable	No test of timely remittance of employee contributions
					Parties in Interest/Prohibited Transactions	Incomplete documentation of inquiries with management (with whom, when) No documentation of parties in interest/related parties
					Plan Tax Status	No tax determination letter obtained
					Commitments & Contingencies	No documentation of results of inquiries with management
					Subsequent Events	No documentation of results of inquiries with management
2	Yes	4	Limited	DB	Benefit Payments	No recalculation of benefit payments No agreement of benefit payment recalculations for compliance with formula in the plan document
					Participant Data	No/insufficient testing of payroll data No testing of compliance with compensation provisions Inadequate testing of eligibility/terminations/forfeitures
					Plan Obligations Administrative Expenses	No/insufficient testing of census data No work performed
3	Yes	1	Limited	DC 401(k)	Plan Mergers & Terminating Plans	No testing of plan assets transferred at 12/31/11 to another plan at the detailed participant level until 2013

750 + Plan Stratum

Review #	EBPAQC Member	# of Findings	Audit Scope	Plan Type	Audit Area(s)	Detail of Findings
1	Yes	5	Limited	DB	Internal Controls	No/inadequate documentation of internal control environment Possible fraud discussed in board minutes but engagement team did not inquire of legal counsel or include it is a fraud risk factor
					Contributions Received & Receivable	IQPA did not identify or inquire about potential missing contributions occurring in time period leading up to plan administrator's termination and his possible conversion, fraud and theft No agreement of contributions to actuarial report
					Participant Data	No/insufficient testing of payroll data
					Plan Obligations	No/insufficient testing of census data
					Minor Item(s): Commitments & Contingencies	No legal representation letter obtained
2	Yes	2	Full	DC	Planning & Supervision	No/inadequate procedures on initial/beginning balances No/insufficient review of plan documents/operations
					Minor Item(s): Participant Data & Participant Accounts	Inadequate testing of eligibility/terminations/ forfeitures
3	Yes	1	Limited	DC 401(k)	Parties in Interest/Prohibited Transactions	Inadequate work, overall conclusion of no non-exempt transactions was not supported by evidence of procedures performed Relevant portion of audit program was not completed No documentation of parties in interest/related parties

Appendix IV - Listing of Deficient Audits and Peer Review Information

1-2 Plan Stratum											
Review Number	# of Audit Areas with Findings	Type of Audit Engagement	Plan Type	Member of the EBPAQC	Year Became EBPAQC member	State Society Member	Peer Review Performed	Peer Review Year	Peer Review Opinion	State IQPA Located In	Number of Times Plan Audited
1	15	Limited-Scope Audit	DC	No		Yes	Yes	2012	Pass	GA	2 to 3 times
2	15	Limited-Scope Audit	DC	No		No Response	Not Licensed			OH	No Response
3	15	Full-Scope Audit	DC	No		No	No			CA	1 time
4	15	Limited-Scope Audit	DC	No		Yes	Yes	2012	Pass	GA	2 to 3 times
5	15	Full-Scope Audit	DC	No		No Response	Not Licensed			NY	No Response
6	14	Limited-Scope Audit	DC 403b	Yes	2013	No	Yes	2012	Pass	TX	First time audited
7	14	Limited-Scope Audit	DC	No		No Response	Not Licensed			PA	No Response
8	14	Full-Scope Audit	DC	No		No Response	Yes	2013	Fail	NY	No Response
9	14	Limited-Scope Audit	DC	No		Yes	Yes	2012	Pass	CA	4 or more times
10	13	Full-Scope Audit	DC 403b	No		Yes	Yes	2012	Pass	OK	1 time
11	13	Full-Scope Audit	DC	No		No Response	No			AR	No Response
12	13	Full-Scope Audit	HW	No		Yes	Yes	2012	Pass with deficiencies	IA	4 or more times
13	13	Other	DC	No		No Response	No			NY	No Response
14	12	Limited-Scope Audit	DC	No		Yes	Yes	2012	Pass	MA	4 or more times
15	12	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass with deficiencies	TX	4 or more times
16	12	Limited-Scope Audit	DC	No		No	No			NY	4 or more times
17	12	Limited-Scope Audit	DC	No		Yes	Yes	2012	Pass	NY	4 or more times
18	12	Full-Scope Audit	DC	No		Yes	Yes	2012	Pass	IL	2 to 3 times
19	12	Limited-Scope Audit	DC	No		No Response	No			GA	No Response
20	11	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass	CT	4 or more times
21	11	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass	NY	First time audited
22	11	Limited-Scope Audit	DC	No		No	No			NY	4 or more times
23	10	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass	HI	4 or more times
24	10	Full-Scope Audit	DC	No		Yes	Yes	2013	Pass with deficiencies	OH	4 or more times

1-2 Plan Stratum

Review Number	# of Audit Areas with Findings	Type of Audit Engagement	Plan Type	Member of the EBPQAC	Year Became EBPQAC member	State Society Member	Peer Review Performed	Peer Review Year	Peer Review Opinion	State IQPA Located In	Number of Times Plan Audited
25	10	Full-Scope Audit	DC	No		Yes	Yes	2011	Pass	NC	2 to 3 times
26	10	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass	VT	4 or more times
27	10	Full-Scope Audit	HW	No		No Response	Yes	2011	Pass	CA	No Response
28	10	Full-Scope Audit	DC	No		No Response	Yes	2010	Pass	IL	No Response
29	10	Limited-Scope Audit	DC	No		Yes	No			PA	4 or more times
30	9	Limited-Scope Audit	DC	No		Yes	No - firm dissolved			CA	1 time
31	9	Full-Scope Audit	DC	No		Yes	Yes	2011	Pass with deficiencies	CT	First time audited
32	9	Full-Scope Audit	DC	No		Yes	Yes	2013	Pass	NY	2 to 3 times
33	9	Limited-Scope Audit	DC	No		Yes	Yes	2012	Pass	NJ	4 or more times
34	9	Limited-Scope Audit	DC	No		Yes	Yes	2010	Pass	NC	4 or more times
35	8	Full-Scope Audit	DC	No		Yes	Yes	2013	Pass	NY	4 or more times
36	8	Limited-Scope Audit	DC	No		Yes	Yes	2012	Pass	MO	4 or more times
37	7	Limited-Scope Audit	DC 403b	No		No Response	Yes	2012	Pass	MA	No Response
38	7	Limited-Scope Audit	DC 403b	Yes	2011	Yes	Yes	2012	Pass	AL	2 to 3 times
39	7	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass with deficiencies	CA	4 or more times
40	7	Limited-Scope Audit	DC	Yes	2011	Yes	Yes	2011	Pass	CA	First time audited
41	7	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass	SC	4 or more times
42	7	Limited-Scope Audit	DC	No		Yes	Yes	2012	Pass with deficiencies	AZ	First time audited
43	7	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass	AL	4 or more times
44	6	Limited-Scope Audit	DC	No		Yes	Yes	2010	Pass	VA	4 or more times
45	6	Limited-Scope Audit	DC	No		Yes	No			NJ	2 to 3 times
46	6	Limited-Scope Audit	DC	No		No	Yes	2011	Pass	CA	1 time
47	5	Limited-Scope Audit	DC	Yes	2002	Yes	Yes	2011	Pass	WA	4 or more times
48	5	Limited-Scope Audit	DC	No		Yes	Yes	2012	Pass	MD	First time audited
49	5	Limited-Scope Audit	DC	No		No	Yes	2011	Pass	MI	1 time
50	5	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass	WA	4 or more times
51	5	Limited-Scope Audit	DC	No		No	No			CA	4 or more times

1-2 Plan Stratum

Review Number	# of Audit Areas with Findings	Type of Audit Engagement	Plan Type	Member of the EBPQAC	Year Became EBPQAC member	State Society Member	Peer Review Performed	Peer Review Year	Peer Review Opinion	State IQPA Located In	Number of Times Plan Audited
52	5	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass	CO	4 or more times
53	5	Full-Scope Audit	DC	No		Yes	Yes	2013	Pass	IL	4 or more times
54	4	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass with deficiencies	KS	4 or more times
55	4	Limited-Scope Audit	DC	No		Yes	Yes	2012	Pass	GA	
56	4	Limited-Scope Audit	DC	No		No	Yes	2011	Pass	TX	4 or more times
57	4	Limited-Scope Audit	DC	No		No Response	Yes	2011	Pass	CA	No Response
58	4	Limited-Scope Audit	DC	Yes	No Response	No Response	Yes	2013	Pass	ID	No Response
59	3	Limited-Scope Audit	DC	No		No	Yes	2011	Pass with deficiencies	NY	4 or more times
60	3	Limited-Scope Audit	DC	Yes	2009	Yes	Yes	2011	Pass	VA	4 or more times
61	3	Limited-Scope Audit	DC	No		Yes	Yes	2012	Pass with deficiencies	TX	2 to 3 times
62	3	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass	RI	4 or more times
63	3	Limited-Scope Audit	DC	No		Yes	Yes	2012	Pass	CO	2 to 3 times
64	3	Full-Scope Audit	DC	No		Yes	Yes	2013	Pass	CO	4 or more times
65	3	Limited-Scope Audit	DC	No		No Response	Yes	2010	Pass	CA	No Response
66	3	Limited-Scope Audit	DC	No		Yes	Yes	2009	Pass	NY	1 time
67	2	Limited-Scope Audit	DC	No		No	Yes	2010	Pass	IN	4 or more times
68	2	Full-Scope Audit	DB	Yes	2010	Yes	Yes	2012	Pass	OR	2 to 3 times
69	2	Limited-Scope Audit	DC	No		Yes	Yes	2010	Pass	CA	4 or more times
70	2	Limited-Scope Audit	DC	No		Yes	Yes	2013	Pass	MI	1 time
71	1	Limited-Scope Audit	DC	No		Yes	Yes	2013	Pass	NY	4 or more times
72	1	Limited-Scope Audit	DC	No		Yes	Yes	2013	Pass	TX	4 or more times

3-5 Plan Stratum

Review Number	# of Audit Areas with Findings	Type of Audit Engagement	Plan Type	Member of the EBPQAC	Year Became EBPAQC member	State Society Member	Peer Review Performed	Peer Review Year	Peer Review Opinion	State IQPA Located In	Number of Times Plan Audited
1	15	Full-Scope Audit	DC	No		Yes	Yes	2012	Pass	TX	4 or more times
2	13	Limited-Scope Audit	DC	No		Yes	Yes	2010	Pass with deficiencies	IL	4 or more times
3	13	Full-Scope Audit	HW	No		Yes	Yes	2011	Pass	AR	2 to 3 times
4	13	Limited-Scope Audit	DC	No		No Response	Yes	2011	Pass with deficiency	CA	No Response
5	13	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass	AL	2 to 3 times
6	12	Full-Scope Audit	DB	Yes	2013	No	Yes	2011	Pass	TX	4 or more times
7	12	Limited-Scope Audit	DC	No		Yes	Yes	2012	Pass	FL	First time audited
8	11	Limited-Scope Audit	DC 403b	No		No	Yes	2012	Pass	NC	2 to 3 times
9	11	Full-Scope Audit	DC	No		Yes	Yes	2012	Pass	TX	4 or more times
10	11	Full-Scope Audit	HW	No		Yes	Yes	2012	Pass		4 or more times
11	11	Limited-Scope Audit	DC	Yes	No Response	Yes	Yes	2013	Pass	PA	4 or more times
12	11	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass	MA	4 or more times
13	11	Limited-Scope Audit	DC	No		Yes	Yes	2013	Pass	GA	4 or more times
14	10	Limited-Scope Audit	DC 403b	No		Yes	Yes	2012	Pass	AR	2 to 3 times
15	10	Limited-Scope Audit	DC 403b	No		Yes	Yes	2012	Pass	TX	1 time
16	10	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass	MI	4 or more times
17	9	Limited-Scope Audit	DC	No		Yes	Yes	2013	Pass	TX	4 or more times
18	9	Limited-Scope Audit	DC	Yes	No Response	No Response	Yes	2011	Pass	TX	No Response
19	9	Limited-Scope Audit	DC	Yes	No Response	No Response	Yes	2011	Pass	GA	No Response
20	9	Limited-Scope Audit	DC	No		No Response	Yes	2010	Pass	NY	No Response
21	9	Limited-Scope Audit	DC	No		No Response	Yes	2011	Pass	MA	No Response
22	9	Full-Scope Audit	DC	No		No Response	Yes	2010	Pass	FL	No Response
23	9	Full-Scope Audit	DC	No		Yes	Yes	2013	Pass	WA	4 or more times
24	8	Limited-Scope Audit	DC	No		Yes	Yes	2013	Pass	PA	4 or more times
25	7	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass with deficiencies	FL	4 or more times
26	7	Limited-Scope Audit	DC	No		No	Yes	2011	Pass with deficiencies	FL	4 or more times
27	6	Limited-Scope Audit	DC 403b	Yes	2007	Yes	Yes	2012	Pass with deficiencies	AZ	2 to 3 times

3-5 Plan Stratum

Review Number	# of Audit Areas with Findings	Type of Audit Engagement	Plan Type	Member of the EBPQAC	Year Became EBPAQC member	State Society Member	Peer Review Performed	Peer Review Year	Peer Review Opinion	State IQPA Located In	Number of Times Plan Audited
28	6	Limited-Scope Audit	DC	No		No	Yes	2012	Pass	UT	1 time
29	6	Limited-Scope Audit	DC	Yes	2012	Yes	Yes	2013	Pass	TX	4 or more times
30	5	Limited-Scope Audit	DC	No		Yes	Yes	2012	Pass	NY	4 or more times
31	5	Limited-Scope Audit	DC	No		Yes	Yes	2012	Pass	AR	First time audited
32	5	Limited-Scope Audit	DC	No		Yes	Yes	2013	Pass	NC	4 or more times
33	5	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass	UT	4 or more times
34	5	Full-Scope Audit	DB	No		No	Yes	2010	Pass	MD	4 or more times
35	5	Limited-Scope Audit	DC	No		Yes	Yes	2010	Pass	NE	4 or more times
36	5	Full-Scope Audit	HW	No		Yes	Yes	2013	Pass	AR	4 or more times
37	5	Limited-Scope Audit	DC	Yes	2013	Yes	Yes	2013	Pass	TX	4 or more times
38	5	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass	AR	2 to 3 times
39	5	Limited-Scope Audit	DC	Yes	No Response	No Response	Yes	2012	Pass	PA	No Response
40	5	Limited-Scope Audit	HW	No		Yes	No			NH	4 or more times
41	4	Limited-Scope Audit	DC	Yes	No Response	No Response	Yes	2011	Pass	OH	No Response
42	4	Limited-Scope Audit	DC	No		No Response	Yes	2013	Pass with deficiencies	KY	No Response
43	4	Limited-Scope Audit	DC	Yes	2010	Yes	Yes	2012	Pass	CA	2 to 3 times
44	4	Limited-Scope Audit	DC	No		No	Yes	2006	Pass, but review not w/n 3 yr. period	CA	4 or more times
45	4	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass	OH	First time audited
46	4	Limited-Scope Audit	DC 403b	No		Yes	Yes	2013	Pass	NC	1 time
47	4	Limited-Scope Audit	DC	Yes	2011	Yes	Yes	2012	Pass	NJ	1 time
48	4	Limited-Scope Audit	DC	No		No Response	Yes	2010	Pass	NY	No Response
49	3	Limited-Scope Audit	DC	Yes	No Response	Yes	Yes	2012	Pass	AZ	2 to 3 times
50	3	Full-Scope Audit	HW	No		Yes	Yes	2011	Pass	MA	4 or more times
51	3	Limited-Scope Audit	DC 403b	No		No Response	Yes	2014	Pass	MA	No Response
52	3	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass	OH	4 or more times
53	3	Limited-Scope Audit	DC	No		Yes	Yes	2010	Pass	VA	2 to 3 times
54	3	Limited-Scope Audit	DC	No		No	Yes	2011	Pass	CA	4 or more times

3-5 Plan Stratium

Review Number	# of Audit Areas with Findings	Type of Audit Engagement	Plan Type	Member of the EBPQAC	Year Became EBPAQC member	State Society Member	Peer Review Performed	Peer Review Year	Peer Review Opinion	State IQPA Located In	Number of Times Plan Audited
55	3	Limited-Scope Audit	DC 403b	No		No	Yes	2012	Pass with deficiencies	NY	2 to 3 times
56	2	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass	ID	First time audited
57	2	Full-Scope Audit	HW	No		No	Yes	2011	Pass	TN	4 or more times
58	2	Full-Scope Audit	DC	No		Yes	Yes	2010	Pass	KY	4 or more times
59	2	Limited-Scope Audit	DC	No		Yes	Yes	2012	Pass	NJ	4 or more times
60	2	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass	IN	4 or more times
61	2	Full-Scope Audit	HW	Yes	No Response	No Response	Yes	2012	Pass	KS	No Response
62	2	Limited-Scope Audit	DC	Yes	2008	Yes	Yes	2012	Pass	NC	4 or more times
63	1	Full-Scope Audit	DB	Yes	2013	Yes	Yes	2012	Pass	NY	4 or more times
64	1	Limited-Scope Audit	DC	No		No Response	Yes	2013		NY	No Response
65	1	Full-Scope Audit	DB	No		No Response	Yes	2012		IL	No Response

6-24 Plan Stratum

Review Number	# of Audit Areas with Findings	Type of Audit Engagement	Plan Type	Member of the EBPQAC	Year Became EBPAQC member	State Society Member	Peer Review Performed	Peer Review Year	Peer Review Opinion	State IQPA Located In	Number of Times Plan Audited
1	13	Full-Scope Audit	DC	Yes	2014	No	Yes	2012	Pass	WA	First time audited
2	13	Limited-Scope Audit	DC 403b	No		No Response	Yes	2012	Pass	FL	No Response
3	11	Limited-Scope Audit	DC	Yes	2008	Yes	Yes	2012	Pass	NJ	1 time
4	11	Limited-Scope Audit	DC	No		Yes	Yes	2012	Pass	KY	4 or more times
5	11	Limited-Scope Audit	DC	No		Yes	Yes	2012	Pass	MI	4 or more times
6	10	Limited-Scope Audit	DB	Yes	2014	No	Yes	2012	Pass	WA	4 or more times
7	10	Limited-Scope Audit	DC	Yes	2010	Yes	Yes	2011	Pass	TX	4 or more times
8	10	Limited-Scope Audit	DC	No		Yes	Yes	2012	Pass	MI	First time audited
9	10	Limited-Scope Audit	DC	Yes	2014	No	Yes	2012	Pass	WA	4 or more times
10	9	Limited-Scope Audit	DC	No		No Response	Yes	2012	Pass	FL	No Response
11	9	Full-Scope Audit	DC	Yes	2009	Yes	Yes	2010	Pass	PA	2 to 3 times
12	9	Limited-Scope Audit	DC	Yes	2008	Yes	Yes	2012	Pass	AK	First time audited
13	9	Limited-Scope Audit	dc	No		No Response	Yes	2012	Pass	FL	No Response
14	8	Limited-Scope Audit	DC	Yes	2010	Yes	Yes	2011	Pass	TX	First time audited
15	8	Full-Scope Audit	DC	Yes	2008	Yes	Yes	2012	Pass	CT	4 or more times
16	8	Limited-Scope Audit	DC 403b	Yes	2007	Yes	Yes	2010	Pass	MN	2 to 3 times
17	8	Limited-Scope Audit	DC	Yes	2008	Yes	Yes	2012	Pass	NJ	4 or more times
18	8	Limited-Scope Audit	DC 403b	Yes	2007	Yes	Yes	2010	Pass	MN	1 time
19	8	Limited-Scope Audit	DC	No		Yes	Yes	2013	Pass	OH	4 or more times
20	8	Limited-Scope Audit	DC	Yes	2008	Yes	Yes	2012	Pass	NJ	4 or more times
21	8	Limited-Scope Audit	DC 403b	No		Yes	Yes	2012	Pass	KY	2 to 3 times
22	8	Limited-Scope Audit	DC	No		No Response	Yes	2012	Pass	FL	No Response
23	7	Limited-Scope Audit	DC	No		Yes	Yes	2012	Pass	KY	2 to 3 times

6-24 Plan Stratum

Review Number	# of Audit Areas with Findings	Type of Audit Engagement	Plan Type	Member of the EBPQAC	Year Became EBPAQC member	State Society Member	Peer Review Performed	Peer Review Year	Peer Review Opinion	State IQPA Located In	Number of Times Plan Audited
24	7	Limited-Scope Audit	DC	Yes	2014	No	Yes	2012	Pass	WA	4 or more times
25	6	Limited-Scope Audit	DB	Yes	2014	No	Yes	2012	Pass	WA	4 or more times
26	6	Limited-Scope Audit	DC	Yes	2008	Yes	Yes	2013	Pass	IA	1 time
27	6	Full-Scope Audit	DC	Yes	2006	Yes	Yes	2010	Pass with deficiencies	CA	4 or more times
28	6	Limited-Scope Audit	DC	Yes	2006	Yes	Yes	2010	Pass with deficiencies	CA	4 or more times
29	6	Limited-Scope Audit	DC	No		No Response	Yes	2012	Pass	FL	No Response
30	6	Limited-Scope Audit	HW	Yes	2008	Yes	Yes	2012	Pass	NJ	4 or more times
31	6	Limited-Scope Audit	DC 403b	Yes	2007	Yes	Yes	2013	Pass	MN	2 to 3 times
32	6	Limited-Scope Audit	DC	Yes	2007	Yes	Yes	2011	Pass	CA	2 to 3 times
33	5	Limited-Scope Audit	DC	No		Yes	Yes	2012	Pass	MI	4 or more times
34	5	Limited-Scope Audit	DC	Yes	2009	No	Yes	2010	Pass	PA	4 or more times
35	5	Limited-Scope Audit	DC 403b	No		Yes	Yes	2011	Pass	KY	2 to 3 times
36	5	Limited-Scope Audit	DC	Yes	2007	Yes	Yes	2011	Pass	CA	2 to 3 times
37	5	Full-Scope Audit	DC	Yes	2008	Yes	Yes	2013	Pass	IA	4 or more times
38	4	Limited-Scope Audit	DC	No		Yes	Yes	2013	Pass	OH	First time audited
39	4	Limited-Scope Audit	DC	Yes	2010	Yes	Yes	2011	Pass	TX	1 time
40	4	Limited-Scope Audit	DC	Yes	2008	Yes	Yes	2012	Pass	CT	2 to 3 times
41	4	Limited-Scope Audit	DC	Yes	2007	Yes	Yes	2011	Pass	CA	First time audited
42	4	Limited-Scope Audit	DC	Yes	2008	Yes	Yes	2013	Pass	IA	4 or more times
43	4	Limited-Scope Audit	DC	Yes	2008	Yes	Yes	2013	Pass	IA	4 or more times
44	4	Full-Scope Audit	DC	Yes	2008	Yes	Yes	2012	Pass	CT	4 or more times
45	3	Limited-Scope Audit	DC	Yes	2008	Yes	Yes	2012	Pass	AK	First time audited
46	3	Full-Scope Audit	DC	Yes	2009	Yes	Yes	2011	Pass	MS	2 to 3 times
47	3	Limited-Scope Audit	DC	No		Yes	Yes	2013	Pass	OH	4 or more times
48	3	Limited-Scope Audit	DC	Yes	2004	Yes	Yes	2013	Pass	FL	4 or more times
49	2	Limited-Scope Audit	DC	Yes	2009	No	Yes	2010	Pass	PA	4 or more times
50	2	Limited-Scope Audit	DC	Yes	2009	No	Yes	2010	Pass	PA	4 or more times
51	2	Limited-Scope Audit	DC	No		Yes	Yes	2012	Pass	MI	1 time

6-24 Plan Stratum

Review Number	# of Audit Areas with Findings	Type of Audit Engagement	Plan Type	Member of the EBPQAC	Year Became EBPAQC member	State Society Member	Peer Review Performed	Peer Review Year	Peer Review Opinion	State IQPA Located In	Number of Times Plan Audited
52	2	Limited-Scope Audit	DC	Yes	2009	Yes	Yes	2011	Pass	MS	4 or more times
53	2	Limited-Scope Audit	DC	Yes	2007	Yes	Yes	2011	Pass	CA	4 or more times
54	2	Full-Scope Audit	DB	Yes	2007	Yes	Yes	2013	Pass	MN	2 to 3 times
55	2	Limited-Scope Audit	DC	Yes	2004	Yes	Yes	2013	Pass	FL	4 or more times
56	2	Limited-Scope Audit	DC	No		Yes	Yes	2012	Pass	MI	4 or more times
57	2	Limited-Scope Audit	DC	No		Yes	Yes	2013	Pass	OH	4 or more times
58	1	Limited-Scope Audit	DC	Yes	2010	Yes	Yes	2011	Pass	TX	First time audited
59	1	Limited-Scope Audit	DC	Yes	2008	Yes	Yes	2013	Pass	IA	4 or more times
60	1	Limited-Scope Audit	DC	Yes	2006	Yes	Yes	2010	Pass with deficiencies	CA	2 to 3 times
61	1	Limited-Scope Audit	DC	Yes	2006	Yes	Yes	2010	Pass with deficiencies	CA	First time audited
62	1	Full-Scope Audit	DC	Yes	No Response	Yes	Yes	2011	Pass	TX	2 to 3 times
63	1	Full-Scope Audit	HW	Yes	2008	Yes	Yes	202	Pass	CT	4 or more times
64	1	Limited-Scope Audit	DC	Yes	2007	Yes	Yes	2011	Pass	CA	4 or more times

25-99 Plan Stratum

Review Number	# of Audit Areas with Findings	Type of Audit Engagement	Plan Type	Member of the EBPQAC	Year Became EBPAQC member	State Society Member	Peer Review Performed	Peer Review Year	Peer Review Opinion	State IQPA Located In	Number of Times Plan Audited
1	10	Limited-Scope Audit	DC	Yes	2007	Yes	Yes	2012	Pass	NY	4 or more times
2	10	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass	MD	4 or more times
3	9	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass	MD	4 or more times
4	8	Full-Scope Audit	DC	Yes	2006	Yes	Yes	2012	Pass	IL	4 or more times
5	8	Full-Scope Audit	DC	Yes	2004	Yes	Yes	2011	Pass	VA	4 or more times
6	7	Limited-Scope Audit	DC	Yes	2006	Yes	Yes	2012	Pass	AZ	First time audited
7	7	Limited-Scope Audit	DB	Yes	No Response	Yes	Yes	2012	Pass	IL	1 time
8	7	Limited-Scope Audit	DC	Yes	2007	Yes	Yes	2011	Pass	VA	4 or more times
9	5	Full-Scope Audit	DB	No		Yes	Yes	2011	Pass	MD	1 time
10	5	Limited-Scope Audit	DC	Yes	2006	Yes	Yes	2012	Pass	AZ	4 or more times
11	5	Limited-Scope Audit	DC	Yes	2007	Yes	Yes	2011	Pass	VA	4 or more times
12	5	Limited-Scope Audit	DC	Yes	2008	Yes	Yes	2011	Pass	CA	2 to 3 times
13	5	Limited-Scope Audit	DC	No		Yes	Yes	2011	Pass	MD	4 or more times
14	5	Limited-Scope Audit	DC	Yes	2008	Yes	Yes	2011	Pass	CA	4 or more times
15	4	Limited-Scope Audit	DC	Yes	2006	Yes	Yes	2012	Pass	AZ	1 time
16	4	Limited-Scope Audit	DC	Yes	2007	Yes	Yes	2012	Pass	NY	4 or more times
17	4	Limited-Scope Audit	DC	Yes	2007	Yes	Yes	2011	Pass	VA	2 to 3 times
18	4	Limited-Scope Audit	DC	Yes	2006	Yes	Yes	2012	Pass	AZ	2 to 3 times
19	4	Limited-Scope Audit	DC	Yes	2008	Yes	Yes	2011	Pass	CA	1 time
20	4	Full-Scope Audit	DC	No		Yes	Yes	2011	Pass	MD	1 time
21	3	Limited-Scope Audit	DB	Yes	2004	Yes	Yes	2011	Pass	VA	4 or more times

25-99 Plan Stratum

Review Number	# of Audit Areas with Findings	Type of Audit Engagement	Plan Type	Member of the EBPQAC	Year Became EBPAQC member	State Society Member	Peer Review Performed	Peer Review Year	Peer Review Opinion	State IQPA Located In	Number of Times Plan Audited
22	3	Limited-Scope Audit	DC	Yes	2007	Yes	Yes	2011	Pass	VA	First time audited
23	3	Limited-Scope Audit	DC	Yes	2006	Yes	Yes	2011	Pass	CA	4 or more times
24	3	Full-Scope Audit	HW	Yes	2004	Yes	Yes	2012	Pass with deficiencies	FL	4 or more times
25	2	Limited-Scope Audit	DC	Yes	2007	Yes	Yes	2012	Pass	NY	First time audited
26	1	Limited-Scope Audit	DC	Yes	2005	Yes	Yes	2010	Pass	PA	First time audited
27	1	Full-Scope Audit	DC	Yes	2004	Yes	Yes	2011	Pass	MO	4 or more times

100-749 Plan Stratum

Review Number	# of Audit Areas with Findings	Type of Audit Engagement	Plan Type	Member of the EBPQAC	Year Became EBPAQC member	State Society Member	Peer Review Performed	Peer Review Year	Peer Review Opinion	State IQPA Located In	Number of Times Plan Audited
1	8	Limited-Scope Audit	HW	Yes	2004	Yes	Yes	2012	Pass	MN	4 or more times
2	4	Limited-Scope Audit	DB	Yes	2004	Yes	Yes	2010	Pass	PA	4 or more times
3	1	Limited-Scope Audit	DC	Yes	No Response	Yes	Yes	2011	Pass	KS	4 or more times

750 + Plan Stratum

Review Number	# of Audit Areas with Findings	Type of Audit Engagement	Plan Type	Member of the EBPQAC	Year Became EBPAQC member	State Society Member	Peer Review Performed	Peer Review Year	Peer Review Opinion	State IQPA Located In	Number of Times Plan Audited
1	5	Limited-Scope Audit	DB	Yes	2004	Yes	Yes	2011	Pass	IN	4 or more times
2	2	Full-Scope Audit	DC	Yes	2004	No	Yes	2011	Pass with deficiencies	PA	First time audited
3	1	Limited-Scope Audit	DC	Yes	2004	No	Yes	2011	Pass with deficiency	MN	4 or more times



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.cba.ca.gov>



PROC Item V.B.
August 21, 2015

Disussion on the NASBA Compliance Assurance Committee (CAC) Oversight Report on the AICPA National Peer Review Committee (NPRC)

Presented by: Dominic Franzella, Enforcement Chief

Purpose of the Item

The purpose of this agenda item is to provide the Peer Review Oversight Committee (PROC) the opportunity to discuss the National Association of State Boards of Accountancy (NASBA) Compliance Assurance Committee (CAC) oversight report on of the American Institute of Certified Public Accountants' (AICPA) National Peer Review Committee (NPRC) for the period of November 1, 2013 to October 31, 2014.

Action(s) Needed

No specified action is required on this agenda item.

Background

To provide transparency in the operation of the NPRC such that individual state boards of accountancy and their peer review oversight committees (PROCs) may rely on the effectiveness of the NPRC, NASBA and the AICPA developed a process by which the activities of the NPRC may be monitored and reports issued.

Comments

None.

Fiscal/Economic Impact Considerations

There are no fiscal/economic considerations.

Recommendation

It is recommended that members review the report prior to the August 21, 2015 PROC meeting and be prepared to discuss.

Attachment

NASBA Compliance Assurance Committee (CAC) Oversight Report on the AICPA National Peer Review Committee (NPRC)

**NASBA Compliance Assurance Committee (CAC)
Oversight Report on the AICPA National Peer Review Committee (NPRC)**

The American Institute of CPAs (AICPA) National Peer Review Committee (NPRC) administers peer reviews for (i) all firms who serve SEC issuer clients and, accordingly, are required to be registered with and inspected by the Public Company Accounting Oversight Board, and (ii) other firms who elect to have their peer review administered by the NPRC. The NPRC has firms that are located in every state. These are firms that provide audit services and assurance services. To provide transparency in the operations of the NPRC such that individual state boards of accountancy and their peer review oversight committees (PROCs) may rely on the effectiveness of the NPRC, NASBA and the AICPA developed a process by which the activities of the NPRC may be monitored and reports issued.

By agreement, two spots on the NPRC are designated to be filled by NASBA representatives. These appointees must meet the requirements of all members appointed to serve on the NPRC and they cannot be currently serving on any State Accountancy Board. The members are selected by the AICPA from a list of qualified individuals recommended by NASBA. The individuals serve on the NPRC as fully-participating members with full voting rights and the same responsibilities as other NPRC members.

Those NPRC members representing NASBA report periodically to NASBA's Compliance Assurance Committee (CAC) as to whether they believe:

- The NPRC is complying with the AICPA *Standards for Performing and Reporting on Peer Reviews* (Standards) and other Guidance issued by the AICPA Peer Review Board and the NPRC;
- The NPRC has an appropriate oversight process in place for the reviews it administers and its peer reviewers;
- Results of the oversight process are transparent;
- Reviews are being conducted and reported upon in accordance with the Standards;
- Results of reviews are being evaluated on a consistent basis;
- The AICPA Peer Review Program is achieving its objectives based on the administration by the NPRC; and
- Comments, suggestions and other input from these two members are given full consideration as other such matters would be from any NPRC members.

During the period November 1, 2013 – October 31, 2014 two former state board members sat as members on the NPRC. These members participated in 13 of the 25 report acceptance bodies (RABs) held during this time period which represented 52% of the total RABs.

NASBA Compliance Assurance Committee Report
on the AICPA National Peer Review Committee
Page Two

Following are the review statistics for period November 1, 2013 – October 31, 2014:

	<u>Total Reviews</u>	<u>NASBA Member Participation</u>	<u>Percent of Participation</u>
Pass	143	72	50.4%
Pass with Deficiencies	20	9	45.0%
Fail	11	5	45.5%

Based on the oral reports provided at each Compliance Assurance Committee meeting by the NASBA representatives serving as members on the NPRC, as well as reviewing the comprehensive oversight report prepared by the NPRC issued October 31, 2014, and the administrative oversight report issued by a third party October 10, 2014, we are satisfied and can report that the NPRC has operated appropriately for the period of November 1, 2013 – October 31, 2014.

Janice L. Gray, CPA, CVA, CFF
Chair, NASBA Compliance Assurance Committee
June 15, 2015



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.cba.ca.gov>



PROC Item V.C.
August 21, 2015

Discussion on the AICPA Peer Review Program National Peer Review Committee 2013 Annual Report on Oversight

Presented by: Dominic Franzella, Enforcement Chief

Purpose of the Item

The purpose of the agenda item is to provide Peer Review Oversight Committee (PROC) with the American Institute of CPAs (AICPA) National Peer Review Committee (NPRC) 2013 Annual Report on Oversight, issued October 31, 2014 (**Attachment**).

Action(s) Needed

This specific article is required on the agenda item.

Background

In October 2014, the NPRC issued its most recent Annual Report on Oversight. The report is intended to provide statistics and information about the NPRC's 2011-2013 oversight years.

Comments

The statistical information presented in the Annual Report on Oversight pertains to peer reviews that commenced and were performed during the calendar years 2011-2013. According to the report, approximately 30,000 accounting firms are enrolled in the AICPA Peer Review Program and 9,000 peer reviews take place each year. The AICPA has 42 administering entities covering 55 jurisdictions.

Fiscal/Economic Impact Considerations

There are no fiscal/economic considerations.

Recommendation

It is recommended that members review the report prior to the August 21, 2015 PROC meeting and be prepared to discuss.

Attachment

AICPA Peer Review Program National Peer Review Committee 2013 Annual Report on Oversight, issued October 31, 2014



Peer Review Program

National Peer Review Committee

2013 Annual Report on Oversight

Issued October 31, 2014

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Introduction and Purpose

The National Peer Review Committee (National PRC) is one of the forty-two Administering Entities (AEs) of the AICPA Peer Review Program (AICPA PRP). It administers the AICPA PRP for AICPA firms (and individuals) meeting any of the following criteria:

1. The firm is required to be registered with and subject to permanent inspection by the Public Company Accounting Oversight Board (PCAOB)
2. The firm performs engagements under PCAOB standards
3. The firm provides quality control materials (QCM)(or affiliated with a provider of QCM) that are used by firms that it peer reviews.

Firms that are not required to have their review administered by the National PRC may choose to do so. The National PRC, unlike some other AEs of the AICPA PRP, does not administer any peer review programs other than the AICPA PRP. Therefore, the National PRC only administers peer reviews of AICPA firms (and individuals) in which at least one partner is a member of the AICPA.

This Report on Oversight is intended to provide statistics and information about the National PRC's 2013, 2012 and 2011 oversight years, which are more fully discussed in the following text, but also discusses the history, background, composition, and procedures of the National PRC as they differ substantially from those of the other forty one AEs.

Scope

Statistical information presented in this report is determined by the actual date of the peer review, that is, when the peer review was performed (commencement date). Oversight procedures are to be performed and results reported on a calendar year. All statistical information is presented solely to provide an understanding of the National PRC individually and as a part of the AICPA PRP.

This report presents information and data related to the firms administered by the National PRC only. Any other data provided, including that presented for the AICPA PRP as a whole, is for comparative purposes only.

For more information on the AICPA PRP as a whole, including the AICPA PRP's Annual Report on Oversight (Annual Report), go to www.aicpa.org/INTERESTAREAS/PEERREVIEW/RESOURCES/TRANSPARENCY/Pages/default.aspx. The Annual Report provides further background information on the AICPA PRP, including an overview of the AICPA PRP, definitions of terminology used in this report (such as *system* and *engagement review*; *pass*, *pass with deficiency*, and *fail reports*; and *engagements not being performed or reported in accordance with professional standards in all material respects*), and a further understanding of an AE's responsibilities to perform oversight on their procedures.

History of the National PRC

A system of internal inspection was first used regularly in the early 1960s when a number of large firms used it to monitor their accounting and auditing practices and to make certain their different offices maintained consistent standards. Firm-on-firm peer review emerged in the 1970s. No real uniformity to the process existed until 1977, when the AICPA's Governing Council established the Division for CPA Firms to provide a system of self-regulation for its

member firms. Two voluntary membership sections within the Division for CPA Firms were created, the SEC Practice Section (SECPS) and the Private Companies Practice Section (PCPS).

One of the most important membership requirements common to both Sections was that, once every three years, firms were required to have a peer review of their accounting and auditing practices to monitor adherence to professional standards. The requirements also mandated that the results of peer review information be made available in a public file. Each Section formed an Executive Committee to administer its policies, procedures, and activities and a peer review committee to create standards for performing, reporting, and administering the peer reviews.

AICPA members voted overwhelmingly to adopt, effective in January 1988, mandatory peer review and the AICPA Quality Review Program was created. Firms were given a choice between enrolling in the newly created AICPA Quality Review Program or becoming a member of the Division for CPA Firms and undergoing an SECPS or PCPS peer review. Firms enrolling in the AICPA Quality Review Program that had audit clients would now undergo on-site peer reviews to evaluate the firm's system of quality control, which included a review of selected audit and accounting engagements. Firms without audit clients that only performed engagements under the attestation standards or accounting and review services standards would undergo off-site peer reviews. The off-site peer reviews also included a review of selected engagements to determine if they were in compliance with professional standards.

From its inception, the peer review program has been designed to be educational and remedial in nature. The objective of the process is to identify and correct any deficiencies within the firms. For firms that perform audits and certain other engagements, the peer reviewer performs procedures that provide them with a reasonable basis for expressing an opinion on whether or not the reviewed firm's system of quality control for its accounting and auditing practice has been designed appropriately and whether the firm is complying with that system.

In 1990, a new amendment to the AICPA bylaws mandated that AICPA members who practice public accounting with firms that audit one or more SEC clients must be members of the SECPS. In 1994, AICPA Council approved a combination of the PCPS Peer Review Program and the AICPA Quality Review Program under the name AICPA Peer Review Program governed by the AICPA Peer Review Board (PRB), which became effective in 1995. Thereafter, the PCPS, which, as a result of this vote, no longer had a peer review program.

The Sarbanes-Oxley Act of 2002 established the PCAOB as a private sector regulatory entity to replace the accounting profession's self-regulatory structure as it relates to public company audits. One of the PCAOB's primary activities is the operation of an inspection program that periodically evaluates registered firms' SEC issuer audit practices.

As a result, effective January 1, 2004, the SECPS was restructured and renamed the AICPA Center for Public Company Audit Firms (CPCAF). The CPCAF Peer Review Program became the successor to the SECPS Peer Review Program, with the objective of administering a peer review program that evaluates and reports on the non-SEC issuer accounting and auditing practices of firms that are registered with, and inspected by, the PCAOB. Because many state boards of accountancy and other governmental agencies require peer review of a firm's entire auditing and accounting practice, the CPCAF Peer Review Program provided the mechanism (along with the PCAOB inspection process) to allow member firms to meet their state board of accountancy licensing and other state and federal governmental agency peer review requirements.

The PRB determined that the two programs (AICPA Peer Review Program and the CPCAF Peer Review Program) could be merged into one and have one set of peer review standards because the scope of both programs only included non-SEC issuer practices. In October 2007, the PRB approved revised Standards for Performing and Reporting on Peer Reviews effective for peer reviews commencing on or after January 1, 2009. This coincided with the official merger of the programs at which time the CPCAF Peer Review Program was discontinued, and the AICPA PRP is now the single program for all AICPA firms subject to peer review. Upon the discontinuance of the CPCAF Peer Review Program, the activities of the former program were succeeded by the National PRC, a committee of the AICPA PRB.

The National PRC became one of the forty-two administering entities of the AICPA PRP. The mission of the National PRC is achieved through supporting the PRB in meeting its mission, which is stated as follows:

The PRB is dedicated to enhancing the performance and quality of accounting, auditing and attestation engagements performed by AICPA members and their firms which are enrolled in the AICPA PRP. The PRB seeks to attain its mission through education and remedial corrective actions which serves the public interest and enhances the significance of AICPA membership.

The National PRC supports this mission by fulfilling its responsibilities as a task force of the PRB and as an AE.

The peer review process administered by the National PRC includes administration, acceptance of reviews, resolving reviewed firm/peer reviewer issues and oversight of the process. In order to receive approval to administer the AICPA PRP, AEs must agree to perform oversight procedures annually, as well as submit a plan of administration (POA) and an annual request to administer AICPA PRP peer reviews. Oversight procedures performed by the AEs in accordance with the AICPA Peer Review Program Oversight Handbook include the following procedures:

- Oversight of various reviews, based upon the reviewed firm or the peer reviewer, subject to minimum oversight requirements of the PRB. (See the “Oversight of the Peer Reviews and Reviewers” section that follows).
- Verification of reviewers’ resumes. (See the “Annual Verification of Reviewers’ Resumes” section that follows).
- Administrative oversight, which encompasses the National PRC’s administrative functions and select technical functions. (See the “Administrative Oversight” section that follows).

Oversight of the peer review process is intended to provide reasonable assurance that peer reviews are being performed and reported on in accordance with the applicable peer review standards and to promote consistency among reviewers. It is this oversight of the peer review process that is the focus of this report.

Facilitated State Board Access

In the 25 years since peer review became mandatory for AICPA membership, 52 licensing jurisdictions have adopted mandatory peer review requirements. Many require that their licensees submit certain peer review documents as a condition of licensure. In order to assist firms in complying with state board peer review document submission requirements, the AICPA created a process called Facilitated State Board Access (FSBA). Through FSBA firms may grant permission to their administering entity to allow access to certain peer review documents (listed below) to state boards through a state-board-only access website. Permission is granted through various opt out and opt in procedures. Some state boards now require their licensees to participate in the FSBA process; other state boards recognize it as an acceptable process to meet the peer review document submission requirements.

These documents typically include one or more of the following:

- Peer Review Reports
- Letters of Response
- Acceptance Letters
- Letters signed by the reviewed firm accepting the peer review documents with the understanding that the firm agrees to take certain actions
- Letters notifying the reviewed firm that required actions have been completed

Members of the National PRC

The National PRC is comprised of between fifteen to seventeen members who are public practitioners. Two of the members of the National PRC represent the state boards of accountancy. These two members are former state board of accountancy members and are recommended by the National Association of State Boards of Accountancy. Some of the members of the National PRC may also be members of the PRB, although it is not required. The largest four firms maintain seats on the National PRC, and the remaining seats represent a reasonable cross-section of those firms whose peer reviews are administered by the National PRC, which is a diverse constituency. The Chair of the National PRC is a member of the PRB's Planning Task Force and may also be a member of the PRB. See exhibit A for a roster of the National PRC's members.

Staff of the National PRC

The National PRC's staff (staff) consists of the Senior Vice President, Public Practice and Global Alliances; Vice President, Ethics and Practice Quality; Directors; and an appropriate number of qualified senior technical managers, technical managers, and administrative staff to support the activities of the National PRC and its task forces and subcommittees. The staff assists the members of the National PRC and its task forces and subcommittees in their responsibilities. The staff also assists in administration, presentation of reviews for acceptance, resolving reviewed firm/peer reviewer issues, and the oversight of processes. Additionally, the staff may be involved in other projects in cooperation with other teams at the AICPA. The National PRC is supported by all the AICPA peer review program staff.

Firms Administered by the National PRC

Firms whose peer reviews are administered by the National PRC range from sole practitioners to the largest CPA firms (see the following table). Most of the larger firms (over 300 personnel) in the AICPA PRP are administered by the National PRC. These larger firms typically have extensive audit and accounting practices that demand a greater internal investment of resources devoted to the quality control function. This investment in the quality control function leads these larger firms to develop more rigorous internal quality control systems. In addition, many of these firms are subject to regulatory oversight by the PCAOB, the Department of Labor, and others.

Number of Administered/Enrolled Firms by Number of Personnel¹(Partners² and Staff³) as of July 30, 2014

Firm Size (by # of personnel ¹)	Administered by National PRC		⁴ Enrolled in AICPA Peer Review Program	
	# of Firms	% of Total	# of Firms	% of Total
Sole Practitioners	33	5.25%	7,266	26.54%
2 to 5	64	10.17%	12,094	44.17%
6 to 10	72	11.45%	4,632	16.92%
11 to 19	94	14.94%	1,954	7.14%
20 to 49	142	22.58%	1,022	3.73%
50 to 99	103	16.38%	265	.97%
100 to 199	55	8.74%	83	.30%
200 to 299	23	3.66%	27	.10%
300 to 399	11	1.75%	12	.04%
400 to 999	17	2.70%	18	.07%
1,000 to 9,999	11	1.75%	11	.04%
10,000 +	4	.64%	4	.01%
Total Enrolled Firms	629	100.00%	27,388	100.00%

Due to the variety of firm sizes administered by the National PRC, some of the reviews occur over one day and others over a number of months. Some of the reviews are performed by only a team captain, whereas others may also involve office captains and as many as 50 or more team members. Firms whose reviews are administered by the National PRC cover 55 licensing jurisdictions, each of which may have different practice monitoring requirements. Further, some firms are multistate, which means that the review may be performed in several states at the same or different times. As a result of all of these factors, the peer reviews administered by the National PRC are diverse and complex. The reviews involve many different risks and include firms subject to close scrutiny by various regulators.

¹ Personnel is defined per Statement on Quality Control Standards (SQCS) No. 8, *A Firm's System of Quality Control*, (AICPA, *Professional Standards*, QC sec. 10), as "partners and staff."

² Partners are defined per SQCS as any individual with the authority to bind the firm with respect to the performance of a professional services engagement.

³ Staff are defined per SQCS as professionals, other than partners, including any specialists that the firm employs.

⁴ At least one partner of the firm must be a member of the AICPA to enroll in the AICPA Peer Review Program.

National PRC Process Overview

In order to understand the National PRC's oversight procedures, it is first helpful to have an overview of the National PRC's processes.

As required by the *AICPA Standards for Performing and Reporting on Peer Reviews*, peer reviewers must timely complete and update a resume that accurately reflects their reviewer qualifications, including recent industry experience. The National PRC uses this information to determine whether peer review resources are appropriately matched to peer reviewed firms needing them.

Firms to be peer reviewed receive background and scheduling information forms that request information on the firm's management and structure, audit and attest engagements, peer reviewer information, as well as dates of planned commencement and the exit conference. Once this information is received, it is entered into the peer review computer system and validations related to peer reviewer qualifications and other data are performed. Any issues identified through this process are addressed by staff with the firm or team, or both, until all issues are resolved. A scheduling verification is sent to the firm and the team or review captain upon completion of the scheduling process. Staff evaluates background and scheduling information received, in addition to information from other sources, to determine if the peer review will be selected for oversight. Panel assignments (see the "Use of Panels" section that follows) for large firms, if necessary, are determined and participation requested. Peer reviews are then monitored for timely submission of peer review documents. The results of this monitoring are reported periodically to both the Oversight Task Force of the National PRC and the full National PRC.

Upon receipt of the peer review working papers from the team or review captain, they are assigned to a technical manager on a first in, first out order, adjusted by risk (reports having other than a pass rating or other circumstances). All peer reviews administered by the National PRC, including those selected for oversight, are subject to a full working paper review by AICPA technical staff. This includes review of a summary review memorandum describing the major aspects of the review, engagement checklists, quality control checklists (and documents, if available), focus group/staff interviews, and other working papers. This also includes review of A-133 engagement profiles and related engagement checklists. The technical manager completes a comprehensive technical review checklist tailored to the National PRC to document his or her procedures.

The technical manager's role is to anticipate questions from the Report Acceptance Body (RAB) of the National PRC, seek answers from the team or review captain or firm, or both; address issues or problems that are noted during the working paper review; and consult with staff, consultants, and others in advance of RAB presentation. The technical reviewer must advise the RAB of significant matters related to the review, provide certain working papers for the RAB's review, and recommend any corrective actions, implementation plans, or reviewer performance feedback, if any.

Peer reviews meeting certain criteria, such as current or immediately previous peer review report being issued with a rating of "pass with deficiency" or "fail," are subject to a concurring review. The concurring review is performed by technical staff independent of the technical review. The technical and concurring reviews cover a majority of the items reviewed during desk reviews generally conducted by the AICPA.

The National PRC as a whole serves as the RAB for the peer reviews of firms meeting certain criteria. However, the majority of peer reviews are presented via semimonthly conference calls to smaller RABs, typically comprising approximately five National PRC members (excluding the National PRC chair and the PRB chair if also on the National PRC, due to their other peer review responsibilities). Each RAB includes a RAB chair. The technical reviewer that completed the technical review is available during the RAB meeting to answer any questions the members might have. National PRC members are assigned to the calls to obtain a cross-section of firm sizes and industry experience. The role of the RAB is to consider peer reviews for acceptance on behalf of the National PRC. Approximately three to five days prior to a scheduled call, the National PRC members assigned to that call receive an agenda consisting of a committee spreadsheet summarizing the items being presented, the RAB member responsible for presenting each peer review, and the relevant peer review documentation for each review being presented, which includes:

- A Form C-1 summarizing relevant information about the review, as well as staff findings, such as, open items that may delay acceptance, and recommendations
- The peer review report
- The letter of response, if applicable
- Finding for Further Consideration (FFC) forms, if applicable
- Matter for Further Consideration (MFC) forms, if applicable
- Prior peer review report and letter of response, if necessary
- FFC forms from the previous peer review, if applicable
- Other supporting documents, if necessary

RAB members have an opportunity to discuss the peer review with the technical reviewer and others prior to presentation to the RAB on the scheduled conference call.

Firm Peer Review Oversight Process and Procedures

The National PRC's oversight function is managed through its Oversight Task Force (OTF). The OTF comprises a minimum of three members of the National PRC with additional members added as necessary. The OTF is responsible for establishing oversight policies and procedures at least as comprehensive as those necessary to comply with those established by the PRB as set forth in the *AICPA Peer Review Program Oversight Manual* and the *AICPA Peer Review Administrative Manual*. All policies and procedures established by the OTF must be approved by the National PRC. Along with the full National PRC, the OTF evaluates whether reviews are being conducted and reported upon in accordance with the *Standards for Performing and Reporting on Peer Reviews*, and that the results of reviews are being evaluated on a consistent basis. More specifically, the OTF--

- oversees the development, implementation, and summarization of a risk-based, annual on-site oversight plan developed and performed by National PRC technical staff, who utilize a detailed work program.
- establishes the process that utilizes panels comprising National PRC members to oversee the review of firms that meet certain criteria and other reviews when deemed appropriate. The process is approved by the National PRC.
- discusses and reports on the results of the oversight process to the full National PRC and other interested parties.

- oversees reviewer qualification and performance issues related to National PRC reviews and maintains a report of all reviewers with restrictions that are performing National PRC reviews.
- coordinates and assists with the PRB's oversight of the National PRC's administrative functions.
- performs internal administrative oversight for the National PRC, in the years in which the PRB does not perform oversight procedures.
- oversees the preparation of an annual report on the oversight activities of the National PRC.
- oversees revisions to the National PRC Oversight Program and other materials used in oversight activities.
- the chair of the National PRC provides reports on its activities to the PRB.

On-Site Oversight

Annually, oversight is performed on a sample of peer reviews meeting one or more risk-based criteria. The risk-based criteria are developed or reevaluated annually by the OTF. Currently, approximately 25 risk-based criteria exist that firms and team/review captains are evaluated against to assess their potential for oversight. This evaluation is qualitative as well as quantitative, and some criteria are weighted more heavily than others. They include certain criteria that, if met, result in mandatory oversight of the peer review. Currently, mandatory review includes firms with over 400 accounting and auditing personnel¹ and those having received a report rating of fail during their last peer review.

The oversight schedule is reviewed and approved by the OTF and National PRC at regular intervals.

Oversight is predominately performed on-site during review fieldwork by the National PRC's technical staff and outside consultants, if necessary. Procedures include, but are not limited to, the review of planning (risk assessment, scope, and engagement selection); selecting a sample of engagements reviewed and reperforming the steps on the peer review engagement checklists completed by the peer review team; interviews/discussions with team members to assess their qualifications and whether they understand their responsibilities; and review of testing of quality control attributes completed by peer review team and participation in select engagement, office, and firm closing meetings. A detailed Oversight Program is utilized to assist in documenting the procedures. A full technical review (see preceding discussion) of all peer review working papers is also performed by the individual who performed the oversight. The oversight and technical review processes complement and support each other.

Oversight of the Peer Reviews and Reviewers

The PRB has mandated that, at a minimum, each AE is required to conduct oversight on 2 percent of all reviews performed in a 12-month period of time. That 2 percent must be comprised of at least 2 system and 2 engagement peer reviews. In addition, a minimum of 2 system reviews must be conducted on-site. The National PRC's goal is to perform oversight of between 8% and 10% of all reviews performed in a calendar year. In addition, National PRC staff or RABs may choose to select additional reviews for off-site oversight prompted by issues

identified during the technical review or acceptance process. These may be partial oversights (selected engagement or procedures) or full working paper oversights.

<u>Type</u>	<u>National PRC Oversights</u>		
	<u>2013</u>	<u>2012</u>	<u>2011</u>
On-site by panel (see following section) or presented to full committee	9	3	13
Other on-site	10	11	17
Off-site	2	5	0
Total	<u>21</u>	<u>19</u>	<u>30</u>
% of peer reviews conducted during year	10.50%	10.20%	10.50%

These oversights afforded contact with peer review teams ranging from 1–50 peer reviewers and a number of accounting personnel with the firms themselves. Through the 70 oversights conducted in the past three years, National PRC staff and committee members interacted with 51 peer reviewers serving in the capacity of team captain. These 51 team captains served in that role in 297 of the 625 reviews administered by the National PRC during 2011, 2012 and 2013. During the oversight process, the oversight team provides ongoing formal and informal feedback as a part of the ongoing exchange between AICPA staff and peer reviewers. Although these interactions were generally positive, the opportunity is taken, when warranted, to issue formal feedback in an attempt to educate and remediate future peer review performance.

As previously described, and in the National PRC’s POA submitted to and approved by the PRB, on-site oversight of engagement reviews was not deemed necessary due to the small proportion of engagement reviews performed and due to the full working paper reviews already performed on all reviews submitted. See supporting schedules in the following tables.

Use of Panels

A panel of at least one chair and two other members of the National PRC oversees the peer reviews of firms annually inspected by the PCAOB and with more than 1,000,000 accounting and auditing hours. In addition, panels are assigned to other reviews by the National PRC Oversight Task Force when appropriate in other circumstances. When assigned, a determination may be made that the review is also required to be presented to the full National PRC for acceptance. Reviews that have oversight panels assigned to them generally also undergo oversight by National PRC technical staff.

Panel members are appointed by the National PRC, its chair, the OTF, or a RAB, with assistance from staff. Panel members are selected based on various factors, including size of firm and industry experience of the panel member’s firm and of the firm under review. Panel members must be independent of the reviewed firm and the review team members.

The panel is supported by National PRC staff that assists it in carrying out its duties. This responsibility includes coordination and facilitation of discussions between the reviewed firm, its reviewers, and the panel. It includes the performance of the full technical review of the working papers.

The panel typically participates in calls or meetings, or both, to understand and provide feedback on the planning, interim, and final phases of the peer review. The scope of the peer

review is ordinarily approved by the panel prior to the review's commencement. The panel may also consider the appropriateness of the review team's conclusions and may consult with the review team or the reviewed firm concerning matters resulting from the review. Generally, the panel chair will participate in the peer review exit conference to inform the reviewed firm and review team of the panel's recommendation on acceptance. The panel orally reports to the National PRC at its meetings to provide updates on the status of the review. Once the review is complete, the panel chair presents the review and the panel's conclusions, including whether the panel recommends its acceptance, to the National PRC, if applicable.

Administrative Oversight

A review of the administrative functions of the National PRC was conducted in October 2014, the objective of which was to determine if the National PRC is following the administrative and report acceptance procedures established by the PRB for the AICPA PRP. The review encompassed the calendar year ending December 31, 2013. The review was performed by a Jerry Hensley, a member of the Peer Review Board Oversight Task Force, who is familiar with National PRC's policies and procedures and served in the past on the PRB. The reviewer is currently neither a member of the National PRC nor the PRB.

The oversight procedures included the following:

- Evaluation of various policies and procedures for administering the AICPA PRP.
- Evaluation of a sample of peer review documents and applicable working papers assembled by technical staff on a post-acceptance basis. This evaluation was focused on the accumulation of matters for RAB consideration.
- Inquiries of certain technical reviewers and key staff involved with administration.

As part of the visit, the reviewer evaluated information about the policies and procedures in the areas of administration, technical review, monitoring, and oversight processes employed by the National PRC in administering the AICPA PRP. The reviewer also evaluated the POA, and the National PRC's policies and procedures. A comprehensive oversight work program was utilized by the reviewer in the conduct of the review.

The reviewer has issued a letter to the National PRC discussing the purpose and scope of the oversight visit. The letter did not indicate any findings that required a written response. However the report included the following observation:

- There was a time lag between dates of receipt of working papers from team captains to the date reviews were assigned to technical reviewers. Eight reviews were 30 days or greater, however all reviews were timely considered by the RABs.

The National PRC has evaluated this observation, and will continue to assess opportunities to improve the timeliness of the technical review process.

The oversight was a valuable process that revealed opportunities to enhance the effectiveness and efficiency of the administration of the program.

An internal review of the administrative functions of the National PRC was conducted in August of 2013 by the National PRC Oversight Task Force, for the calendar year ending December 31, 2012. The objective of the procedures was to evaluate whether the National PRC's

administrative functions were being conducted in accordance with the AICPA Standards for Performing and Reporting on Peer Reviews and the National Peer Review Committee Operating Policies & Procedures Manual, which is approved by the AICPA Peer Review Board (PRB) through inclusion in the National PRC's Plan of Administration. The observations and recommendations as a result of the internal inspection are summarized as follows:

- The administering entity should consider the date of the approval of the peer review team to evaluate whether the team was approved prior to commencement of the peer review.

The National PRC evaluated these observations, identified policies to address them, and implemented them.

All related letters and responses are available online at:

<http://www.aicpa.org/INTERESTAREAS/PEERREVIEW/COMMUNITY/NATIONALPRC/Pages/NationalPeerReviewCommittee.aspx>

Annual Verification of Reviewers' Resumes

A critical element in appropriately matching peer reviewers with reviewed firms is ensuring that reviewers' resumes are accurate and updated annually. Verification must include the reviewers' qualifications and experience related to engagements performed under generally accepted *Government Auditing Standards*, audits of employee benefit plans under the Employee Retirement Income Security Act (ERISA), audits of insured depository institutions subject to the FDIC Improvement Act of 1991, audits of carrying broker-dealers, and examinations of service organizations [Service Organizations Control (SOC) 1 and 2 engagements]. Specifically, the verification procedures must include, but are not limited to (1) calling or writing peer reviewers and requesting them to provide specific information, such as the number of engagements they are specifically involved with and in what capacity, (2) determining from the peer review computer system whether the peer reviewer's firm actually performed those engagements during its last peer review, (3) verification of license to practice, and (4) verification of continuing professional education (CPE) topics and credits. Ordinarily, an experienced technical reviewer or AE peer review committee member should perform the verification. Detailed procedures, along with practice aids such as forms, letters, and other materials are provided in the AICPA Peer Review Program Oversight Handbook, Administrative Manual, and other sources.

AEs are required to verify this information within a sample of reviewers' resumes on an annual basis, such that all resumes should be verified over a three-year period. At a minimum, one third of the active reviewer resumes must be reviewed in year one of the three year cycle, a total of two thirds by year two, and 100% by year three. The population of reviewers to be verified by the National PRC includes reviewers within firms having 400 or more professionals and reviewers performing exclusively National PRC peer reviews in the capacity of team captain, review captain, or team member.

<u>Disposition</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Suspended for noncooperation with verification process	5	5	2
Voluntarily removed/became inactive	14	13	80
Verified	92	38	105
Total	<u>111</u>	<u>56</u>	<u>187</u>
% of National PRC reviewers selected for verification	39%	25%	50%

In all three years, the process resulted in several minor modifications to reviewers' resumes.

Peer Reviewer Performance

Staff utilizes the peer review computer system and various spreadsheets to monitor the status of reviews, enrolled firms, and peer reviewer performance. Difficulties encountered with reviews, enrolled firms, and peer reviewers are discussed during bi-weekly staff meetings, as well as with the Technical Director of Peer Review; RABs; the National PRC Chair; and the full PRC, as necessary. In considering peer review documents for acceptance, the National PRC evaluates the reviewer's performance on each peer review. In addition to the National PRC's evaluation, the PRB and AICPA staff also evaluate and track reviewers' performance on peer reviews.

On occasion, weaknesses will be noted in the performance of reviewers. In such circumstances, the National PRC or its RABs advise the reviewers of the weaknesses noted so that similar errors are not made on reviews performed in the future. Performance matters are initially communicated to the reviewer through the use of a reviewer feedback form issued by the National PRC or RAB. The reviewer feedback form is designed to give reviewers positive and constructive feedback directly from the National PRC or RAB. Reviewer feedback forms document a reviewer's performance on individual reviews and provide the National PRC and the OTF with useful evidence to determine whether a pattern of weaknesses is evident in the reviewer's performance. Formal reviewer feedback forms were issued as a result of technical review which included, but were not limited to, issues noted related to documentation, underdeveloped risk assessments, low scope, failure to consult, inappropriate disposition of findings, and insufficient identification of systemic cause and engagements not performed or reported in conformity with professional standards in all material respects.

If serious weaknesses in the reviewer's performance are noted on a particular review, or if a pattern of poor performance by a particular reviewer is noted, then the PRB or National PRC, depending on the particular circumstances, will consider the need to send a performance monitoring letter or impose corrective actions on the service of the reviewer through the issuance of the performance deficiency letter.

Results of Firm Peer Reviews

As provided for in the *Standards for Performing and Reporting on Peer Reviews*, firms can receive a rating of pass, pass with deficiency(ies), or fail. In a system review, this rating relates to whether or not the firm's system of quality control has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. In an engagement review, this rating relates to whether or not the engagements submitted for review were performed and reported on in conformity with applicable professional standards in all material respects.

Results, by Type and Report Issued, of Peer Reviews Performed during the Year 2013

	National PRC^{5,6}		AICPA Peer Review Program⁷	
	Number	% of Subtotal	Number	% of Subtotal
<u>System Reviews:</u>				
Pass	181	95.26%	2,996	84.83%
Pass with deficiencies	5	2.63%	413	11.69%
Fail	4	2.11%	123	3.48%
Subtotal – System	190	100.00%	3,532	100.00%
<u>Engagement Reviews:</u>				
Pass	1	33.34%	3,653	78.41%
Pass with deficiencies	1	33.33%	743	15.95%
Fail	1	33.33%	263	5.64%
Subtotal – Engagement	3	100.00%	4,659	100.00%

⁵ Data as of July 31, 2014.

⁶ Includes 11 National Peer Review Committee reviews which have been accepted but are not complete due to open corrective actions. Incomplete reviews include 4 underway and 2 pending commencement and are not included in the preceding totals. The ultimate results of these reviews may affect these statistics. The preceding totals also do not include 1 review that was recalled during 2014.

⁷ Data as of July 31, 2014.

Results, by Type and Report Issued, of Peer Reviews Performed during the Year 2012

	National PRC ^{3,8}		AICPA Peer Review Program ⁵	
	Number	% of Subtotal	Number	% of Subtotal
<u>System Reviews:</u>				
Pass	175	93.58%	3,970	87.93%
Pass with deficiencies	9	4.81%	420	9.30%
Fail	3	1.61%	125	2.77%
Subtotal – System	187	100.00%	4,515	100.00%
<u>Engagement Reviews:</u>				
Pass	4	80.00%	3,752	74.49%
Pass with deficiencies	0	- %	943	18.72%
Fail	1	20.00%	342	6.79%
Subtotal – Engagement	5	100.00%	5,037	100.00%

As discussed earlier in this report, National PRC firms generally are larger firms that typically have extensive audit and accounting practices. Therefore, engagement reviews represent a very small part of National PRC's administered reviews. Further, National PRC firms typically are more heavily regulated, necessitating more developed internal quality control systems and more resources devoted to this function. Therefore, the National PRC administers fewer peer reviews in which a report other than pass is issued by the nature of its firm population.

⁸ Includes 2 National Peer Review Committee reviews which have been accepted but are not complete due to open corrective actions. Incomplete reviews include 1 underway and are not included in the preceding totals. The ultimate results of these reviews may affect these statistics. The preceding totals also do not include 1 review that was recalled during 2014.

Number and Reasons for Deficiencies/Significant Deficiencies in the Year 2013

	National PRC ^{3,4}	AICPA Peer Review Program ⁵
Leadership responsibilities for quality within the firm	-	44
Relevant ethical requirements (for example, independence, integrity, objectivity, concern for the public interest)	-	10
Engagement performance	7	418
Human resources	1	85
Acceptance and continuance of client relationships and specific engagements	1	44
Monitoring	3	189
Totals	12	790

Number and Reasons for Deficiencies/Significant Deficiencies in the Year 2012

	National PRC ^{6,7}	AICPA Peer Review Program ⁸
Leadership responsibilities for quality within the firm	-	60
Relevant ethical requirements (for example, independence, integrity, objectivity, concern for the public interest)	-	12
Engagement performance	10	462
Human resources	2	93
Acceptance and continuance of client relationships and specific engagements	1	41
Monitoring	3	231
Totals	16	899

The number of reasons for deficiencies/significant deficiencies is higher than the number of system review reports with deficiencies/fail ratings due to reports with multiple deficiencies.

When a peer review report other than pass is issued, the firm should respond in writing to the deficiencies or significant deficiencies and related recommendations to indicate what appropriate actions it will take in response. Per the *Standards for Performing and Reporting on Peer Reviews*, the National PRC may require certain remedial, corrective actions related to the deficiencies or significant deficiencies noted in the peer review report, in addition to those described by the reviewed firm in its letter of response. The National PRC required 28, 29 and 20 corrective actions for 2013, 2012 and 2011, respectively. The National PRC required wide variety of corrective actions, such as, agreement to take or submit proof of certain continuing professional education, agreement to preissuance reviews, agreement to hire a consultant for inspections, oversight of inspections via an acceptable third party, and oversight of inspections via visitation.

The lower rate of report ratings other than pass (discussed previously) lends itself to a lower rate of corrective actions. As noted, a firm may be asked to complete more than one corrective action, so experience rate comparability may be somewhat skewed.

The National PRC strives to achieve the goal of being educational and remedial. To that end, firms are sometimes requested to complete an implementation plan to address findings noted in FFC forms issued as a result of their peer review. Implementation plans requested by the National PRC adhere to the actions allowable by guidance, such as submission of internal inspection reports, etc. As of September 20, 2014, the National PRC had issued a total of 30 implementation plans, of which 29 are complete and 1 is pending. Although this mechanism is available to all AICPA PRP AEs, no data was readily available showing how widely it was used by other AEs.

Number of Engagements Not Performed or Reported on in Conformity with Applicable Professional Standards in All Material Respects in the Year 2013

Engagement type	National PRC ^{3,4,9}			AICPA Peer Review Program ⁵		
	# of Engagements		%	# of Engagements		%
	Reviewed	Not in Conformity		Reviewed	Not in Conformity	
Audits – Single Audit (A133)	254	15	6%	1,393	168	12%
Engagements – Governmental	167	11	7%	1,295	120	7%
Audits – ERISA	528	10	2%	1,974	174	9%
Audits – FDICIA	40	1	3%	31	3	10%
Audits – Carrying Broker-Dealers	9	-	-%	6	-	-%
Audits – Other	1,287	28	2%	4,067	365	9%
Reviews	382	7	2%	5,038	319	6%
Compilations with disclosures	209	2	1%	3,317	255	8%
Compilations without disclosures	300	8	3%	10,598	1,398	13%
SOC 1 & 2 Reports	71	4	6%	61	1	2%
Financial forecast and projections	9	-	-%	88	10	11%
Agreed upon procedures	128	2	2%	941	21	2%
Other SSAEs	31	-	-%	148	4	3%
Totals	3,415	88	3%	28,957	2,838	10%

⁹ Does not include engagements subject to internal inspections and relied upon by peer reviewers to reduce scope as permitted in the Standards for Performing and Reporting on Peer Reviews.

Number of Engagements Not Performed or Reported on in Conformity with Applicable Professional Standards in All Material Respects in the Year 2012

Engagement type	National PRC ^{3,7,10}			AICPA Peer Review Program ⁵		
	# of Engagements		%	# of Engagements		%
	Reviewed	Not in Conformity		Reviewed	Not in Conformity	
Audits – Single Audit (A133)	183	13	7%	1,780	209	12%
Engagements– Governmental	108	2	2%	1,519	112	7%
Audits – ERISA	306	13	4%	2,569	141	5%
Audits – FDICIA	24	1	4%	10	-	-%
Audits – Carrying Broker-Dealers	8	1	13%	7	-	-%
Audits – Other	666	14	2%	5,040	254	5%
Reviews	266	10	4%	6,051	471	8%
Compilations with disclosures	142	3	2%	3,979	337	8%
Compilations without disclosures	237	15	6%	12,266	1,706	14%
SOC 1 & 2 Reports	22	-	-%	60	1	2%
Financial forecast and projections	12	-	-%	148	8	5%
Agreed upon procedures	101	-	1%	1,036	17	2%
Other SSAEs	37	1	3%	225	6	3%
Totals	2,112	73	3%	34,690	3,262	9%

Peer Reviews of Quality Control Materials (QCM)

The National PRC is responsible for the administration of QCM reviews, including acceptance of the resultant QCM review reports. QCM reviews have inherently higher risks due to firms use of and reliance on the QCM. In response to that higher risk and public interest in the process to evaluate QCM, the National PRC created the QCM Task Force for added involvement in the administration and acceptance process. The task force's involvement includes facilitating the performance of oversight reviews prior to acceptance, developing practice aids, and recommending enhancements to the standards, interpretations, and other guidance related to QCM reviews.

Oversight and Acceptance Process

Similar to peer reviews of firms, QCM reviews undergo full working paper technical reviews and concurring reviews. In addition, all QCM reviews are subject to oversight. Oversight is intended to corroborate the review team's overall review results, in order to provide the National PRC (as the acceptance body) with comfort that the review team's overall procedures have detected any issues with the system to develop and maintain the materials or any issues the resultant materials. In order to provide this corroboration, oversight entails reviewing a sample of the QCM opined upon in the report, with the oversight focusing on the areas of the materials that were reviewed or tested by the review team.

There are 2 differing levels of oversight:

Task Force Oversight

Oversight is performed by a member of staff appointed by the QCM Task Force. All QCM reviews are subject to task force oversight. Task force oversight encompasses reviewing the Team Captain's Checklist, Summary Review Memorandum, and other peer review documentation as deemed necessary, as well as performing a review of a sample of the QCM opined upon in the report. The National PRC can request the performance of additional oversight procedures as deemed necessary, such as observation of interviews of authors and key staff at the provider and reperforming functional testing.

Panel Oversight

In certain situations, it may be necessary to assign a Panel to a QCM review. When any of the following risk criteria are met, the task force will consider the necessity of assigning a Panel to the QCM review:

- New publisher or provider
- Peer reviewer performing a QCM review for the first time
- Size of the provider client base
- Materials are for complex or high risk industries
- Judgmental referral (for example, by staff, the task force, or the National PRC) of the team captain or provider for oversight
- Concerns from users or other affected parties

Panels are typically composed of a chair and 2 - 4 other members; members of the QCM Task Force are expected to chair the Panels. The other Panel members can be solicited either from the task force, the National PRC, or the PRB on an as needed basis. At a minimum, the Panel will perform the procedures covered by QCM Task Force oversight, plus review and approve the review team's planned review procedures and scope prior to the commencement of fieldwork (including the risk assessment and planning portions of the Team Captain's Checklist and SRM). In addition, the Panel may elect to review a larger sample of QCM than is ordinarily covered by QCM Task Force oversight.

In addition to task force and panel oversight, staff will perform on-site oversight procedures on all QCM reviews. The on-site visit will include observing and reviewing the QCM reviewer's

procedures for testing the functional aspects of the provider's system for developing and maintaining QCM. Staff on-site oversight is performed in addition to oversight by either the task force or a Panel, and does not take the place of either. The task force or a panel may judgmentally determine that due to the higher risk nature of a QCM review, a task force member or a panel member should perform the on-site oversight procedures.

On-site oversight was performed on three QCM reviews in 2013, four QCM reviews in 2012 and two QCM reviews in 2011. All reviews were subject to panel oversight.

Once technical, concurring, and oversight reviews are completed, QCM reviews are presented to the full National PRC for acceptance, with the task force or panel's recommendation.

Exhibit A

2013/2014 NATIONAL PEER REVIEW COMMITTEE ROSTER

Lawrence S. Gray, Chair
EisnerAmper LLP
111 Wood Ave S Ste 6
Iselin, NJ 08830-2700
Phone: 732-287-1000
larry.gray@eisneramper.com

John M. Edwardson
McGladrey & Pullen LLP
3600 American Blvd. W. 3rd Floor
Bloomington, MN 55431
612-332-4300
John.Edwardson@mcgladrey.com

Michael A. Fawley
BDO USA, LLP
1100 Peachtree Street, NE Ste 700
Atlanta, GA 30309-4516
404-979-7194
mfawley@bdo.com

Terrence (Terry) E. Ford
Weaver and Tidwell LLP
Three Forrest Plaza
12221 Merit Dr Ste 1400
Dallas, TX 75201
972-448-6913
972-702-8321 (fax)
Terry.Ford@weaverllp.com

Erica Forhan
Moss Adams LLP
999 3rd Ave Ste 3300
Seattle, WA 98104-4002
206-302-6800
Erica.Forhan@mossadams.com

Jeffrey J. Gendreau
Baker Tilly Virchow Krause LLP
225 S 6th St Ste 2300
Minneapolis, MN 55402
612-876-4660
612-238-9039 (fax)
Jeffrey.Gendreau@bakertilly.com

G. William (Bill) Graham
Grant Thornton LLP
175 West Jackson Boulevard FI 20
Chicago, IL 60604-2615
312-602-8781
312-565-5868 (fax)
william.graham@gt.com

Mark Hobbs
The Hobbs Group, PA
1704 Laurel Street
Columbia, SC 29201-2625
803-799-0555 Ext 23
mark@hobbscpa.com

A. Roger Infante
Infante & Company
1930 Harrison St Ste 308
Hollywood, FL 33020-7828
954-922-8866
954-922-8884 (fax)
roger@infantecocpa.com

Douglas C. Koval
Philip Vogel & Co. PC
12400 Coit Rd Ste 1000
Dallas, TX 75251-2005
214-346-5800 ext 222
214-346-5899 (fax)
dkoval@vogel-cpas.com

Robert (Bob) Rohweder
Ernst & Young LLP
950 Main Ave Ste 1800
Cleveland, OH 44113
216-583-1203
866-296-1206 (fax)
robert.rohweder@ey.com

Keith Rowden
PricewaterhouseCoopers, LLP
1201 Louisiana Street Ste 2900
Houston, TX 77002-5607
713-356-6506
Keith.rowden@us.pwc.com

Catherine M. Schweigel
CliftonLarsonAllen LLP
10700 Research Drive, Ste 200
Milwaukee, WI 53226
414-721-7628
414-302-2968 (fax)
catherine.schweigel@claconnect.com

Arthur (Art) L. Sparks
Alexander Thompson Arnold PLLC
624 E Reelfoot Ave
Union City, TN 38261-5739
731-885-3661
731-885-6909 (fax)
asparks@atacpa.net

Thomas W. Whittle III
KPMG LLP
345 Park Ave., 22nd Floor
New York, NY 10154
(212) 954-2289
(609) 228-6066(fax)
twwhittle@kpmg.com

Richard E. Wortmann
RW Group LLC
148 West State St., Suite 304
Kennett Square, PA 19348
610-709-5046
610-274-0812 (fax)
rewortmann@rwgroupllc.com

AICPA STAFF
220 Leigh Farm Road
Durham, NC 27707

Fran McClintock, NPRC Staff Liaison
Phone: 919-402-4047
fmcclintock@aicpa.org

LaVonne Montague, NPRC OTF Staff
Liaison
Phone: 919-402-4929
lmontague@aicpa.org



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.cba.ca.gov>



PROC Item V.D.
August 21, 2015

Discussion on Potential Items to Include in the 2015 PROC Annual Report

Presented by: Dominic Franzella, Enforcement Chief

Purpose of the Item

The purpose of this agenda item is to provide the Peer Review Oversight Committee (PROC) the opportunity to review the 2014 PROC Annual Report and identify opportunities to improve or modify the 2015 PROC Annual Report to the California Board of Accountancy (CBA).

Action(s) Needed

It is requested that the PROC review the 2014 PROC Annual Report, and advise staff of any topics, areas for inclusion, or formatting changes to the report.

Background

The PROC derives its authority from Business Professions Code (BPC) section 5076.1. The purpose of the PROC is to provide recommendations to the CBA on any matter upon which it is authorized to act to ensure the effectiveness of mandatory peer review. One of the responsibilities of the PROC as defined by the CBA, is to prepare an Annual Report to the CBA regarding the results of its oversight.

Comments

A draft of the 2015 PROC Annual Report will be provided for member discussion in advance of the December 2015 meeting. The final report will be adopted at the PROC's January 2016 meeting. A report will be submitted to the CBA at its March 2016 meeting. The addition that staff has identified for possible inclusion includes:

1. Overview of the Department of Labor Report on Assessing the Quality of Employee Benefit Plan Audits
2. NASBA Compliance Committee (CAC) Oversight Report on AICPA NPRC

Fiscal/Economic Impact Considerations

There are no fiscal/economic considerations.

Discussion on Potential Items to Include in the 2015 PROC Annual Report

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Recommendations

Staff recommends that the PROC review items included in the 2014 PROC Annual Report and identify if improvements or changes are necessary at the August 21, 2015 PROC meeting. Additionally, staff recommends the PROC to add the following items to the 2015 PROC Annual Report:

- Overview of the Department of Labor Report on Assessing the Quality of Employee Benefit Plan Audits
- NASBA Compliance Committee (CAC) Oversight Report on AICPA NPRC

Attachments

2014 PROC Annual Report



CALIFORNIA BOARD OF ACCOUNTANCY
PEER REVIEW OVERSIGHT COMMITTEE
2014 Annual Report



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I. Message from the Committee Chair

I am pleased to present the California Board of Accountancy (CBA) with the Peer Review Oversight Committee's (PROC) 2014 Annual Report. I would like to extend my sincerest appreciation to Nancy Corrigan, CPA, who served as the PROC's first-ever chair. Under Ms. Corrigan's leadership, coupled with the PROC members' unparalleled dedication, California's PROC grew from a start-up committee looking to establish best practice and protocols, to a nationally recognized leader in performing regulatory oversight of the peer review process.

The most recent recognition came when the National Association of State Boards of Accountancy's (NASBA) Compliance Assurance Committee (CAC) hosted its first inaugural open conference call for all board of accountancy peer review oversight committee members, board members, and staff which was initiated at the request of the California PROC. NASBA's CAC has agreed to continue to facilitate and host these calls twice a year in May and November.

The PROC continues to maintain an active presence on both a state and national level. The PROC participated in various American Institute of CPAs Peer Review Board conference calls that have allowed it to stay abreast of various relevant issues confronting the peer review process. And, as always, the PROC conducted its annual review of the California Society of CPAs, the administering entity responsible for administering the vast majority of peer reviews for California-licensed accounting firms.

I would like to thank the CBA for the opportunity to succeed Ms. Corrigan as Chair of the PROC. I look forward to another successful year and the opportunity to serve the CBA together with the highly qualified members of the PROC and CBA staff.

Respectfully,

Robert Lee, CPA
PROC Chair

II. Background

In 2009, the CBA sponsored Assembly Bill (AB) 138 (Chapter 312, Statutes of 2009) implementing mandatory peer review. AB 138 was signed by Governor Arnold Schwarzenegger and became effective on January 1, 2010. AB 138 requires all California-licensed firms, including sole proprietorships, providing accounting and auditing services, to undergo a peer review once every three years as a condition of license renewal. Effective January 1, 2012, Senate Bill 543 (Chapter 448, Statutes of 2011) removed the sunset language included in the original enabling legislation, making mandatory peer review permanent in California. Peer review, as defined by Business and Professions Code (BPC) section 5076(b)(1), is a study, appraisal, or review conducted in accordance with professional standards of the professional

work of a firm, and may include an evaluation of other factors in accordance with the requirements specified by the board in regulations. The peer review report shall be issued by an individual who has a valid and current license, certificate, or permit to practice public accountancy from this state or another state and is unaffiliated with the firm being reviewed.

III. PROC Responsibilities

The PROC derives its authority from BPC section 5076.1. The purpose of the PROC is to provide recommendations to the CBA on any matter upon which it is authorized to act to ensure the effectiveness of mandatory peer review.

The roles and responsibilities of the PROC, as defined by the CBA, are:

- Hold meetings as necessary in order to conduct business and report to the CBA regarding the effectiveness of mandatory peer review.
- Ensure that Board-recognized peer review program providers (Provider) administer peer reviews in accordance with the standards set forth in Title 16, California Code of Regulations (CCR) section 48:
 - Conduct an annual administrative site visit.
 - Attend peer review board meetings, as necessary but sufficient to evaluate and assess the effectiveness of the program.
 - Attend peer review committee meetings, as necessary but sufficient to evaluate and assess the effectiveness of the program.
 - Attend meetings conducted for the purposes of accepting peer review reports, as necessary but sufficient to evaluate and assess the effectiveness of the program.
 - Conduct reviews of peer review reports on a sample basis.
 - Attend, on a regular basis, peer reviewer training courses.
- Evaluate any *Application to Become A Board-recognized Peer Review Provider* and recommend approval or denial to the CBA.
- Refer to the CBA any Provider that fails to respond to any request.
- Collect and analyze statistical monitoring and reporting data from each Provider on an annual basis.
- Prepare an Annual Report to the CBA regarding the results of its oversight.

IV. Committee Members

The PROC is comprised of seven members, all of whom must possess and maintain a valid and active license to practice public accountancy issued by the CBA. Members are appointed to two-year terms and may serve a maximum of four consecutive terms.

On May 30, 2014, Robert Lee was appointed Chair of the PROC. Ms. McCoy served as the Vice-Chair during 2014.

<u>Current members</u>	<u>Term Expiration Date</u>	<u>Maximum Term Date</u>
Robert Lee, CPA, Chair	September 30, 2015	September 30, 2017
Sherry McCoy, CPA, Vice-Chair	July 31, 2015	July 31, 2017
Katherine Allanson, CPA	July 31, 2015	July 31, 2017
Nancy J. Corrigan, CPA	July 31, 2015	July 31, 2017
Jeffrey De Lyser, CPA	March 31, 2015	March 31, 2021
Seid Sadat, CPA	December 12, 2014	
Vacant		

V. Legislation and Regulations

Effective January 1, 2013, BPC section 5076 was amended to allow licensees to renew their license in an inactive status without having a peer review. A peer review is required prior to licensees converting or renewing to an active status.

Effective January 1, 2014, Title 16, CCR sections 40 and 45 were amended requiring licensees to report specific peer review information on the Peer Review Reporting Form (PR-1) at the time of license renewal. The revised language also clarifies that any accounting firm that performs specific services for the first time, whether it is newly licensed or simply new to performing those services, must complete a peer review within 18 months of the date it completes those services.

VI. Reporting Requirements

Pursuant to BPC section 5076(m)(1), on or before January 1, 2015, the CBA is required to provide the Legislature and Governor with a report regarding the peer review requirements that include, without limitation:

- The number of peer review reports completed to date and the number of substandard peer review reports which were submitted to the board.
- The number of enforcement actions that were initiated as a result of an investigation of a failed peer review report.
- The number of firms that were recommended to take corrective actions to improve their practice through the mandatory peer review process, and the number of firms that took corrective actions to improve their practice following recommendations resulting from the mandatory peer review process.
- The extent to which mandatory peer review of accounting firms enhances consumer protection.
- The cost impact on firms undergoing mandatory peer review and the cost impact of mandatory peer review on the firm's clients.
- A recommendation as to whether the mandatory peer review program should continue.
- The extent to which mandatory peer review of small firms or sole practitioners that prepare nondisclosure compiled financial statements on an other comprehensive basis of accounting enhances consumer protection.
- The impact of peer review required by this section on small firms and sole

practitioners that prepare nondisclosure compiled financial statements on an other comprehensive basis of accounting.

- The impact of peer review required by this section on small businesses, nonprofit corporations, and other entities that utilize small firms or sole practitioners for the purposes of nondisclosure compiled financial statements prepared on an other comprehensive basis of accounting.
- A recommendation as to whether the preparation of nondisclosure compiled financial statements on an other comprehensive basis of accounting should continue to be a part of the mandatory peer review program.

In keeping with its purpose, the PROC assisted the CBA in preparing the report for the Legislature and Governor. The CBA approved the report at its November 2014 meeting.

VII. Board-Recognized Peer Review Program Providers

American Institute of Certified Public Accountants (AICPA)

The AICPA Peer Review Program is currently the only Board-recognized Peer Review Program Provider. Through regulation, the CBA established that the AICPA Peer Review Program meets the standards outlined in Title 16, CCR section 48. Further, the CBA accepts all AICPA-approved entities authorized to administer the AICPA Peer Review Program.

The AICPA Peer Review Program provides for a triennial review of a firm's accounting and auditing services performed by a peer reviewer who is unaffiliated with the firm being reviewed to ensure work performed conforms to professional standards. There are two types of peer reviews. System reviews are designed for firms that perform audits or other similar engagements. Engagement reviews are for firms that do not perform audits but perform other accounting work such as compilations and/or reviews. Firms can receive a rating of pass, pass with deficiency, or fail. Firms that receive ratings of pass with deficiency or fail must perform corrective actions.

a. California Society of Certified Public Accountants (CalCPA)

CalCPA administers the AICPA Peer Review Program in California. As the administering entity, CalCPA is responsible for ensuring that peer reviews are performed in accordance with the AICPA's *Standards*. The CalCPA Peer Review Committee (PRC) monitors the administration, acceptance, and completion of peer reviews. CalCPA administers the largest portion of peer reviews to California-licensed firms.

b. National Peer Review Committee (NPRC)

The National Peer Review Committee (NPRC) administers the AICPA peer review program for firms that meet any of the following three criteria:

1. The firm is required to be registered with and subject to permanent inspection by the Public Company Accounting Oversight Board (PCAOB).
2. The firm performs engagements under PCAOB standards.
3. The firm provides quality control materials (QCM), or is affiliated with a provider of QCM, that are used by firms that it peer reviews.

The NASBA CAC provides oversight of the NPRC.

c. Other State Societies

California-licensed accountancy firms with their main office located in another state are required to have their peer review administered by AICPA's administering entity for that state. In most cases, the administering entity is the state CPA society in that state.

VIII. Activities and Accomplishments

Following are the activities and accomplishments of the PROC during 2014.

a. Administrative Functions

i. Committee Meetings

The PROC holds meetings as necessary in order to conduct business and report to the CBA regarding the effectiveness of mandatory peer review.

The PROC held the following meetings:

- January 31, 2014 – Berkeley, CA
- May 2, 2014 – Los Angeles, CA
- August 22, 2014 – Sacramento, CA
- December 10, 2014 – San Diego, CA

A representative of the PROC attended each of the six CBA meetings to report on PROC activities.

ii. Oversight Checklists

The PROC has developed oversight checklists which serve to document the members' findings and conclusions after performing specific oversight activities. The present checklists, listed on the following page, are included in the PROC Procedures Manual and additional checklists will be developed as necessary. Members submit the completed checklists to the CBA for future reference.

Present Checklists:

- Summary of Peer Review Committee Meeting
- Summary of Peer Review Subcommittee Meeting
- Summary of Administrative Site Visit
- Summary of Peer Reviewer Training Course
- Peer Review Board Meeting Checklist
- Peer Review Program Provider Checklist
- Summary of Oversight of Out-of-State Peer Review Administering Entity

New Checklist under Development:

- Summary of Compliance Assurance Committee Meeting

iii. Approval of Board-Recognized Peer Review Program Providers

At such time that the CBA receives an Application to Become a Board-recognized Peer Review Program Provider, the PROC will review the application and documentation using the Peer Review Program Provider Checklist and determine if the program meets the requirements outlined in Title 16, CCR section 48. Based on the review, the PROC will provide a recommendation to the CBA that the application be approved or denied.

iv. Withdrawal of Board Recognition of a Peer Review Program Provider

The PROC has not made any recommendations to the CBA concerning the withdrawal of Board recognition of a peer review program provider.

b. Program Oversight

The PROC is charged with providing oversight of all Board-recognized peer review program providers to ensure that peer reviews are being administered in accordance with the standards adopted by the CBA. During 2014, the PROC performed several activities to assess the effectiveness of the AICPA's Peer Review Program and its administering entities in California, the CalCPA and the NPRC.

i. AICPA

A. AICPA Peer Review Board (PRB)

The AICPA PRB is responsible for maintaining, furthering and governing the activities of the AICPA Peer Review Program, including the issuance of peer review standards, and peer review guidance, while being mindful of the profession's covenant to serve the public interest with integrity and objectivity.

During 2014, PROC members observed AICPA PRB meetings, as follows:

- January 30, 2014 – conference call
- May 13, 2014 – conference call
- August 6, 2014 – conference call
- September 30, 2014 – conference call
- November 14, 2014 – conference call

B. AICPA Peer Review Program Annual Report on Oversight

The AICPA Annual Report on Oversight provides a general overview, statistics and information, the results of the various oversight procedures performed on the AICPA Peer Review Program, and concludes on whether the objectives of the oversight process were met.

The PROC reviewed the report issued on September 27, 2013, for the calendar year 2012, at its January 2014 meeting. Based on the oversight procedures performed, the AICPA Oversight Task Force concluded that in all material respects (1) the administering entities were complying with the administrative procedures established by the Peer Review Board, (2) the reviews were being conducted and reported upon in accordance with standards, (3) the results of the reviews were being evaluated on a consistent basis by all administering entities and peer review committees, and (4) the information provided via the Internet or other media by administering entities was accurate and timely.

ii. CalCPA

A. Peer Review Committee

The CalCPA PRC is responsible for ensuring that the peer review program is performed in accordance with the standards and guidance issued by the AICPA's PRB. The CalCPA PRC meets in person twice a year. PROC members observe how the CalCPA PRC executes its duties in the meeting to determine whether or not this aspect of the peer review process is operating effectively in the State of California.

During 2014, PROC members attended each of the following CalCPA PRC meetings:

- May 22-23, 2014 – Dana Point, CA
- November 20-21, 2014 – Yountville, CA

B. Report Acceptance Body (RAB)

The CalCPA holds multiple RAB meetings per year. The RAB meetings generally occur via conference call. RAB members review and present the peer review reports subject to discussion on a general call. PROC members observe how the RAB executes its duties in the meeting to determine whether the peer review process is operating effectively in the state of California.

During 2014, PROC members observed each of the following RAB meetings via teleconference or in person:

- February 25, 2014 – conference call
- March 19, 2014 – conference call
- May 22, 2014 – in person
- September 23, 2014 – conference call
- November 20, 2014 – in person

C. Administrative Site Visit

The PROC is charged with conducting, at a minimum, an annual Administrative Site Visit of each Peer Review Program Provider to determine if the provider is administering peer reviews in accordance with the standards adopted by the CBA.

On July 29, 2014, the PROC reviewed CalCPA's administration of the AICPA's Peer Review Program as part of the oversight program for the CBA. As an administering entity, CalCPA is responsible for administering the AICPA Peer Review Program in compliance with the AICPA *Standards for Performing and Reporting on Peer Reviews*, interpretations, and other guidance established by the CBA. The PROC's responsibility is to determine whether the peer review program complies with the minimum requirements for a Peer Review Program, pursuant to Title 16, CCR, section 48.

The following procedures were performed as part of the PROC's oversight responsibilities:

- Reviewed policies and procedures utilized by CalCPA to govern its peer review program process.
- Read correspondence and other available documentation from other oversight activities performed at CalCPA.
- Reviewed the RAB assignment binder.
- Selected a sample of peer review reports and associated files for review.

- Discussed the peer review committee member and individual peer reviewer qualifications process with CalCPA personnel and selected a sample for inspection of resumes and other documentation.

D. Sample Reviews

The PROC conducts reviews of peer reviews accepted by a provider on a sample basis. The review may include, but is not limited to, the peer review report; reviewers' working papers prepared or reviewed by the provider's peer review committee in association with the acceptance of the review; and materials concerning the acceptance of the review, the imposition of required remedial or corrective actions, the monitoring procedures applied, and the results.

This oversight activity was completed on July 29, 2014, in conjunction with the Administrative Site Visit.

E. Peer Reviewer Training

The PROC is responsible for ensuring that peer review providers develop a training program designed to maintain or increase a peer reviewer's currency of knowledge related to performing and reporting on peer reviews. The CalCPA Education Foundation offers two types of peer reviewer trainings. Each year, the CalCPA Education Foundation offers a two-day course for new peer reviewers and a one-day refresher course for existing peer reviewers.

During 2014, PROC members attended the one-day training course *AICPA Peer Review Program Advanced Course* on May 21, 2014. A PROC member attended the two-day training course *How to Conduct a Review Under the AICPA Practice Monitoring Program* on June 26-27, 2014.

F. CalCPA Annual Report on Oversight

The AICPA requires that each administering entity perform oversight of its peer review program every other year, alternating with the year that the AICPA conducts its oversight visit. CalCPA's Peer Review Administrative Committee (PRAC) monitors the oversight process. Each member of the PRAC has been approved by the Council of CalCPA and has current audit experience.

The PROC reviewed the CalCPA Peer Review Program Annual Report on Oversight for Calendar Year 2012. The oversight report summarizes the results of the mandated oversight of two percent of all reviews processed during the year and verification of the resumes and continuing professional education of one third of peer reviewers.

G. Oversight Visit Report of CalCPA

In years when the AICPA Peer Review Board does not perform oversight of the CalCPA, a member of the CalCPA PRC performs an Administrative Oversight Visit.

The PROC reviewed the report of the Administrative Oversight Visit to the CalCPA conducted by PRC Chair David E. Vaughn, CPA on December 3, 2013. The report had no findings or recommendations for the administration of the program.

iii. NPRC

A. NASBA Compliance Assurance Committee (CAC)

The charge of the NASBA CAC is to promote effective oversight of compliance with professional standards by CPAs and their firms. As such, the focus of the NASBA CAC is to recommend a nationwide strategy promoting a mandatory program for compliance assurance acceptable to Boards of Accountancy – PROCs. The NASBA CAC provides oversight of the NPRC.

The PROC reviewed a summary of the NASBA CAC meeting held on June 26, 2014 and two PROC members observed the September 10, 2014 CAC meeting via teleconference.

B. NASBA CAC Report on the AICPA NPRC

The PROC reviewed the NASBA CAC report on the AICPA NPRC dated March 31, 2014. During the period November 1, 2011 through October 31, 2012 two former state board members sat as members on the AICPA NPRC. These members participated in 18 of the 25 RAB meetings held during this time period which represented 72 percent of the total RABs.

Based on the oral reports provided at each CAC meeting by the NASBA representatives serving as members on the AICPA NPRC, as well as reviewing the comprehensive oversight report prepared by the AICPA NPRC and the administrative oversight report issued by a third party on October 26, 2012, the NASBA CAC is satisfied and can report that the AICPA NPRC has operated appropriately for the period of November 1, 2011 to October 31, 2013.

iv. Other State Societies

Most California-licensed accounting firms use CalCPA or AICPA NPRC to administer their peer reviews. There are some California-licensed firms that

have their peer reviews administered by AICPA administering entities other than CalCPA and AICPA NPRC, meaning out-of-state CPA societies.

The PROC intends on reviewing the AICPA oversight visit report and the state PROC’s annual report, if available, for a selection of out-of-state administrative entities each year. All AICPA oversight visit reports are reviewed and accepted by the AICPA PRB Oversight Task Force.

c. Other Activities

i. NASBA PROC Summit

The PROC Summit is a conference held by the NASBA CAC every other year to support and promote Peer Review Oversight as a critical and valuable practice for all boards of accountancy. The conference is intended to assist boards of accountancy in learning how to establish a new PROC and also share experiences among existing PROCs to help each board of accountancy be more effective with peer review oversight. Sessions and content are formed based on the most requested information by accountancy board members and PROC members considering the goals and objectives of the NASBA CAC. A PROC Summit was not held in 2014.

IX. Statistics

The data in the following table reflects the number of peer review reports accepted by the CalCPA from 2012 through 2014, and provides perspective on the size of the peer review program in California. The table does not include statistics for peer reviews accepted by the NPRC or out-of-state administering entities.

Peer Review Reports Accepted by the CalCPA*				
Type of Review	2012	2013	2014	Total
System	648	517	507	1,672
Engagement	1,253	1,184	1,102	3,539
Total	1,901	1,701	1,609	5,211

*Data received from CalCPA as of October 17, 2014.

X. Findings

Based on PROC members’ attendance at the various peer review bodies’ meetings cited in this report, the PROC offers the following findings to the CBA.

AICPA

The PROC found the AICPA PRB to give ample consideration to the quality of the profession, and exhibit a high level of technical knowledge and diligence in striving

to improve the quality of the peer review program and peer reviewers through their handling of a variety of issues that the program faces. The PROC found the agenda items for the meetings to be relevant and appropriate, and AICPA PRB members to execute their duties in a knowledgeable and professional manner understanding the importance of the peer review program to the accounting profession and the public that it serves.

In 2014, the U.S. Department of Labor (DOL) requested that the AICPA verify that all public accounting firms conducting audits of pension plans under the Employee Retirement Income Security Act (ERISA) were enrolled in peer review. The AICPA conducted a matching program and determined that some firms may not have appropriately identified the performance of ERISA pension plan audits prior to the completion of the firm's peer review. As such, these types of engagements may not have been reviewed during the peer review.

The AICPA was found to be responsive to the DOL's concerns. The AICPA PRB approved new guidance requiring that an administrative entity "recall its acceptance letter when notified by staff that the peer review report is not correct in all material respects. The peer review information and peer review documents must be removed from view on Facilitated State Board Access, and the administering entity must notify the applicable state board(s) of accountancy of information allowed by the guidance."

CalCPA

The PROC found the CalCPA PRC met expectations concerning knowledge of peer review acceptance procedures and corrective/monitoring actions. Through participation in five RAB meetings, the PROC found RAB members met expectations concerning knowledge of technical and procedural matters.

NPRC

In 2014, the PROC began participating in NASBA CAC meetings and reviewing summaries of CAC meetings not open to PROC members.

XI. Conclusions

Based on its oversight activities, the PROC concluded that the AICPA Peer Review Program, including its administering entities, CalCPA and NPRC, function effectively. The PROC recommends that the CBA continue to recognize the AICPA Peer Review Program as a Board-recognized Peer Review Program Provider.