



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
PUBLIC MEETING NOTICE FOR THE MOBILITY STAKEHOLDER GROUP,
ENFORCEMENT PROGRAM OVERSIGHT COMMITTEE, LEGISLATIVE
COMMITTEE, COMMITTEE ON PROFESSIONAL CONDUCT, NEW MEMBER
ORIENTATION, AND CALIFORNIA BOARD OF ACCOUNTANCY MEETINGS**

- DATE:** Thursday, March 17, 2016 **CALIFORNIA BOARD OF ACCOUNTANCY MEETING**
TIME: 9:00 a.m.
- DATE:** Thursday, March 17, 2016 **MOBILITY STAKEHOLDER GROUP MEETING**
TIME: 10:30 a.m.
Or upon adjournment of the California Board of Accountancy Meeting
- DATE:** Thursday, March 17, 2016 **ENFORCEMENT PROGRAM OVERSIGHT COMMITTEE MEETING**
TIME: 11:15 a.m.
Or upon adjournment of the Mobility Stakeholder Group Meeting
- DATE:** Thursday, March 17, 2016 **LEGISLATIVE COMMITTEE MEETING**
TIME: 11:30 a.m.
Or upon adjournment of the Enforcement Program Oversight Committee Meeting
- DATE:** Thursday, March 17, 2016 **COMMITTEE ON PROFESSIONAL CONDUCT MEETING**
TIME: 11:45 a.m.
Or upon adjournment of the Legislative Committee Meeting
- DATE:** Thursday, March 17, 2016 **CALIFORNIA BOARD OF ACCOUNTANCY MEETING**
TIME: 1:30 p.m. to 5:00 p.m.
- DATE:** Friday, March 18, 2016 **CALIFORNIA BOARD OF ACCOUNTANCY MEETING**
TIME: 9:00 a.m. 3:00 p.m.

DATE: Friday, March 18, 2016

**CALIFORNIA BOARD OF ACCOUNTANCY
NEW MEMBER ORIENTATION**

TIME: 3:00 p.m. 5:00 p.m.

PLACE: DoubleTree Guest Suites Anaheim Resort
2085 South Harbor Blvd.
Anaheim, CA 92802
Telephone: (714) 750-3000

Enclosed for your information is a copy of the agendas for the Mobility Stakeholder Group, Enforcement Program Oversight Committee, Legislative Committee, Committee on Professional Conduct, New Member Orientation, and California Board of Accountancy meetings on March 17-18, 2016. For further information regarding these meetings, please contact:

Corey Riordan, Board Relations Analyst
(916) 561-1716 or cfriordan@cba.ca.gov
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815

An electronic copy of this notice can be found at <http://www.dca.ca.gov/cba/calendar.shtml>

The meeting is accessible to individuals who are physically disabled. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Corey Riordan at (916) 561-1716, or email cfriordan@cba.ca.gov, or send a written request to the California Board of Accountancy Office at 2000 Evergreen Street, Ste. 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.



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CBA MISSION: To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards

**DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY**

MEETING AGENDA

March 17, 2016

9:00 a.m. – 10:30 a.m.

1:30 p.m. – 5:00 p.m.

March 18, 2016

9:00 a.m. – 3:00 p.m.

**DoubleTree Guest Suites Anaheim Resort
 2085 South Harbor Blvd.
 Anaheim, CA 92802
 Telephone: (714) 750-3000**

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 California Board of Accountancy President. The meeting may be cancelled without notice. For verification of the meeting, call (916) 561-1716 or access California Board of Accountancy’s website at <http://www.cba.ca.gov>.

**Thursday,
 March 17, 2016**

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks (**Katrina Salazar, President**).

**9:00 a.m. –
 10:30 a.m.**

- I. Presentation Regarding Assessing the Quality of Employee Benefit Plan Audits.
- A. Ian Dingwall, CPA, Chief Accountant, United States Department of Labor.

**10:30 a.m. –
 12:00 p.m.**

The California Board of Accountancy will recess to convene committee meetings.

**12:00 p.m. –
 1:30 p.m.**

Lunch

TIME CERTAIN
Thursday,
March 17, 2016
1:30 p.m.

- II. Regulations (**Pat Billingsley, Regulations Analyst**).
 - A. Regulation Hearing Regarding Title 16, California Code of Regulations Section 9.1 – Approved Credentials Evaluation Service Status.
 - B. Discussion and Possible Action to Amend Title 16, California Code of Regulations Section 9.1 – Approved Credentials Evaluation Service Status.

1:35 p.m. –
3:00 p.m.

- III. Report of the President (**Katrina Salazar**).
 - A. Introduction of New California Board of Accountancy Member Karriann Farrell Hinds, Esq.
 - B. National Association of State Boards of Accountancy/American Institute of Certified Public Accountants Committee Interest Form.
 - C. Proposed 2017 California Board of Accountancy Meeting Dates and Locations (**Corey Riordan, Board Relations Analyst**).
 - D. Resolutions for Retiring Qualifications Committee Members Charles Hester and David Papotta.
 - E. Exposure Draft Regarding the American Institute of Certified Public Accountants Professional Ethics Division’s Omnibus Proposal Regarding Proposed Revisions to the American Institute of Certified Public Accountants Code of Professional Conduct (**Pat Billingsley**).
 - F. Comments Regarding the American Institute of Certified Public Accountants and the National Association of State Boards of Accountancy Re-Issue Exposure Draft Regarding Statement on Standards for Continuing Professional Education Programs (**Gina Sanchez, Licensing Chief**).
 - G. Discussion Regarding the Results of the California Board of Accountancy’s Study of the Attest Experience Requirement (**Gina Sanchez/CPS HR Consulting**).
 - H. Developments Since the February 2015 United States Supreme Court Decision: North Carolina State Board of Dental Examiners v. Federal Trade Commission (**Kristy Schieldge, Department of Consumer Affairs Legal Counsel**).
 - I. Discussion on the California Little Hoover Commission Hearings Regarding Occupational Licensing (**Matthew Stanley, Information and Planning Officer**).

- J. Department of Consumer Affairs Director's Report on Departmental Activities (**DCA Representative**).
- 3:00 pm. – 3:05 p.m.**
- IV. Report of the Vice-President (**Alicia Berhow, Vice-President**).
- A. Recommendations for Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee.
- B. Recommendations for Appointment(s)/Reappointment(s) to the Qualifications Committee.
- C. Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee.
- 3:05 p.m. – 3:20 p.m.**
- V. Report of the Secretary/Treasurer (**Michael Savoy, Secretary/Treasurer**).
- A. Fiscal Year 2015-16 Mid-Year Financial Statement and Governor's Budget.
- 3:20 p.m. – 3:40 p.m.**
- VI. Report of the Executive Officer (**Patti Bowers, Executive Officer**).
- A. Update on the Relocation of the California Board Accountancy's Office.
- B. Update on Staffing.
- C. Update Regarding the Department of Consumer Affairs Proposed Revisions to the Enforcement Performance Measures.
- D. Educational Presentation on the California Board of Accountancy's Redesigned Website and Update on Communications and Outreach (**Matthew Stanley**).
- 3:40 pm. – 3:45 p.m.**
- VII. Report on the Enforcement Advisory Committee, Qualifications Committee, and Peer Review Oversight Committee.
- A. Enforcement Advisory Committee (**Joseph Rosenbaum, Chair**).
- No Report.
- B. Qualifications Committee (**Jenny Bolsky, Chair**).
- No Report.

C. Peer Review Oversight Committee (**Jeffrey De Lyser, Vice-Chair**).

1. Report of the January 29, 2016 Peer Review Oversight Committee Meeting (**Jeff De Lyser**).
2. Presentation and Approval of the 2015 Peer Review Oversight Committee Annual Report (**Jeff De Lyser**).

3:45 p.m. –
4:00 p.m.

VIII. Report of the Enforcement Chief (**Dominic Franzella, Enforcement Chief**).

A. Enforcement Activity Report.

4:00 p.m. –
4:15 p.m.

IX. Report of the Licensing Chief (**Gina Sanchez, Licensing Chief**).

A. Licensing Activity Report.

4:15 p.m. –
4:45 p.m.

X. Committee Reports.

A. Committee on Professional Conduct (**Leslie LaManna, Chair**).

1. Report of the March 17, 2016 Committee on Professional Conduct Meeting.
2. Discussion and Possible Action to Make Technical (“Section 100”) or Regulatory Changes to Amend Title 16, California Code of Regulations Sections 20 and 36.1.

B. Enforcement Program Oversight Committee (**Kathleen Wright, Chair**).

1. Report of the March 17, 2016 Enforcement Program Oversight Committee Meeting.
2. Discussion Regarding the Revision Schedule for the Disciplinary Guidelines and Model Orders.
3. Discussion and Possible Approval of Model Orders for Permanent Restricted Practice for Inclusion in Proposed Amendments to the California Board of Accountancy Disciplinary Guidelines and Model Orders.

C. Legislative Committee (**Deidre Robinson, Chair**).

1. Report of the March 17, 2016 Legislative Committee Meeting.
2. Review and Consideration of Possible Positions on Legislation Impacting the California Board of Accountancy.
 - a. Assembly Bill 1566 – Reports to the Legislature
 - b. Assembly Bill 1707 – Requirements for Denials of Public Records Requests.
 - c. Assembly Bill 1939 – Study of Licensing Requirements.
 - d. Assembly Bill 2560 – Professional Land Surveyors’ Act.
 - e. Assembly Bill 2853 – Public records.
 - f. Assembly Bill 2859 – Professions and vocations: retired category: licenses.
 - g. Assembly Concurrent Resolution 131 – Professions and vocations: licensing fees: equity.
 - h. Senate Bill 1155 – Professions and vocations: licenses: military service fee waiver.
 - i. Senate Bill 1251 – Publication of state financial obligations.
 - j. Senate Bill 1348 – Licensure applications: military experience.
 - k. Senate Bill 1445 – Taxation.
 - l. Update on Previously Approved Legislative Proposal Regarding Expedited Rulemaking Authority for Practice Privilege Program.
 - m. Other Bills Being Watched by the California Board of Accountancy (Assembly Bill 1868, Assembly Bill 1887, Assembly Bill 1949, Assembly Bill 2421, Assembly Bill 2423, Assembly Bill 2691, Assembly Bill 2701, Assembly Bill 2843, Senate Bill 1130, Senate Bill 1444, and Senate Bill 1448).

D. Mobility Stakeholder Group (**Jose Campos, Chair**).

1. Report of the March 17, 2016 Mobility Stakeholder Group Meeting.
2. Mobility Stakeholder Group Decision Matrix and Stakeholder Objectives (**Written Report Only**).
3. Timeline for Activities Regarding Determinations to be Made Pursuant to Business and Professions Code Section 5096.21 (**Written Report Only**).
4. Discussion and Possible Action Regarding the Findings of the National Association of State Boards of Accountancy Related to Business and Professions Code Section 5096.21(c).
5. Discussion Regarding the National Association of State Boards of Accountancy's Activities and CPAverify.
6. Discussion Regarding Proposed Agenda Items for the Next Mobility Stakeholder Group Meeting.

4:45 p.m. –
4:50 p.m.

XI. Acceptance of Minutes.

- A. Draft Minutes of the January 21-22, 2016 California Board of Accountancy Meeting.
- B. Minutes of the January 21, 2016 Committee on Professional Conduct Meeting.
- C. Minutes of the January 21, 2016 Legislative Committee Meeting.
- D. Minutes of the November 19, 2015 Enforcement Program Oversight Committee Meeting.
- E. Minutes of the January 21, 2016 Mobility Stakeholder Group Meeting.
- F. Minutes of the December 9, 2015 Peer Review Oversight Committee Meeting.

4:50 p.m. –
4:55 p.m.

XII. Other Business.

- A. American Institute of Certified Public Accountants.
 1. Report on Public Meetings of the American Institute of Certified Public Accountants Attended by a California Board of Accountancy Representative.

- B. National Association of State Boards of Accountancy.
 - 1. Report on Public Meetings of the National Association of State Boards of Accountancy Attended by a California Board of Accountancy Representative.
 - 2. Proposed Responses to the National Association of State Boards of Accountancy’s Focus Questions Regarding Issues Relevant to the Regulation of the Accounting Profession (**Corey Riordan**).

4:55 p.m. –
5:00 p.m.

- XIII. Closing Business.
 - A. Public Comments.*
 - B. Agenda Items for Future California Board of Accountancy Meetings.

TIME CERTAIN
Friday,
March 18, 2016
9:00 a.m. –
12:00 p.m.

- XIV. Petition Hearings.
 - A. Federico Quinto Jr., License No. 68925 –Petition for Reduction of Penalty
 - B. Rom N. De Guzman – Petition for Reinstatement of Revoked Certificate.
 - C. Jack Rickman Sowell – Petition for Reinstatement of Revoked Certificate.
 - D. Closed Session. Pursuant to Government Code Section 11126(c)(3), the California Board of Accountancy Will Convene into Closed Session to Deliberate on Disciplinary Matters (Petitions for Reinstatement of Revoked Certificate and Reduction of Penalty).

12:00 p.m. –
1:00 p.m.

Lunch

1:00 p.m. –
3:00 p.m.

- XV. Closed Session.**
 - A. Pursuant to Government Code Section 11126(c)(3), the California Board of Accountancy Will Convene Into Closed Session to Deliberate on Disciplinary Matters (Stipulated Settlements, Default Decisions, and Proposed Decisions).

B. Pursuant to Government Code Section 11126(e), the California Board of Accountancy Will Meet In Closed Session to Receive Advice from Legal Counsel on Litigation (David Greenberg v. California Board of Accountancy, Los Angeles County Superior Court, Case No. BS155045; David B. Greenberg v. California Board of Accountancy, Orange County Superior Court, Case No. 30-2015-00809799-CU-WM-CJC.; David B. Greenberg v. California Board of Accountancy, Orange County Superior Court, Case No. 30-2015-00809802-CU-WM-CJC.; and David Greenberg v. Erin Sunseri, et al., U.S. District Court, Southern District of Florida, Case No. 15-CV-80624.).

Return to Open Session.

Adjournment

In accordance with the Bagley-Keene Open Meeting Act, all meetings of the California Board of Accountancy are open to the public. While the California Board of Accountancy intends to webcast this meeting, it may not be possible to webcast the entire open meeting due to limitations on resources.

*Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the California Board of Accountancy prior to the California Board of Accountancy taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the California Board of Accountancy, but the California Board of Accountancy President may, at his or her discretion, apportion available time among those who wish to speak. Individuals may appear before the California Board of Accountancy to discuss items not on the agenda; however, the California Board of Accountancy can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).

**Action may be taken on any item on the agenda. The time and order of agenda items, including closed session, are subject to change at the discretion of the California Board of Accountancy President and may be taken out of order.



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**CALIFORNIA BOARD OF ACCOUNTANCY
 MOBILITY STAKEHOLDER GROUP**

MEETING AGENDA

Thursday, March 17, 2016

10:30 a.m.

Or Upon Adjournment of the California Board of Accountancy Meeting

**DoubleTree Guest Suites Anaheim Resort
 2085 South Harbor Blvd.
 Anaheim, CA 92802
 Telephone: (714) 750-3000**

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 Mobility Stakeholder Group Chair. The meeting may be cancelled without notice. For verification of the meeting, call (916) 561-1716 or access the California Board of Accountancy's website at <http://www.cba.ca.gov>.

	<u>CBA Item #</u>
Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks (Jose A. Campos, Chair).	
I. Approval of Minutes of the January 21, 2016 Mobility Stakeholder Group Meeting.	XI.E.
II. Mobility Stakeholder Group Decision Matrix and Stakeholder Objectives (Written Report Only).	X.D.2.
III. Timeline for Activities Regarding Determinations to be Made Pursuant to Business and Professions Code Section 5096.21. (Written Report Only).	X.D.3.
IV. Discussion and Possible Action Regarding the Findings of the National Association of State Boards of Accountancy Related to Business and Professions Code Section 5096.21(c) (Matthew Stanley, Information and Planning Officer).	X.D.4.
V. Discussion Regarding the National Association of State Boards of Accountancy's Activities and CPAVerify (Matthew Stanley).	X.D.5.

VI. Discussion Regarding Proposed Agenda Items for the Next
Mobility Stakeholder Group Meeting (**Matthew Stanley**).

X.D.6.

VII. Public Comments.*

Adjournment

Action may be taken on any item on the agenda. In accordance with the Bagley-Keene Open Meeting Act, all meetings of the Mobility Stakeholder Group 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 Mobility Stakeholder Group prior to the Mobility Stakeholder Group taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the Mobility Stakeholder Group. Individuals may appear before the Mobility Stakeholder Group to discuss items not on the agenda; however, the Mobility Stakeholder Group can take no official action on these items at the time of the same meeting. (Government Code section 11125.7(a))

California Board of Accountancy members who are not members of the Mobility Stakeholder Group may be attending the meeting. However, if a majority of members of the full California Board of Accountancy are present at the Mobility Stakeholder Group meeting, members who are not Mobility Stakeholder Group members may attend the meeting only as observers.



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**DEPARTMENT OF CONSUMER AFFAIRS
 ENFORCEMENT PROGRAM OVERSIGHT COMMITTEE**

MEETING AGENDA

March 17, 2016

11:15 a.m.

Or Upon Adjournment of the Mobility Stakeholders Group Meeting

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 2085 South Harbor Blvd.
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 Telephone: (714) 750-3000**

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 Enforcement Program Oversight Committee Chair. The meeting may be cancelled without notice. For verification of the meeting, call (916) 561-1716 or access California Board of Accountancy's website at <http://www.cba.ca.gov>.

	<u>CBA Item #</u>
Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks (Kathleen Wright, Chair).	
I. Approve Minutes of the November 19, 2015 Enforcement Program Oversight Committee Meeting.	XI.D.
II. Discussion Regarding the Revision Schedule for the Disciplinary Guidelines and Model Orders (Dominic Franzella, Enforcement Chief).	X.B.2.
III. Discussion and Possible Approval of Model Orders for Permanent Restricted Practice for Inclusion in Proposed Amendments to the California Board of Accountancy Disciplinary Guidelines and Model Orders (Dominic Franzella).	X.B.3.
IV. Public Comments.*	

V. Agenda Items for Next Meeting.

Adjournment

Action may be taken on any item on the agenda. In accordance with the Bagley-Keene Open Meeting Act, all meetings of the Enforcement Program Oversight Committee 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 Enforcement Program Oversight Committee prior to the Enforcement Program Oversight Committee taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the Enforcement Program Oversight Committee. Individuals may appear before the Enforcement Program Oversight Committee to discuss items not on the agenda; however, the Enforcement Program Oversight Committee can take no official action on these items at the time of the same meeting. (Government Code section 11125.7(a))

California Board of Accountancy members who are not members of the Enforcement Program Oversight Committee may be attending the meeting. However, if a majority of members of the full board are present at the Enforcement Program Oversight Committee meeting, members who are not Enforcement Program Oversight Committee members may attend the meeting only as observers.



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**CALIFORNIA BOARD OF ACCOUNTANCY
 LEGISLATIVE COMMITTEE**

MEETING AGENDA

Thursday, March 17, 2016

11:30 a.m.

Or Upon Adjournment of the Enforcement Program Oversight Committee Meeting

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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 Legislative Committee Chair. The meeting may be cancelled without notice. For verification of the meeting, call (916) 561-1716 or access the California Board of Accountancy's website at <http://www.cba.ca.gov>.

	<u>CBA Item #</u>
Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks (Deidre Robinson, Chair).	
I. Approve Minutes of the January 21, 2016 Legislative Committee Meeting.	XI.C.
II. Review and Consideration of Possible Positions on Legislation Impacting the California Board of Accountancy (Nooshin Movassaghi, Legislation Analyst).	X.C.2.
A. Assembly Bill 1566 – Reports to the Legislature.	X.C.2.a.
B. Assembly Bill 1707 – Requirements for Denials of Public Records Requests.	X.C.2.b.
C. Assembly Bill 1939 – Study of Licensing Requirements.	X.C.2.c.
D. Assembly Bill 2560 – Professional Land Surveyors' Act.	X.C.2.d.
E. Assembly Bill 2853 – Public records.	X.C.2.e.

- F. Assembly Bill 2859 – Professions and vocations: retired category: licenses. X.C.2.f.
- G. Assembly Concurrent Resolution 131 – Professions and vocations: licensing fees: equity. X.C.2.g.
- H. Senate Bill 1155 – Professions and vocations: licenses: military service fee waiver. X.C.2.h.
- I. Senate Bill 1251 – Publication of state financial obligations. X.C.2.i.
- J. Senate Bill 1348 – Licensure applications: military experience. X.C.2.j.
- K. Senate Bill 1445 – Taxation. X.C.2.k.
- L. Update on Previously Approved Legislative Proposal Regarding Expedited Rulemaking Authority for Practice Privilege Program. X.C.2.l.
- M. Other Bills Being Watched by the California Board of Accountancy (Assembly Bill 1868, Assembly Bill 1887, Assembly Bill 1949, Assembly Bill 2421, Assembly Bill 2423, Assembly Bill 2691, Assembly Bill 2701, Assembly Bill 2843, Senate Bill 1130, Senate Bill 1444, and Senate Bill 1448). X.C.2.m.

III. Public Comments.*

IV. Agenda Items for Next Meeting.

Adjournment

Action may be taken on any item on the agenda. In accordance with the Bagley-Keene Open Meeting Act, all meetings of the Legislative Committee are open to the public.

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CBA members who are not members of the Legislative Committee may be attending the meeting. However, if a majority of members of the full board are present at the Legislative Committee meeting, members who are not Legislative Committee members may attend the meeting only as observers.



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**CALIFORNIA BOARD OF ACCOUNTANCY
 COMMITTEE ON PROFESSIONAL CONDUCT**

MEETING AGENDA

**Thursday, March 17, 2016
 11:45 a.m.**

Or Upon Adjournment of the Legislative Committee

**DoubleTree Guest Suites Anaheim Resort
 2085 South Harbor Blvd.
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Important Notice to the Public

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	<u>CBA Item #</u>
Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks (Leslie LaManna, Chair).	
I. Approve Minutes of the January 21, 2016 Committee on Professional Conduct Meeting.	XI.B.
II. Discussion and Possible Action to Make Technical ("Section 100") or Regulatory Changes to Amend Title 16, California Code of Regulations Sections 20 and 36.1 (Pat Billingsley, Regulatory Analyst).	X.A.2.
IV. Public Comments.*	
V. Agenda Items for Next Meeting.	
Adjournment	

Action may be taken on any item on the agenda. In accordance with the Bagley-Keene Open Meeting Act, all meetings of the Committee on Professional Conduct 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 Committee on Professional Conduct prior to the Committee on Professional Conduct taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the Committee on Professional Conduct. Individuals may appear before the Committee on Professional Conduct to discuss items not on the agenda; however, the Committee on Professional Conduct can take no official action on these items at the time of the same meeting. (Government Code section 11125.7(a))

California Board of Accountancy members who are not members of the Committee on Professional Conduct may be attending the meeting. However, if a majority of members of the full board are present at the Committee on Professional Conduct meeting, members who are not Committee on Professional Conduct members may attend the meeting only as observers.



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DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
NEW MEMBER ORIENTATION

MEETING AGENDA

Thursday, March 18, 2016
3:00 p.m. – 5:00 p.m.

DoubleTree Guest Suites Anaheim Resort
2085 South Harbor Blvd.
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- I. Overview of the California Board of Accountancy (**Katrina Salazar, CPA, CBA President**)
 - A. Welcome and Introduction
 - B. Mission, Vision, and Values
 - C. Board Composition and Term Limits
- II. California Board of Accountancy and Committee Meetings (**Patti Bowers, Executive Officer**)
 - A. Scheduled Meetings
 - B. Bagley Keene Open Meeting Act
 - C. Agenda Development
 - D. Committee Assignments and Future Leadership Opportunities
- III. California Board of Accountancy Member Role, Responsibilities, and Opportunities (**Deanne Pearce, Assistant Executive Officer**)
 - A. Meeting Preparation and Participation
 - B. Conflicts of Interest

- C. Mandatory Training
- D. Contacts from the Public
- E. Committee Liaisons
- F. National Participation
- IV. Disciplinary Information (**Dominic Franzella, Enforcement Chief**)
 - A. Overview of Enforcement Process
 - B. California Board of Accountancy Member Role in Petition Hearings
 - C. California Board of Accountancy Disciplinary Guidelines
- V. California Board of Accountancy Legal Representation (**Patti Bowers**)
- VI. California Board of Accountancy Outreach (**Deanne Pearce**)
 - A. Calls from Media
 - B. Speaking Engagements
 - C. Reports and Publications
- VII. California Board of Accountancy Staff (**Patti Bowers**)
 - A. Executive Officer
 - B. Senior Management/Management Team
 - C. Focus on Providing Excellent Customer Service
 - D. Administrative Assistance
- VIII. Overview of California Board of Accountancy Divisions
 - A. Enforcement (**Dominic Franzella**)
 - B. Licensing (**Gina Sanchez, Licensing Chief**)
 - C. Administration (**Deanne Pearce**)

IX. Legislation and Regulations (**Deanne Pearce**)

A. Legislative Process

B. Regulatory Process

X. Public Comments. *

XI. Closing Comments (**Katrina Salazar**)

Adjournment.

Action may be taken on any item on the agenda. In accordance with the Bagley-Keene Open Meeting Act, all meetings of the New Member Orientation 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 New Member Orientation prior to the New Member Orientation taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the New Member Orientation. Individuals may appear before the New Member Orientation to discuss items not on the agenda; however, the New Member Orientation can take no official action on these items at the time of the same meeting. (Government Code section 11125.7(a).)



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CBA Item I.
March 17-18, 2016

Presentation Regarding Assessing the Quality of Employee Benefit Plan Audits

Consumer Protection Objectives

The purpose of this agenda item is to provide background material to the California Board of Accountancy (CBA) to reference during the presentation regarding assessing the quality of employee benefit plan audits. This information will assist the CBA in its preparations for future discussions on this topic and how best to protect consumers including the more than 9.6 million employee benefit plan participants in California.

Action(s) Needed

No specific action is required on this agenda item as this topic is assigned to the Committee on Professional Conduct (CPC) to further explore and recommend specific actions to the CBA at future meetings.

Background

In May 2015, the United States Department of Labor (DOL) Employee Benefits Security Administration published a report titled "Assessing the Quality of Employee Benefit Plan Audits" (**Attachment 1**). In the report, the DOL found that 39 percent of these audits contained major deficiencies with respect to one or more relevant generally accepted auditing standards requirements. The DOL conclusions and recommendations can be found on pages 22-23 of Attachment 1.

In an August 2015 letter from Mr. Ian Dingwall, Chief Accountant at DOL (**Attachment 2**), he highlighted the findings of the report and provided the CBA with statistics specific to California. He noted that there is \$653 billion in benefits promised to 22.5 million plan participants and beneficiaries. He also noted that in California, there are 965 firms, auditing over 7,453 employee benefit plans, covering 9,648,455 participants and \$581 billion in plan assets. This means that California is responsible for more than 42 percent of participants nationally and almost 90 percent of the plan assets.

The letter also requested state boards of accountancy to "make it clear that only those CPAs who possess the unique technical expertise to audit employee benefit plans be permitted to perform" these services.

At the CBA's September 2015 meeting, immediate past President Campos assigned this topic to the CPC to further study and to examine options that could include changes

Presentation Regarding Assessing the Quality of Employee Benefit Plan Audits

Page 2 of 2

to the CBA's laws, regulations, continuing education requirements, enhanced enforcement strategies, increased outreach, or other changes that will improve the quality of employee benefit plan audits in California to protect the consumers relying on those benefit plans.

At the CBA's January 2016 meeting, the CBA heard presentations regarding this topic from Jim Brackens, Vice-President of Ethics and Practice Quality, American Institute of Certified Public Accountants; and Maria Caldwell, Chief Legal Officer and Director of Compliance Services, National Association of State Boards of Accountancy.

Comments

The presentation regarding the DOL report and the quality of employee benefit plan audits will be made by Ian Dingwall, Chief Accountant, DOL. His PowerPoint presentation is in **Attachment 3** for the CBA to reference during the presentation.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations as this item is informational only.

Recommendation

Staff do not have a recommendation on this agenda item as no action is needed due to the fact that the CPC will be discussing this topic at future meetings.

Attachments

1. Assessing the Quality of Employee Benefit Plan Audits
2. August 28, 2015 Letter from Mr. Ian Dingwall
3. PowerPoint Presentation

Assessing the Quality of Employee Benefit Plan Audits

Attachment 1

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?

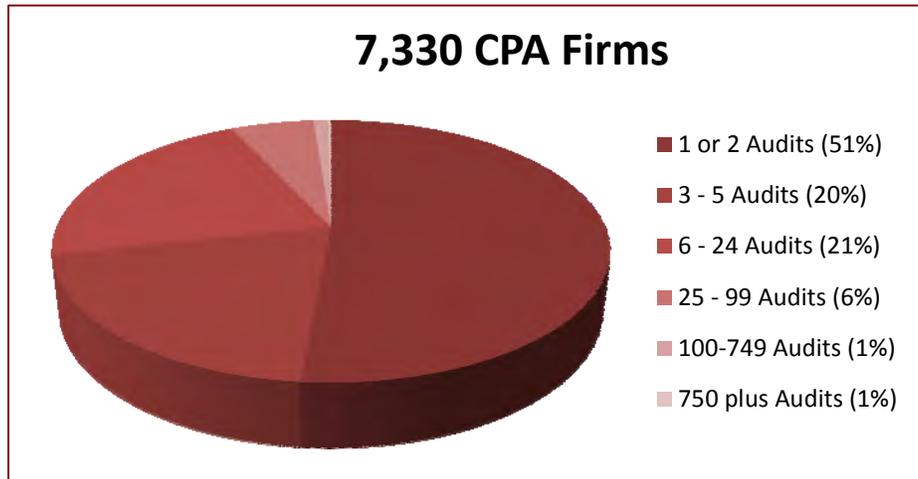
In 2011, there were 81,162 Form 5500 filings containing CPA audit reports. The audits were performed by 7,330 CPA firms. The following table summarizes the number of CPA firms grouped by the number of plans audited and the total number of audits performed. The number of CPA firms decreases rapidly with 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

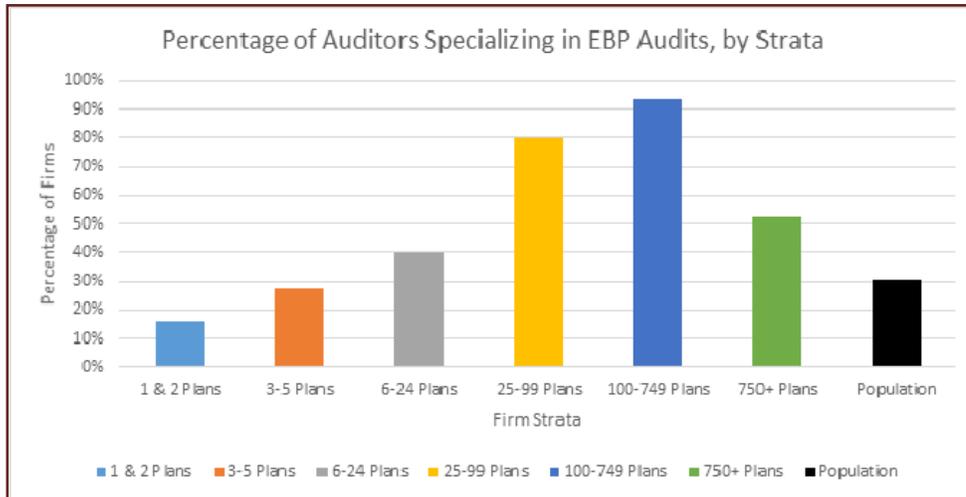
by Stratum
(95% Confidence Level)

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.

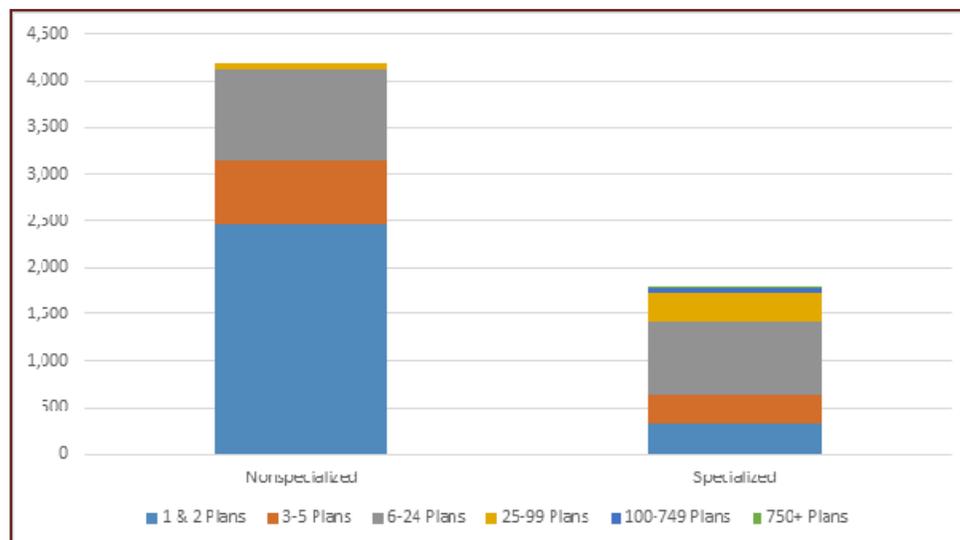
How Does the Quality of a Firm's Audits Relate to the Proportion of the Firm's Practice Devoted to EBP Audits?

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.

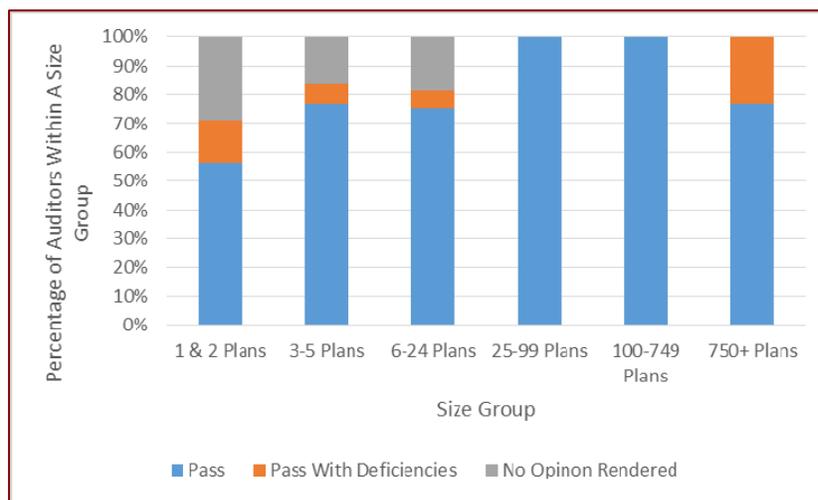


Are Practice Monitoring and Peer Review Activities Related to Improved Audit Quality?

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

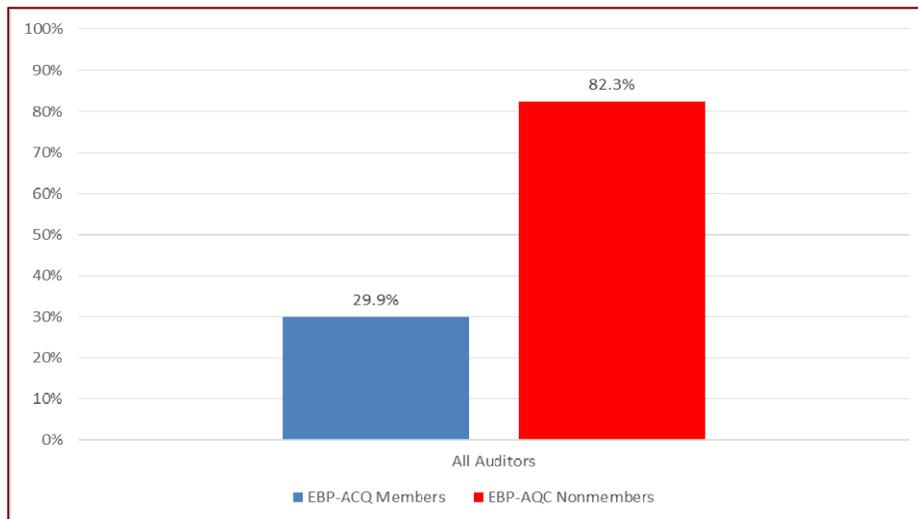
As the chart shows, overwhelmingly, most CPAs in the 1-2 and 3-5 audit strata are not EBPAQC members. These are the two strata that have the highest number of audits not in compliance with professional standards.

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



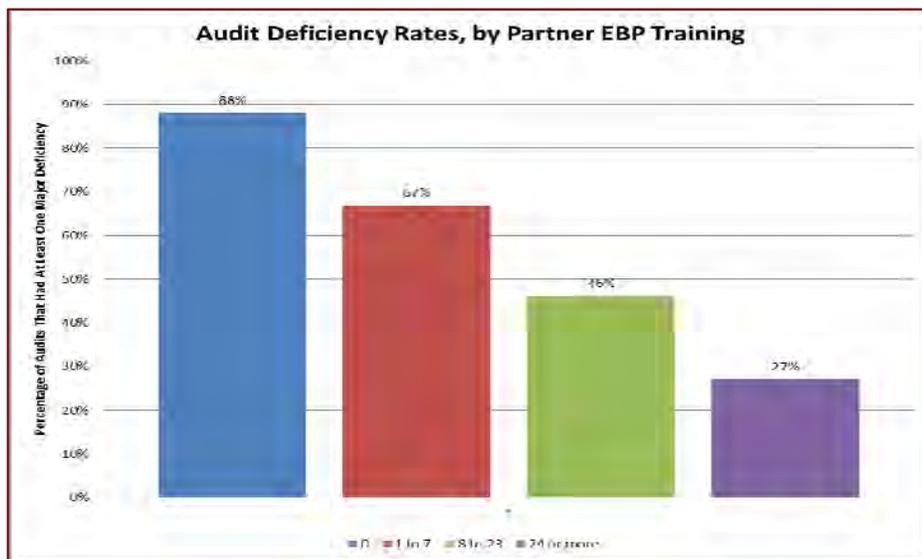
EBSA's analysis also shows that non EBPAQC member firms tend to have a larger number of GAAS deficiencies per audit engagement than EBPAQC members. For example, in the 1-2 audit stratum, 90% of the audits that contained five or more audit deficiencies were performed by CPA firms that are not EBPAQC members.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



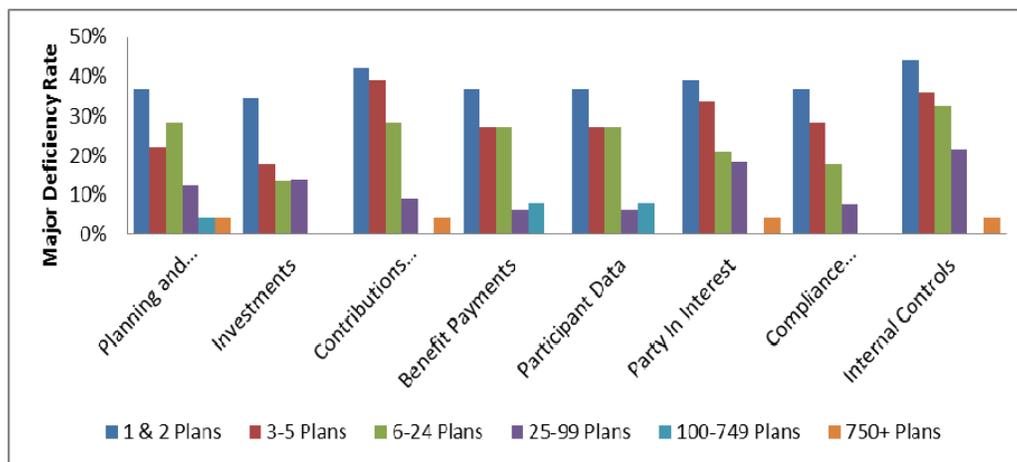
- The majority of engagement partners in firms performing 25 or more EBP audits annually indicated that they had obtained 8 or more hours of EBP specific training in the 3 years preceding the audit engagement reviewed. In most cases, these engagement partners had obtained 24 or more hours of EBP specific 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:

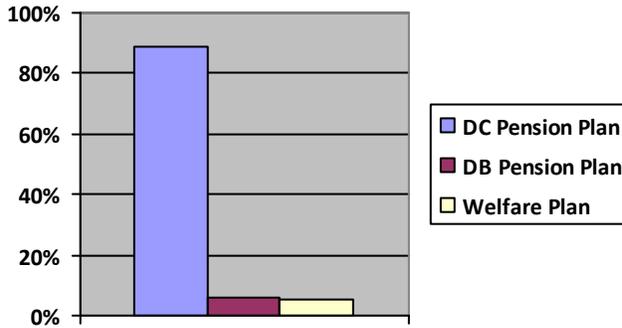
- a review of the plan year 2011 Form 5500 Annual Report and the related IQPA report;
- a detailed review of the audit workpapers for the 2011 plan year audit;
- determining whether the CPA was properly licensed by the applicable state licensing board;
- if applicable, reviewing the peer review report 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

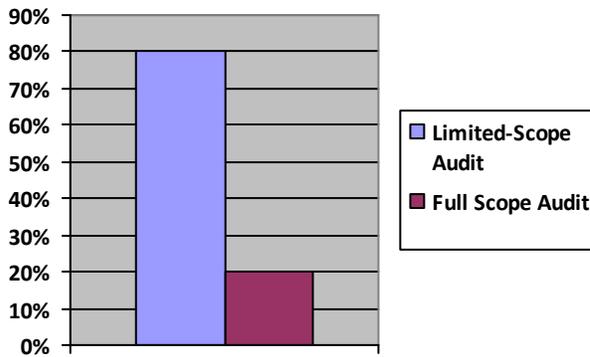
The following charts depict the composition of the sample of the 400 plan audits reviewed during this study.

Type of Plan



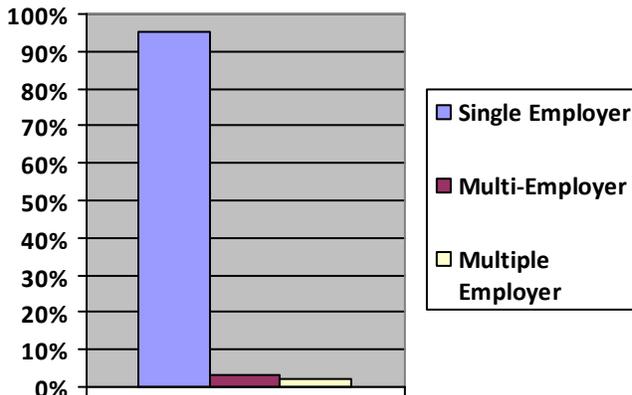
Of the 400 plan audits reviewed, 89% involved defined contribution (DC) pension plans, 6% defined benefit (DB) pension plans and 5% welfare plans.

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	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

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 Inadequate work
					Plan Tax Status	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

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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

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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

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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 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

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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

6-24 Plan Stratum

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

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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

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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

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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

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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

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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

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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

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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 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

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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

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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	No/insufficient testing of census data
					Administrative Expenses	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 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
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

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CALIFORNIA BOARD
OF ACCOUNTANCY

Employee Benefits Security
Administration
Washington, D.C. 20210



August 28, 2015

Ms. Patti Bowers
Executive Officer
California Board of Accountancy
2000 Evergreen Street
Suite 250
Sacramento, CA 95815-3832

Dear Ms. Bowers:

I am writing to you today about an issue that is of utmost concern to all of us – the quality of audits performed by CPAs, and more specifically the audits of employee benefit plans.

The U.S. Department of Labor's (the Department) Office of the Chief Accountant recently completed an assessment of the quality of audit work performed by CPAs with respect to employee benefit plans covered under the Employee Retirement Income Security Act of 1974 (ERISA). The results of our study were alarming. Nearly 40% of plan audits failed to comply with generally accepted auditing standards (GAAS), affecting the protection of \$653 billion in benefits promised to 22.5 million plan participants and beneficiaries.

Notable among our findings:

- Firms with the smallest benefit plan audit practices had a 76% deficiency rate in complying with GAAS
- Audit areas that are unique to employee benefit plans such as contributions, benefit payments, participant data and party-in-interest/prohibited transactions, were the most frequent areas containing audit deficiencies.
- The accounting profession's peer review and practice monitoring efforts have had limited success in identifying substandard benefit plan audit work.

Over 6,500 CPAs audit over 74,000 employee benefit plans. These practitioners are licensed throughout the country and, despite requirements to demonstrate due care in the work they perform, requirements to have their practices overseen by peer review programs,

and mandates to continue their professional education, many of these firms perform substandard work. These shortcomings jeopardize the retirement security of your citizens as well as their ability to receive health care benefits.

At the Department, we are continuing our vigorous review of employee benefit plan audits taking advantage of enhanced targeting that identifies CPA firms that need the most attention. However, we need the support of state boards of accountancy to take appropriate action to discipline those CPAs whose work tarnish the profession and violate the public trust. In California, there are 965 CPA firms, auditing 7,453 employee benefit plans, covering 9,648,455 participants and \$581B in plan assets.

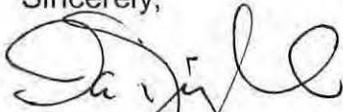
It is imperative that state boards of public accountancy make it clear that only those CPAs who possess the unique technical expertise to audit employee benefit plans be permitted to perform services which are to guard such significant assets. CPAs must know that substandard audit work may subject their clients to civil penalties and put their own licenses at risk.

For the last several years, we have been working with state CPA societies in an effort to make specific training on auditing employee benefit plans available to their members, and with NASBA on various initiatives to improve audit quality. Similarly, we look forward to working with you and with other state boards of accountancy in our continuing efforts to reduce the number of audits that fail to comply with professional standards.

Please visit our website, www.dol.gov/ebsa, to read the report entitled, "Assessing the Quality of Employee Benefit Plan Audits." We are also working to make publicly available a list of all CPAs that perform employee benefit plan audits, which will allow you to know who is performing employee benefit plan audits in your state.

We share the goal of ensuring that audits are done in accordance with professional standards. Please feel free to contact me at 202-693-8361 if you would like to discuss this further.

Sincerely,

A handwritten signature in black ink, appearing to read "Ian Dingwall", written in a cursive style.

IAN DINGWALL
Chief Accountant

EBP Audit Quality



Ian Dingwall, CPA
Chief Accountant

DOL
Employee Benefits Security
Administration

The views expressed are those of the speakers and do not necessarily represent the official position of the Department

2

Overview

- DOL Study Overview and Outcomes
- EBSA Audit Quality Initiatives: On the Horizon
- DOL Resources

3

**DOL Study
Overview and Outcomes**

- Our Challenge
- EBSA's Audit Quality Assessments
- Findings: A Disturbing Trend

The Audit – A Little Background

- Required by ERISA
- In accordance with GAAS
- DOL has no standard setting authority – accounting or auditing
- Limited-scope audit, circumstances permitting

2014 Plan Year

74,638 audits

6,104 firms

An average of 12 plans per firm

Our Challenge A Tale of Two Worlds – USA

(2014 Form 5500 Database)

Number of Plans Audited	Number of CPA Firms	Number of Audits Performed
1-2	2,953	3,899
3-5	1,279	4,842
6-24	1,404	15,606
25-99	379	17,174
100-749	74	14,718
750+	15	18,399
Total	6,104	74,638

ERISA Universe – California (2014 Form 5500 Database)

Strata	Total # of Plans	CPA Firms	Plan Assets Audited (in billions)
1-2 Audits	458	355	\$4.6
3-5 Audits	490	149	\$5.4
6-24 Audits	1,818	244	\$37.9
25-99 Audits	1,961	109	\$147.7
100-749 Audits	1,443	39	\$139.2
750+ Audits	1,358	15	\$303
Total	7,528	911	\$637.8

Limited-Scope Audits Dominate the Landscape

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%

Audit Quality Assessment

A Little About Our Study

- Recommended by the DOL OIG
- 4th such assessment since 1988
- Statistical sample of 400 plan audits
- 6 strata based on size of EBP practice

Findings

<http://www.dol.gov/ebsa/pdf/2014AuditReport.pdf>

Nearly 4 in 10 Audits Fail to Meet Professional Standards

\$653 Billion in Plan Assets & 22.5 Million Participants at Risk

Audit Deficiency Rate by Stratum

(2013 Form 5500 Database)

Strata	Audit Reviews	Audits With Deficiencies
1-2	95	75.8%
3-5	95	68.4%
6-24	95	67.4%
25-99	65	41.5%
100-749	25	12.0%
750+	25	12.0%
Total Reviewed	400	38.8%

Deficient Audits are Getting More Deficient

Deficient Items	10 Year Trend Data	Audit Quality Assessment
10+	12%	24%
5-9	20%	38%
1-4	68%	37%

A Disturbing Trend

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

DOL's Review of California Firm Work

Year	Total Limited Reviews*	Acceptable	Unacceptable
FY 2016	9	6	3
FY 2015	28	7	21 (75%)
FY 2014	16	4	12 (75%)
FY 2013	17	6	11 (65%)
FY 2012	32	13	19 (59%)
FY 2011	32	13	19 (59%)
Total	134	49	85 (63%)

*Limited reviews are reviews of workpapers of firms with less than 100 EBP audits.

Other Meaningful Quality Factors

- Size of a firm's EBP practice
 - Nearly 75% of plan audits were deficient in firms who audit 1-2 plans annually
- Peer Review is not a useful identifier of quality work
 - In 4 of 6 strata, audits with 5+ GAAS deficiencies were performed by firms with clean peer review reports

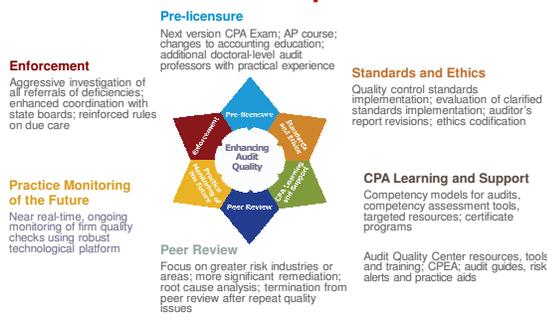
Benefit Plan Audits are Unique

- Mandated by law
- The participants and beneficiaries, not the plan sponsor, are the client
- Organizational misfits (finance vs HR)
- Not your typical balance sheet audit
- Heavily outsourced – functionally and mentally
- Qualitative components of materiality often ignored
- Heavily regulated environment
- Sanctioned scope limitations

DOL Study Outcomes

- DOL communications to state boards, plan administrators and auditors
- DOL will make direct referrals to state boards (in addition to AICPA Ethics)
- DOL will continue to review EBP audit workpapers and perform larger firm inspections

AICPA Enhance Audit Quality (EAQ) 6-Point Plan to Improve Audits



DOL Audit Quality Reviews in 2016

- Audits will be selected from 2014 plan year Form 5500s
 - **Firms performing < 100 plan audits**
 - Will review 200-300 plans done by firms with <100 EBP audits
 - Selection of will be done on a statistical basis, using the same tiers as the recent study
 - **Firms performing between 100 - 200 plan audits**
 - Will look at all 53 of these firms
 - May review one or two audits of each firm
 - **Firms performing > 200 plan audits**
 - Will continue to use "firm inspection" approach
 - Likely review 4 to 6 of these firms
- DOL will continue to make only one request for documents.

Increasing Transparency of EBP Audit Report

- DOL requested AICPA Auditing Standards Board (ASB) to enhance audit report transparency
- DOL believes addressee should include plan participants and their beneficiaries
- Use of emphasis-of-matter and other-matter paragraphs to communicate key audit matters "KAM" (ISA 701) Reporting on Form and Content of supplemental schedules

Increasing Transparency of EBP Audit Report (Continued)

- Emphasize management's responsibilities
- Provide information on compliance and internal control material weaknesses and significant deficiencies (similar to GAO "Yellow Book")
- Identify audit engagement partner and peer reviewer firm

In Conclusion

Improvement in the process is necessary

- More communication between the Department and the Board
- More education for auditors and plan administrators
- More enforcement actions taken with auditors performing deficient audits
- Enhanced licensing procedures and enforcement
- Improved peer reviews

DOL Resources

- www.dol.gov/ebsa
 - For DOL publications, FAQs, copies of the Form 5500, instructions, and related schedules
- EBSA Office of the Chief Accountant 202-693-8360
- EBSA Office of Regulations and Interpretations 202-693-8500
 - For questions about ERISA reporting, filing or other regulatory requirements
- DOL EFAST Help Center 1-866-463-3278
 - For questions regarding the Form 5500 or related schedules



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



CBA Item II.A.
March 17-18, 2016

Regulation Hearing Regarding Title 16, California Code of Regulations Section 9.1 – Approved Credentials Evaluation Service Status

Presented by: Pat Billingsley, Regulatory Analyst

Consumer Protection Objectives

The purpose of this agenda item is to provide information from the rulemaking file for the use of the California Board of Accountancy (CBA) during its regulatory hearing, which the Legislature has established to provide the public the opportunity to comment on proposed regulations.

Action(s) Needed

No specific action is required on this agenda item.

Background

Business and Professions Code section 5094, authorizes the CBA to adopt regulations specifying the criteria and procedures for approval of credentials evaluation services.

Applicants for the Uniform Certified Public Accountant Examination and CPA licensure who attended or graduated from foreign schools may satisfy education requirements based upon an evaluation of foreign transcripts by a CBA-approved credentials evaluation service.

The Notice of Proposed Action was filed with the Office of Administrative Law (OAL) on January 20, 2016 and published on January 29, 2016, thus initiating the required 45-day public comment period. March 14, 2016 marks the end of the public comment period, and on March 17, 2016, during the CBA meeting, a public hearing will be conducted on the proposed action.

Comments

The following attachments will aid in preparation for the hearing:

- Notice of Proposed Action (**Attachment 1**)
- Proposed Regulatory Language (**Attachment 2**)
- Initial Statement of Reasons (**Attachment 3**)
- Association of International Credential Evaluators, Inc. Letter dated: February 10, 2016 (**Attachment 4**)

Regulation Hearing Regarding Title 16, California Code of Regulations (CCR) Section 9.1 – Approved Credentials Evaluation Service Status

Page 2 of 2

During the public hearing the CBA may hear oral testimony and receive written comments. If any changes are made as a result of these comments, a 15-day Notice of Modified Text will be required.

As of the date the agenda item was prepared one comment has been received. Ms. Jasmin Saidi-Kuehnert, Acting President and Treasurer of Association of International Credential Evaluators, Inc. (AICE), wrote a letter that was written on February 10, 2016, requesting AICE be included in Title 16, California Code of Regulations (CBA Regulations) section 9.1(a)(1) as an organization to which credentials evaluation service providers can be members.

Any additional comments received after the CBA mail out will be supplied in a subsequent mailing or at the CBA meeting. The CBA can discuss any comments and may act under **CBA Agenda Item II.B** to adopt the proposed regulations. Prior to submitting the final regulation package to OAL, staff will draft responses to any comments and prepare the Final Statement of Reasons for distribution to all persons who provide comments.

Fiscal/Economic Impact Considerations

Entities that provide credentials evaluation services would not experience a significant financial burden in completing the application and complying with the proposed amendments to CBA Regulations section 9.1 since they currently provide, through a less formal manner, the information required on the proposed application.

Recommendation

Staff does not have a recommendation on this agenda item.

Attachments

1. Notice of Proposed Action
2. Proposed Regulatory Language
3. Initial Statement of Reasons
4. Association of International Credential Evaluators, Inc. Letter dated February 10, 2016

TITLE 16. DIVISION 1. CALIFORNIA BOARD OF ACCOUNTANCY

NOTICE IS HEREBY GIVEN that the California Board of Accountancy (CBA) is proposing to take the action described in the Informative Digest. Any person interested may present statements or arguments orally or in writing relevant to the action proposed at a hearing to be held at DoubleTree Suites by Hilton Hotel Anaheim Resort - Convention Center, 2085 S Harbor Blvd, Anaheim, CA 92802 at 1:30 pm, on March 17, 2016. Written comments, including those sent by mail, facsimile, or e-mail to the addresses listed under Contact Person in this Notice, must be received by the CBA at its office not later than 5:00 p.m. on March 14, 2016 or must be received by the CBA at the hearing. The CBA, upon its own motion or at the instance of any interested party, may thereafter adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as contact person and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

Authority and Reference: Pursuant to the authority vested by Sections 5010 and 5094 of the Business and Professions Code (BPC), and to implement, interpret or make specific Section 5094 of said Code, the CBA is considering changes to Division 1 of Title 16 of Section 9.1 of the California Code of Regulations (CCR) as follows:

INFORMATIVE DIGEST

A. Informative Digest

BPC section 5094 authorizes the CBA to adopt regulations specifying the criteria and procedures for approval of credentials evaluation services. Current law in CCR Title 16, section 9.1 defines the criteria a credentials evaluation service must meet to receive and maintain CBA approval to provide evaluations of education from a college, university, or other institution of learning located outside the United States that assess foreign education equivalency.

The regulatory proposal is as follows: Amend section 9.1 in Title 16 of the CCR,

Section 9.1(a) – The proposed amendment requires credentials evaluation service to submission of an application on (Form 11A-54 (9/15)), which is incorporated by reference.

Section 9.1(a)(1) – The proposed amendment requires the applicant to certify to its membership in applicable professional organizations.

Section 9.1(a)(2) – The proposed amendment would require a credentials evaluation

service applicant to certify compliance with its written procedure for identifying fraudulent transcripts.

Section 9.1(a)(3) – The proposed amendment requires the credentials evaluation service applicant to certify it maintains a complete set of reference materials.

Section 9.1(a)(4) – The proposed amendment would require the credentials evaluation service to provide the required biographical information in the form of a resume or curriculum vitae.

Section 9.1(a)(6) and (7) – The proposed amendment would define “written evidence” in section 9.1(a)(6) to mean the credentials evaluation service will provide, as part of the application, for the previous five years, the total number of evaluations performed by junior staff members, and the total number of evaluations performed by junior staff members that were reviewed by senior staff members.

Section 9.1(a)(8), (9), and (10) – The proposed amendment would renumber these to section 9.1(a)(7), (8), and (9) respectively.

Section 9.1(a)(9) – The proposed amendment adds a provision requiring the credentials evaluation service to certify compliance with its appeal procedure for applicants.

Section 9.1(a)(11) – The proposed amendment would remove this section as it is repetitive of section 9.1(a)(10).

Section 9.1(a)(12) – The proposed amendment would renumber this section to section 9.1(a)(10) and requires the sample evaluation submitted with the credentials evaluation service’s application to be in compliance with the requirements of section 9.1(b).

Section 9.1(a)(11) – The proposed amendment would add subsection 9.1(a)(11) to require credentials evaluation service to certify it will establish, within thirty days of CBA approval, a minimum six-year document retention policy.

Section 9.1(a)(12) – The proposed amendment will require credentials evaluation service as a condition of renewal, to certify continued compliance with minimum six-year document retention.

Section 9.1(b)(1) – The proposed amendment requires credentials evaluation service to affirm in writing that the transcripts and degrees being authenticated were received directly from the educational institution or its governing body.

Section 9.1(b)(4) – The proposed amendment is added to identify the primary and secondary evaluators.

Section 9.1(b)(5) – The proposed amendment requires credentials evaluation service to

include the name or names of the applicant as shown on the transcripts as well as the name under which the applicant requested the evaluation.

Section 9.1(b)(4) – The proposed amendment renumbers section 9.1(b)(4) to section 9.1(b)(6).

Section 9.1(b)(7) – The proposed amendment requires credentials evaluation service to provide the total number of semester units completed and evaluated.

Section 9.1(b)(5) – The proposed amendment renumbers this paragraph to subsection 9.1(b)(8) and requires credentials evaluation service to list the coursework in chronological order without categorization, extra emphasis, or distinguishing formatting for any courses listed.

Section 9.1(b)(9) – The proposed amendment requires the following disclaimer: “This evaluation service is not authorized by the California Board of Accountancy to include in this evaluation any opinion as to whether certain courses will be accepted by the CBA as meeting the CBA’s requirements or whether the applicant meets the CBA’s requirements for taking the Uniform CPA Examination or for licensure.”

Section 9.1(c) – The proposed amendment requires credentials evaluation service to notify the CBA of any changes in the ratio required in section 9.1(a)(5), or any change in ownership. Change of Ownership means: any change in legal ownership of the approved credentials evaluation service or its business entity form, including the acquisition by a person of more than 50% of an interest in or stock of the business entity’s parent company, change of the business entity by incorporation or conversion of the business to another business entity form or a change in the corporate status that requires a new corporate number as issued by the Secretary of State.

Section 9.1(d) – The proposed amendment requires the credentials evaluation service to respond to any inquiries by the CBA, submit any documents requested by the CBA, provide any information requested by the CBA and cooperate in any investigation conducted by the CBA regarding the service’s compliance with the CBA’s requirements.

Section 9.1(e) – The proposed amendment clarifies that, in addition to failing to comply with any of the requirements of this section, approval may be withdrawn for furnishing false, inaccurate, incomplete, or misleading information to the CBA.

Section 9.1(f) – The proposed amendment allows credentials evaluation services with approval prior to the date this subdivision becomes effective to meet the requirements of this section at its next renewal.

The proposed amendments would strengthen oversight by clarifying the requirements, incorporating an application form, specifying definitions, and requiring credentials evaluation services to certify representations made to the CBA. The rulemaking

benefits credentials evaluation services by clarifying what information is required for the initial approval and maintenance of approval to provide these services to CPA applicants.

B. Policy Statement Overview/Anticipated Benefits of Proposal

The CBA policy is to promulgate regulations for the protection of California consumers. When there is no impact on consumers, the CBA endeavors to pursue regulations that are not burdensome to licensees. This proposal protects consumers by ensuring that all applicants' foreign education is evaluated by credentials evaluation services that meet the criteria necessary to render effective course work comparison and analysis.

This regulatory proposal would clarify what information is required from credentials evaluation services to be included in the application for approval to provide services and information provided regarding their evaluation of foreign education. Amending the language will benefit evaluation services by providing clarity regarding what information is required to obtain and maintain approval for providing services to CPA examination and licensure applicants.

C. Consistency and Compatibility with Existing State Regulations

During the process of developing these regulations and amendments, the CBA has conducted a search of any similar regulations on this topic and has concluded that these regulations are neither inconsistent nor incompatible with existing state regulations.

INCORPORATION BY REFERENCE

Document incorporated by reference:

Credentials Evaluation Service Application 11A-54 (09/15).

FISCAL IMPACT ESTIMATES

Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State:

None.

Nondiscretionary Costs/Savings to Local Agencies:

None.

Local Mandate:

None.

Cost to Any Local Agency or School District for Which Government Code sections 17500 - 17630 Require Reimbursement:

None.

Business Impact:

The CBA has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

AND

The following studies/relevant data were relied upon in making the above determination. The CBA presently has eighteen CBA-approved credentials evaluation service firms who would be directly affected by this proposal. On average the CBA receives less than one new CES applicant in any given year. Entities that provide credentials evaluation services would not experience a significant financial burden in completing the application and complying with the proposed amendments to Title 16, California Code of Regulations section 9.1 since they currently provide, through a less formal manner, the information required on the proposed application. Costs associated with changes to the evaluation reports, including a single disclaimer, provided to CPA candidates and statistical reporting should be minor and absorbable by the firms. Any potential adverse economic impact would only occur if a CES failed or refused to meet minimum standards and their approval was withdrawn. Given the volume of approved credential evaluation services and the level and number of the changes proposed, no “significant” adverse impact is expected.

Cost Impact on Representative Private Person or Business:

Costs associated with changes to the evaluation reports, including a single disclaimer, provided to CPA candidates and statistical reporting should be minor and absorbable by the firms.

Effect on Housing Costs:

None.

EFFECT ON SMALL BUSINESS

The CBA has determined that the proposed regulations would affect small businesses.

RESULTS OF ECONOMIC IMPACT ASSESSMENT/ANALYSIS

Impact on Jobs/Businesses:

The CBA has determined that this regulatory proposal will not have a significant impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California.

Benefits of Regulation:

The CBA has determined that this regulatory proposal will have the following benefits to the health and welfare of California residents, worker safety, and state’s environment.

This regulatory proposal does not affect worker safety because it has nothing to do with worker safety.

This regulatory proposal benefits the health and welfare of California residents because it will help ensure that the CBA's minimum standards for education are met by foreign-educated CPA candidates. The CBA will be better able to meet its obligations to protect the consumers of California as a result of these proposed amendments since only a CES who meets these new minimum standards will be authorized to provide evaluation reports for consideration of a CPA candidate's eligibility by the CBA. Setting minimum standards for licensure helps protect the public by helping ensure that only qualified applicants practice public accountancy.

The regulatory proposal does not affect the state's environment because it has nothing to do with the environment.

As stated above under the Informative Digest, the proposed regulation would benefit credentials evaluation service firms by clarifying what information is required for initial approval and maintenance of approval to provide these services.

CONSIDERATION OF ALTERNATIVES

The CBA must determine that no reasonable alternative it considered to the regulation or that has otherwise been identified and brought to its attention would be more effective in carrying out the purpose for which the action is proposed, would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposal described in this Notice, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provisions of law.

Any interested person may present statements or arguments orally or in writing relevant to the above determinations at the above-mentioned hearing.

INITIAL STATEMENT OF REASONS AND INFORMATION

The CBA has prepared an initial statement of the reasons for the proposed action and has available all the information upon which the proposal is based.

TEXT OF PROPOSAL

Copies of the exact language of the proposed regulations, and any document incorporated by reference, and of the initial statement of reasons, and all of the information upon which the proposal is based, may be obtained at the hearing or prior to the hearing upon request from the CBA at 2000 Evergreen St., Ste. 250, Sacramento, California, 95815.

AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named below.

You may obtain a copy of the final statement of reasons once it has been prepared, by making a written request to the contact person named below or by accessing the website listed below.

CONTACT PERSON

Inquiries or comments concerning the proposed rulemaking action may be addressed to:

Name: Pat Billingsley
Address: 2000 Evergreen St., Ste. 250
Sacramento, CA 95815
Telephone No.: 916-561-1782
Fax No.: 916-263-3678
E-Mail Address: pat.billingsley@cba.ca.gov

The backup contact person is:

Name: Nooshin Movassaghi
Address: 2000 Evergreen St., Ste. 250
Sacramento, CA 95815
Telephone No.: 916-561-1742
Fax No.: 916-263-3678
E-Mail Address: nooshin.movassaghi@cba.ca.gov

Website Access: Materials regarding this proposal can be found at http://www.dca.ca.gov/cba/laws_and_rules/pubpart.shtml.



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Attachment 2

Proposed Regulatory Language

§ 9.1. Approved Credential Evaluation Service Status

- (a) To receive and to maintain Board approval, a credentials evaluation service shall: submit an application on Form 11A-54 (9/15) and comply with the following:
- (1) Be a member of the and certify to its membership in either the American Association of Collegiate Registrars and Admission Officers, the National Association for Foreign Student Affairs: Association of International Educators, or the National Association of Credential Evaluation Services;
 - (2) Furnish the Board with a copy of its current written procedure for identifying fraudulent transcripts, and comply certify on the application to compliance with that procedure;
 - (3) ~~Furnish the Board with a list of its reference materials including the title of each reference, its publisher, and the date of publication, and certify~~ Certify on the application that it maintains a complete set of reference materials, that the references are adequate to prepare complete, accurate evaluations and are the most current editions available;
 - (4) Furnish the Board with resumes or curriculum vitae for each evaluator and translator which provide ~~biographical information on evaluators and translators,~~ including a list of languages spoken and years in service. The service shall have at least one senior staff member with not less than five years of foreign student college admission experience or closely related credentials evaluation experience at all academic levels;
 - (5) Furnish the Board with its organization chart showing the ratio of senior staff members to junior staff members is, at most, one to five, and shall not exceed that ratio;
 - (6) Furnish the Board with written evidence that a minimum of 50% of the evaluations performed by junior staff members are reviewed by senior staff members, and shall maintain at least that minimum; for the purposes of this paragraph, "written evidence" means it provides as a part of the application, for the previous five years, the total number of evaluations performed, the total number of evaluations performed by junior staff members, and the total number of evaluations performed by junior staff members that were reviewed by senior staff members.
 - (7) ~~Furnish the Board with statistical information on the number of applications processed annually for the past five years;~~
 - (87) Furnish the Board with a list of at least three accredited colleges and universities or other licensing agencies using its services;
 - (98) Furnish the Board with three letters of reference, written within the last year, from public or private agencies;
 - (409) Furnish the Board with a copy of its appeal procedure for applicants, and comply certify to compliance with that procedure on the application;
 - (11) ~~Furnish evaluations to the Board that comply with the requirements of this section;~~

(4210) For the initial application, furnish the Board with a sample evaluations that complies with the requirements of subdivision (b); prepared for other agencies.

(11) For the initial application, certifies it has, or agrees to establish within thirty days of Board approval, a minimum six-year document retention policy;

(12) As a condition of renewal, a credentials evaluation service shall certify continued compliance with a minimum six-year document retention policy.

(b) Each evaluation provided by the Board approved service shall:

(1) Affirm in a written statement that the evaluation is based only upon authenticated, original transcripts and degrees received directly from the educational institution or its governing body;

(2) Include certified copies of all original transcripts;

(3) Be furnished directly to the Board, in English; on tamper-proof paper,

(4) Identify the primary evaluator and any secondary evaluator;

(5) Include the name or names of the applicant as shown on the transcripts as well as the name under which the applicant requested the evaluation;

(46) Include a report of each degree held by the applicant along with the equivalent degree offered in the United States, the date the degree was granted and the institution granting the degree;

(7) Provide the total number of semester units completed and evaluated;

(58) Include a listing of the course titles with the semester unit equivalent for each course listed in chronological order without categorization, extra emphasis, or distinguishing formatting for any of the courses listed;.

(9) Include the following disclaimer: "This evaluation service is not authorized by the California Board of Accountancy to include in this evaluation any opinion as to whether certain courses will be accepted by the Board as meeting the Board's requirements or whether the applicant meets the Board's requirements for taking the Uniform CPA Examination or for licensure."

(c) The credentials evaluation service shall report to the Board annually whether it has undergone any organizational changes, including any change in the ratio required in subdivision (a)(5), or any change in ownership. Approval issued under this section shall expire five years after the date of issuance unless renewed by the Board prior to its expiration by meeting the requirements in subsection (a). For purposes of this subdivision, "change in ownership" means any change in legal ownership of the approved credentials evaluation service or its business entity form, including the acquisition by a person of more than 50% of an interest in or stock of the business entity's parent company, change of the business entity by incorporation or conversion of the business to another business entity form or a change in the corporate status that requires a new corporate number as issued by the Secretary of State.

(d) In order to remain as a Board approved credentials evaluations service, the credentials evaluation service shall respond to any inquiries by the Board, submit any documents requested by the Board, provide any information requested by the Board and cooperate in any investigation conducted by the Board regarding the service's compliance with the Board's requirements.

(e) Approval may be withdrawn at any time if the credentials evaluation service fails to comply with any of the requirements of this section or furnishes false, inaccurate, incomplete or misleading information to the Board.

(f) A credentials evaluation service that received Board approval prior to the date this subdivision becomes effective shall meet the requirements of this section at its next renewal.

NOTE: Authority cited: Sections 5010 and 5094, Business and Professions Code.
Reference: Section 5094, Business and Professions Code.



DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY
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 FACSIMILE: (916) 263-3675
 WEB ADDRESS: <http://www.cba.ca.gov>



CREDENTIALS EVALUATION SERVICE APPLICATION

Please provide all requested information listed below.

Name of Applicant Organization: _____		
Address: _____		
City: _____	State: _____	Zip Code: _____
Telephone Number: () _____	Fax Number: () _____	
Toll-Free Number (if available): () _____		
Email Address (if available): _____		
Website Address (if available): _____		
Name of Contact Person: _____	Title: _____	

THE ORGANIZATION CERTIFIES TO THE FOLLOWING:

(Check)

1. It is a member of:
 - a. American Association of Collegiate Registrars and Admission Officers; or, _____
 - b. National Association for Foreign Student Affairs: Association of International Educators; or, _____
 - c. National Association of Credential Evaluation Services. _____
2. It complies with its current written procedure for identifying fraudulent transcripts. _____
3. It maintains a complete set of current reference materials that are adequate to prepare complete, accurate evaluations and are the most current editions available. _____
4. It complies with its appeal procedure for applicants. _____

Check one of the following:

(Check)

5. This is its initial application, and it has, or agrees to establish with thirty days of California Board of Accountancy approval, a minimum six-year document retention policy. _____
6. This is its renewal application, and it complies with a minimum six-year document retention policy. _____

THE FOLLOWING MUST BE INCLUDED WITH THIS APPLICATION:

1. A copy of its current written procedure for identifying fraudulent transcripts.
2. Resumes or curriculum vitae for each evaluator and translator which provide biographical information, including a list of languages spoken and years in service.
3. Organization Chart showing the ratio of senior staff members to junior staff members (not to exceed a one to five ratio).
4. Written evidence that a minimum of 50% of evaluations performed by junior staff members are reviewed by senior staff members (Written evidence means providing, for the previous five years, the total number of evaluations performed, the total number of evaluations performed by junior staff members, and the total number of evaluations performed by junior staff members that were reviewed by senior staff members).
5. A list of at least three accredited colleges and universities or other licensing agencies using its services.
6. Three letters of reference, written within the last year, from public or private agencies.
7. A copy of its appeal procedures for applicants.
8. For initial applications only, a sample evaluation that complies with the requirements of Title 16, California Code of Regulations section 9.1(b).

I hereby certify, under penalty of perjury under the laws of the State of California, that I am a person authorized to act for and bind the applicant and that all statements, answers, and representations made on this form and any accompanying attachments are true, complete, and accurate to the best of my knowledge. By submitting this form and signing below, I am granting permission to the California Board of Accountancy to verify the information provided.

Authorized Signature

Date

Print or Type Name

Title

NOTICE OF COLLECTION OF PERSONAL INFORMATION

The information requested on this application is mandatory pursuant to Business and Professions Code section 5094 and Title 16 CCR section 9.1. Failure to provide all of the information requested will result in the application being rejected as incomplete. The information provided will be used to determine qualification and continued qualification of the applicant for approval by the California Board of Accountancy (CBA) as a credential evaluation service. The information may be provided to other governmental agencies, or in response to a court order, subpoena, or public records request. You have a right of access to records containing personal information maintained by the CBA unless the records are exempted from disclosure by law. Individuals may obtain information regarding the location of his or her records by contacting the CBA's Licensing Manager at 2000 Evergreen St. #250, Sacramento, CA 95815 or (916) 561-1754.

CALIFORNIA BOARD OF ACCOUNTANCY

INITIAL STATEMENT OF REASONS

Hearing Date: March 17, 2016

Subject Matter of Proposed Regulations: Credentials Evaluation Service Status

(1) Section Affected: 9.1

Specific Purpose of each adoption, amendment, or repeal:

1. Problem being addressed:

Applicants for the Uniform Certified Public Accountant Examination (CPA Exam) and CPA licensure who attended or graduated from foreign schools may satisfy their respective education requirements based upon an evaluation of foreign transcripts by a CBA-approved credentials evaluation service ("CES"). When requesting an evaluation of foreign transcripts, CPA candidates must submit an application and processing fee to the chosen CBA-approved CES and must provide authenticated, original transcripts and degrees. The CES determines and affirms that the evaluation is based on authenticated, original transcripts, and degrees. When the CES submits an evaluation report to the CBA, it must come directly from the evaluation service with certified copies of all original transcripts.

Existing law, Business and Professions Code (BPC) section 5094, authorizes the California Board of Accountancy (CBA) to adopt regulations specifying the criteria and procedures for approval of credentials evaluation services. Current law in California Code of Regulations (CCR) Title 16, section 9.1 defines the criteria entities providing credentials evaluations services must meet to receive and maintain CBA approval to provide evaluations of education from a college, university, or other institution of learning located outside the United States that assess foreign education equivalency.

The CBA presently has eighteen CBA-approved credentials evaluation service firms. To become a CBA-approved credentials evaluation service the evaluation service must meet the requirements in CCR Title 16, section 9.1 which was initially adopted by the CBA in 2000 based on the requirements of BPC section 5094(d). New and more specific standards should be added so that the CBA has some assurances of the accurateness, completeness and timeliness of the information it receives from these firms regarding their operating procedures, membership, translators, written evidence regarding staff reviews, record retention policies, and ownership. The regulation also needs to be updated to provide the CBA with clear authority to withdraw approval if the CES provides false, inaccurate, incomplete or misleading information to the CBA.

In addition, under current law, there is the potential that CPA candidates could be misled by credential evaluation services, who may promise the candidate will meet the CBA's licensing requirements. A requirement for a disclaimer to be used in the evaluation provided to candidates by all Board-approved credential evaluation services would help address this problem. Finally, renewal of the evaluation service's approval is required every five years. Staff notify the evaluation service when it is due for renewal. The renewal process is, for the evaluation service, identical to the initial approval process. To ensure standards are implemented uniformly and allow sufficient time for existing CES to comply, the regulation would need to be updated to reflect these new requirements and specify that these requirements would need to be met by the next renewal for all currently CBA-approved credential evaluation services.

The proposal also incorporates by reference the Credentials Evaluation Service Application (Form 11A-54 (9/15)) that requires CES applicants to document and attest to the accuracy of information submitted and also to authorize verification of the information submitted to the CBA. The form would be used by CES applicants seeking Board initial approval and renewal pursuant to BPC section 5094.

2. Anticipated benefits from this regulatory action:

This proposal would strengthen oversight and provide greater assurances of the accuracy, completeness and timeliness of CES applicant submissions by amending the minimum requirements for CBA approval of credential evaluation services, incorporating an application form, specifying definitions, and requiring credential evaluation service firms to attest to facts and representations made to the CBA.

Factual Basis/Rationale

The CBA proposes to amend Section 9.1 to eliminate inconsistent and incomplete information in credentials evaluation service applications. In addition, the CBA proposes to amend section 9.1 to add specificity, definitions, and require certification of procedures, and standardize the information provided the CBA by approved credentials evaluation service applicants by use of form ((11A-54 (9/15)) which is incorporated by reference. Certification requirements help ensure that declarations contain a truthful factual representation and are made in good faith by the applicant (see, e.g., judicial explanation of the use of certifications in *In re Marriage of Reese & Guy* (1999) 73 Cal.App.4th 1214, 1223). The CBA will be better able to meet its obligation to protect the consumers of California as a result of these proposed amendments since only a CES who meets these new minimum standards will be authorized to provide evaluation reports for consideration of a CPA candidate's eligibility by the CBA. Setting minimum

standards for licensure helps protect the public by helping ensure that only qualified applicants practice public accountancy.

The CBA proposes the following amendments to section 9.1 of Title 16 of the CCR.

Section 9.1(a) – The proposed amendment requires a credentials evaluation service to submit an application on Form 11A-54 (9/15), which is incorporated by reference. This will ensure complete information is available to CBA in a consistent format, that the required applicant information is provided to enable identification and accuracy in the processing of the application (by requesting name, address, telephone number, email address, website address, name of contact person), and specific certifications are made by the credentials evaluation service applicant. Further, providing the requirements in a checklist format on this form provides clear guidance and notice to the CES applicant of the requirements that must be met to obtain CBA approval. A list of required documentation to qualify for Board approval is also included for ease-of-reference in complying with Section 9.1 and to help prevent incomplete applications from being submitted by CES applicants.

The form referenced in proposed Section 9.1(a) would be cumbersome, unduly expensive and otherwise impractical to publish in the California Code of Regulations. The form is available on the CBA's website and from the CBA upon request.

Section 9.1(a)(1) – The proposed amendment requires the applicant to certify to its membership in applicable professional organizations. This provision assures compliance with BPC 5094(d)(3).

Section 9.1(a)(2) – The proposed amendment would require a credentials evaluation service applicant to certify compliance with its written procedure for identifying fraudulent transcripts. This provision assures the CBA that the evaluation service is complying with its written procedure required by BPC 5094(d)(7).

Section 9.1(a)(3) – The proposed amendment requires the credentials evaluation service applicant to certify it maintains a complete set of reference materials. This amendment provides the CBA with the assurance that the credentials evaluation service provider has the materials needed to provide an accurate evaluation.

Section 9.1(a)(4) – The proposed amendment would require the credentials evaluation service to provide the required biographical information in the form of a resume or curriculum vitae so the CBA can evaluate the information provided in a standardized format.

Section 9.1(a)(6) and (7) – The proposed amendment would define "written evidence" in section 9.1(a)(6) to mean the credentials evaluation service will provide, as part of the application, for the previous five years, the total number of evaluations performed by

junior staff members, and the total number of evaluations performed by junior staff members that were reviewed by senior staff members. Obtaining this information would clarify what the service must submit as written evidence and satisfy the requirements of paragraph (7) allowing that paragraph to be removed. The amendment allows the CBA to determine actual ratios identified in paragraph (6) and provides a number that can be verified should the need arise to investigate compliance with this Section.

Section 9.1(a)(8), (9), and (10) – The proposed amendment would renumber these to section 9.1(a)(7), (8), and (9) respectively.

Section 9.1(a)(9) – The proposed amendment adds a provision requiring the credentials evaluation service to certify compliance with its appeal procedure for applicants. This certification further assures the CBA that the credentials evaluation service is following its own procedures required by BPC 5094(d)(9).

Section 9.1(a)(11) – The proposed amendment would remove this section as it is duplicative of section 9.1(a)(10).

Section 9.1(a)(12) – The proposed amendment would renumber this section to section 9.1(a)(10) and requires the sample evaluation submitted with the credentials evaluation service's application to be in compliance with the requirements of section 9.1(b). This allows the CBA to determine whether the evaluations provided by the credentials evaluation service will meet the CBA's standards.

Section 9.1(a)(11) – The proposed amendment would add subsection 9.1(a)(11) to require credentials evaluation service to certify it will establish, within thirty days of CBA approval, a minimum six-year document retention policy. Retention of documents over a six year period allows the CBA the ability to gather information to determine whether the credentials evaluation service was in compliance with section 9.1 throughout its five year renewal period (e.g., audits or investigation of complaints). Establishing the retention policy within thirty days ensures that evaluation submitted to CBA after approval will be available for inspection if needed throughout the six year period.

Section 9.1(a)(12) – The proposed amendment will require credentials evaluation service as a condition of renewal, to certify continued compliance with minimum six-year document retention. The six-year document retention period allows the CBA to review the entire history of evolutions during the five year CES renewal period. Retention of documents allows the CBA the ability to gather information to determine whether the credentials evaluation service is in compliance with section 9.1 should the need arise.

Section 9.1(b)(1) – The proposed amendment requires credentials evaluation service to affirm in writing that the transcripts and degrees being authenticated were received directly from the educational institution or its governing body. The amendment ensures consistency with Title 15, California Code of Regulations section 2.8 regarding

transcripts, and the accuracy of the educational qualifications received by the CES and relied upon by the CBA.

Section 9.1(b)(4) – The proposed amendment is added to identify the primary and secondary evaluators. The amendment holds the evaluation service accountable for compliance with section 9.1(a)(6). This requirement allows the CBA to calculate the ratio of primary to secondary evaluators by reviewing the records and tabulating the primary or secondary evaluators used in evaluations as required in section 9.1(a)(4).

Section 9.1(b)(5) – The proposed amendment requires a credentials evaluation service to include the name or names of the applicant as shown on the transcripts as well as the name under which the applicant requested the evaluation. This requirement allows the CBA to determine if applicants are the same individuals associated with the transcripts being evaluated.

Section 9.1(b)(4) – The proposed amendment renumbers section 9.1(b)(4) to section 9.1(b)(6).

Section 9.1(b)(7) – The proposed amendment requires a credentials evaluation service to provide the total number of semester units completed and evaluated. This information aids the CBA in making appropriate evaluations of the total US equivalent course work completed by applicants.

Section 9.1(b)(5) – The proposed amendment renumbers this paragraph to subsection 9.1(b)(8) and requires a credentials evaluation service to list the coursework in chronological order without categorization, extra emphasis, or distinguishing formatting for any courses listed. This method of providing information ensures that the CBA evaluation and determination are unbiased, and the CPA applicant is not misled as to acceptable coursework.

Section 9.1(b)(9) – The proposed amendment requires the following disclaimer: “This evaluation service is not authorized by the CBA to include in this evaluation any opinion as to whether certain courses will be accepted by the CBA as meeting the CBA’s requirements or whether the applicant meets the CBA’s requirements for taking the Uniform CPA Examination or for licensure.” This requirement ensures CPA applicants have not been promised by the credentials evaluation service a predetermined outcome regarding their transcript evaluation and understand the limits of the credential evaluation service’s authority.

Section 9.1(c) – The proposed amendment requires credentials evaluation service to notify the CBA of any changes in the ratio required in section 9.1(a)(5), or any change in ownership. Change of Ownership means: any change in legal ownership of the approved credentials evaluation service or its business entity form, including the acquisition by a person of more than 50% of an interest in or stock of the business entity’s parent company, change of the business entity by incorporation or conversion of

the business to another business entity form or a change in the corporate status that requires a new corporate number as issued by the Secretary of State. Having the ownership information ensures the CBA has the updated information regarding who is responsible for compliance with this section and who is in control of the entity for the purposes of possible Board approval and responsibility for compliance with this Section.

Section 9.1(d) – The proposed amendment requires the credentials evaluation service to respond to any inquiries by the CBA, submit any documents requested by the CBA, provide any information requested by the CBA and cooperate in any investigation conducted by the CBA regarding the service’s compliance with the CBA’s requirements. The amendment ensures the CBA has the ability to gain access to the information and achieve sufficient cooperation from the credentials evaluation service to meet the CBA’s requirement of protecting the consumers of California by ensuring that credentials evaluation services are complying with the requirements of this section.

Section 9.1(e) – The proposed amendment clarifies that, in addition to failing to comply with any of the requirements of this section, approval may be withdrawn for furnishing false, inaccurate, incomplete, or misleading information to the CBA. The amendment would specify the severity of action that might be taken by the CBA if the credentials evaluation service provides false, inaccurate, incomplete, or misleading information. CES applicants should not be permitted to continue with Board approval if the CES fails or refuses to come into compliance with CBA standards or commits dishonest or negligent acts in responding to the regulating authority. Such conduct is evidence of the CES’ inability to meet minimum standards and the honesty and integrity of the CES in dealing with the CBA and the regulated public. However, current regulations do not address such conduct. This amendment would provide the CBA with clear authority to withdraw approval if any of the aforementioned acts are committed by the CES.

Section 9.1(f) – The proposed amendment allows credentials evaluation services with approval prior to the date this subdivision becomes effective to meet the requirements of this section at its next renewal. This would allow current providers to be grandfathered into these requirements.

Consumer Protection

The CBA mission to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards is enhanced by the proposed amendment of section 9.1. Specifically, through improved oversight of credentials evaluation services who evaluate foreign educated CPA candidates and as a result of eliminating inconsistent and incomplete information provided in credentials evaluation service reports. In addition, consumers will experience enhanced protection through the addition of specificity, definitions, and certification of procedures, and standardization of information provided the CBA regarding foreign educated CPA applicants.

Underlying Data

Technical, theoretical, or empirical studies, reports, or documents relied upon:
Minutes of the May 29, 2015 CBA and May 29, 2015 CBA's Committee on Professional Conduct Meeting
Minutes of the September 17-18, 2015 CBA Meeting

Business Impact

This regulation will not have a significant adverse economic impact on businesses. This initial determination is based on the following facts or evidence/documents/testimony:

The CBA presently has eighteen CBA-approved credentials evaluation service firms who would be directly affected by this proposal. On average the CBA receives less than one new CES applicant in any given year. Entities that provide credentials evaluation services would not experience a significant financial burden in completing the application and complying with the proposed amendments to Title 16, California Code of Regulations section 9.1 since they currently provide, through a less formal manner, the information required on the proposed application. Costs associated with changes to the evaluation reports, including a single disclaimer, provided to CPA candidates and statistical reporting should be minor and absorbable by the firms. Any potential adverse economic impact would only occur if a CES failed or refused to meet minimum standards and their approval was withdrawn. Given the volume of approved credential evaluation services and the level and number of the changes proposed, no "significant" adverse impact is expected.

Economic Impact Assessment

This regulatory proposal will have the following effects:

- It will not create or eliminate jobs within the State of California because the proposed changes affect only eighteen CBA approved credentials evaluation service providers, which are not sufficient to create or eliminate jobs or businesses.
- It will not create new business or eliminate existing businesses within the State of California because the proposed changes will not be of sufficient magnitude to have the effect of creating or eliminating businesses. The regulatory proposal only affects a limited number of CES providers in this State and will have no adverse impact to a CES who provides truthful, accurate, complete and timely information to the CBA.
- It will not affect the expansion of businesses currently doing business within the

State of California because the proposed changes will not be of sufficient magnitude to have the effect of creating or eliminating businesses.

- This regulatory proposal benefits the health and welfare of California residents because it will help ensure that the CBA's minimum standards for education are met by foreign-educated CPA candidates. The CBA will be better able to meet its obligation to protect the consumers of California as a result of these proposed amendments since only a CES who meets these new minimum standards will be authorized to provide evaluation reports for consideration of a CPA candidate's eligibility by the CBA. Setting minimum standards for licensure helps protect the public by helping ensure that only qualified applicants practice public accountancy.
- This regulatory proposal does not affect worker safety because it has nothing to do with worker safety.
- This regulatory proposal does not affect the state's environment because it has nothing to do with the environment.

Specific Technologies or Equipment

This regulation does not mandate the use of specific technologies or equipment.

Consideration of Alternatives

No reasonable alternative to the regulatory proposal would be either more effective in carrying out the purpose for which the action is proposed or would be as effective or less burdensome to affected private persons and equally effective in achieving the purposes of the regulation in a manner that ensures full compliance with the law being implemented or made specific.

Set forth below are the alternatives which were considered and the reasons each alternative was rejected:

The only alternative considered was to maintain the status quo. The CBA rejected this alternative because it would not improve the ability of the CBA to maintain sufficient oversight on the credentials evaluation service firms to ensure improved protection of California consumers.



Association of International Credential Evaluators, Inc.

P.O. Box 6756

Beverly Hills, CA 90212

Phone: (310) 550-3305 Fax: (310) 275-1606

E-mail: info@aice-eval.org <http://www.aice-eval.org>

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CALIFORNIA BOARD
OF ACCOUNTANCY

February 10, 2016

Pat Billingsley
State of California, Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815

RE: Proposed Regulatory Language, section 9.1. Approved Credential
Evaluation Service Status

Dear Ms. Billingsley,

My name is Jasmin Saidi-Kuehnert, and I currently serve on the Board of the Association of International Credential Evaluators (AICE) as its Acting President & Treasurer. I have been appointed by the AICE Board to contact you concerning item #1 on the proposed Credential Evaluation Service Application recently released by the California Board of Accountancy (CBA).

AICE is a professional association which was founded in 1998 in order to better serve the international credential evaluation professionals. Membership with AICE requires each credential evaluation service to undergo rigorous screening which includes a site visit of its premises. Applicants satisfying the AICE criteria are granted **Endorsed** Membership status.

I am also the Founder, President and CEO of the Academic Credentials Evaluation Institute, Inc. (ACEI) in Los Angeles, CA, which is an Endorsed Member of the AICE. In the early 1990's, at the request of the CBA, I assisted the CBA in writing its original guidelines pertaining to the criteria an international credential evaluation service needs to meet in order to be on the CBA-approved list of evaluation services.

In the new proposed guidelines published by the CBA, we have noticed reference is made to three membership associations in our field but not to AICE. The associations listed in the current CBA guidelines are excellent organizations to be sure. However, two of them, NAFSA and AACRAO, have an open membership policy and do not have nor require credential evaluators to meet quality control criteria. The other association, NACES, does have membership criteria for credential evaluators as does AICE. Both NACES and AICE are on the U.S. Department of Education's list as the two national membership associations for credential evaluation services. Additionally, AICE is the only association in our field that publishes and enforces evaluation methodology standards for its members.

Ms. Pat Billingsley
February 10, 2016
Page 2 of 2

As the CBA moves forward with approving and implementing its criteria concerning approved credential evaluation services, I would like to ask that **Endorsed membership** with AICE be included in the CA Board guidelines in addition to AACRAO, NAFSA and NACES.

Some colleagues and I will be at the meeting in Anaheim and we look forward to meeting you on March 17th. In the meantime, please contact me at your earliest convenience with any questions you may have concerning AICE.

Sincerely,



Jasmin Saidi-Kuehnert
Acting President & Treasurer

Enclosure: Portfolio on AICE



California Board of Accountancy
 2000 Evergreen Street, Suite 250 Sacramento, CA 95815-3832
 P (916) 263-3680 F (916) 263-3675 | www.cba.ca.gov



MEMORANDUM

DATE	March 16, 2016
TO	CBA Member
FROM	Pat Billingsley, Regulatory Analyst
SUBJECT	CBA Item II.B. – Discussion and Possible Action to Amend Title 16, California Code of Regulations, Section 9.1 – Approved Credentials Evaluation Service Status

Subsequent to the mailing of the California Board of Accountancy (CBA) meeting materials the CBA received two additional comment letters regarding the proposed amendment to California Code of Regulations (CCR) section 9.1.

The following is a summary and staff proposed recommendation regarding each of these comments.

Academic & Credential Records, Evaluation & Verification Service

A comment letter (**Attachment 1**) was received on March 11, 2016 from Mr. Shanker Munshani, Director, Academic & Credential Records, Evaluation & Verification Service (ACREVS) regarding the proposed amendment to CCR section 9.1:

Mr. Munshani made the following comments:

Comment:

ACREVS agrees that American Association of College Registrars and Admissions Officers should be included.

Business and Professions Code (BPC) section 5094(d)(3) states that the regulations adopted by the CBA shall require the credentials evaluation service to “be a member of the American Association of Collegiate Registrars and Admission Officers, the National Association of Foreign Student Affairs, or the National Association of Credential Evaluation Services.” Because the statute lists this specific organization the CBA should accept this comment.

Comment:

ACREVS states that the exact name is American Association of Collegiate Registrars and Admissions Officers (The word “Admissions” is plural)

CBA Item II.B. – Discussion and Possible Action to Amend Title 16, California Code of Regulations, Section 9.1 – Approved Credentials Evaluation Service Status

Page 2 of 4

BPC section 5094(d)(3) states that the regulations adopted by the CBA shall require the credentials evaluation service to “be a member of the American Association of Collegiate Registrars and Admission Officers, the National Association of Foreign Student Affairs, or the National Association of Credential Evaluation Services.” In addition, Government Code section 11342.2 prohibits state agencies from adopting a regulation that is inconsistent or in conflict with statute. Consequently, since the statute is singular, the CBA should reject this comment.

Comment:

ACREVS states the organization American Association of Collegiate Registrars and Admissions Officers is more popularly known as AACRAO, and hence identifying it as such may provide further clarity; e.g. American Association of Collegiate Registrars and Admissions Officers (AACRAO).

BPC section 5094(d)(3) states that the regulations adopted by the CBA shall require the credentials evaluation service to “be a member of the American Association of Collegiate Registrars and Admission Officers, the National Association of Foreign Student Affairs, or the National Association of Credential Evaluation Services.” In addition, Government Code section 11342.2 prohibits state agencies from adopting a regulation that is inconsistent or in conflict with statute. Neither the statute nor regulations use acronyms; consequently, this comment should be rejected.

Comment:

ACREVS suggested that since the American Association of Collegiate Registrars and Admissions Officers has affiliated State and Regional Associations (39), and California is part of the Pacific Association of Collegiate Registrars and Admission Officers (PACRAO), the proposed amended language should be as follows:

CCR section 9.1(a)(1) Be a member of and certify to its membership in either the American Association of Collegiate Registrars and Admissions Officers (AACRAO), or its affiliated California regional association: Pacific Association of Collegiate Registrars and Admissions Officers (PACRAO), ...

BPC section 5094(d)(3) states that the regulations adopted by the CBA shall require the credentials evaluation service to “be a member of the American Association of Collegiate Registrars and Admission Officers, the National Association of Foreign Student Affairs, or the National Association of Credential Evaluation Services.” In addition, Government Code section 11342.2 prohibits state agencies from adopting a regulation that is inconsistent or in conflict with statute. Consequently, changing the name would be inconsistent with the statute; therefore, the CBA should reject this comment.

Comment:

ACREVS agrees that the National Association for Foreign Student Affairs should be included.

BPC section 5094(d)(3) states that the regulations adopted by the CBA shall require the credentials evaluation service to “be a member of the American Association of Collegiate

CBA Item II.B. – Discussion and Possible Action to Amend Title 16, California Code of Regulations, Section 9.1 – Approved Credentials Evaluation Service Status

Page 3 of 4

Registrars and Admission Officers, the National Association of Foreign Student Affairs, or the National Association of Credential Evaluation Services. Because the statute lists this specific organization the CBA should accept this comment.

Comment:

ACREVS states the National Association for Foreign Student Affairs has gone thru a name change and is currently known as “NAFSA: Association of International Educators”

BPC section 5094(d)(3) states that the regulations adopted by the CBA shall require the credentials evaluation service to “be a member of the American Association of Collegiate Registrars and Admission Officers, the National Association of Foreign Student Affairs, or the National Association of Credential Evaluation Services.” In addition, Government Code section 11342.2 prohibits state agencies from adopting a regulation that is inconsistent or in conflict with statute. Consequently, this would create an inconsistency with the statute, and the CBA should reject this comment.

Comment:

ACREVS states that they do not agree that National Association of Credential Evaluation Service should be included in this list of membership organizations.

BPC section 5094(d)(3) states that the regulations adopted by the CBA shall require the credentials evaluation service to “be a member of the American Association of Collegiate Registrars and Admission Officers, the National Association of Foreign Student Affairs, or the National Association of Credential Evaluation Services.” In addition, Government Code section 11342.2 prohibits state agencies from adopting a regulation that is inconsistent or in conflict with statute. Consequently, this would create an inconsistency with the statute, and the CBA should reject this comment.

Comment:

ACREVS states, they would like to see that evaluations be based off of “Originals” only, unless the documents received directly are printed on official tamper proof paper with the right seals and signatures. Most official seals are embossed and this should be requested.

This comment is unclear since the regulation already requires original, authentic transcripts and degrees. Due to the lack of clarity, the CBA should reject this comment.

Educational Records Evaluation Service, Inc.

An additional comment letter (**Attachment 2**) was received on March 14, 2016 from Mr. Paul Reese, Executive Director, Educational Records Evaluation Service, Inc. (ERES) regarding the proposed amendment to CCR section 9.1.

CBA Item II.B. – Discussion and Possible Action to Amend Title 16, California Code of Regulations, Section 9.1 – Approved Credentials Evaluation Service Status

Page 4 of 4

Mr. Reese made the following comment:

Comment:

Mr. Reece respectfully request that the Legislature’s professional affiliation requirement be reconsidered.

BPC section 5094(d)(3) states that the regulations adopted by the CBA shall require the credentials evaluation service to “be a member of the American Association of Collegiate Registrars and Admission Officers, the National Association of Foreign Student Affairs, or the National Association of Credential Evaluation Services.” In addition, Government Code section 11342.2 prohibits state agencies from adopting a regulation that is inconsistent or in conflict with statute. The CBA does not have the authority to establish affiliations that would be inconsistent with statute, and the CBA should reject this comment.

Due to the number of comments regarding the various organizations to which credentials evaluation services must be a member, staff suggest that an item be placed on a future agenda that will review these organizations and provide the CBA with the opportunity to recommend possible legislative language that may include changes such as plural name designation, name changes, and membership organization criteria.

Recommendation

Staff recommendations are provided following each of the ACREVS and ERES comments.

Attachments

1. Academic & Credential Records, Evaluation & Verification Service letter and exhibit 1 dated March 11, 2016.
2. Educational Records Evaluation Service letter dated March 14, 2016.



ACREVS Inc.

Academic & Credential Records, Evaluation & Verification Service

www.acrevs.com

Phone: 408 719 0015

1798 Clear Lake Ave., Milpitas, CA 95035

3/11/16

To: California Board of Accountancy
Attn: Pat Billingsley/Nooshin Movassaghi
2000 Evergreen St., Suite 250
Sacramento, CA 95815

Dear Members of the California Board of Accountancy,

Thank you for the opportunity to comment on the Proposed Regulatory Language updates to the Approved Credential Evaluation Service Status.

INFORMATIVE DIGEST

A. Information Digest

Section 9.1

(a)(1): The proposed amendment requires the applicant to certify to its membership in applicable professional organization:

We agree that this organization should be included:

American Association of Collegiate Registrars and Admissions Officers

Additional Comment: The exact name is American Association of Collegiate Registrars and Admissions Officers (The word "Admissions" is plural)

Additional Comment: This organization is more popularly known as AACRAO, and hence identifying it as such may provide further clarity; e.g. American Association of Collegiate Registrars and Admissions Officers (AACRAO)

Additional Comment: AACRAO has affiliated State and Regional Associations (39). California is part of the Pacific Association of Collegiate Registrars and Admission Officers (PACRAO).

PACRAO includes: Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, and Washington; the Territory of Guam; and the provinces of Alberta, British Columbia, Manitoba, and Saskatchewan, Canada.

PACRAO holds an annual conference and other sessions where foreign credentials evaluations are discussed and classes taught.

Suggestion:

For 9.1

(a)(1) Be a member of and certify to its membership in either the American Association of Collegiate Registers and Admission Officers (AACRAO), or its affiliated *California regional association: Pacific Association of Collegiate Registrars and Admissions Officers (PACRAO)*.
(suggested additional text is in Italics above)

We agree that this organization should be included:
National Association for Foreign Student Affairs

Additional Comment: This Organization has gone thru a name change and is currently known as: "NAFSA: Association of International Educators"

Background Info: NAFSA

Founded in 1948, originally called the National Association of Foreign Student Advisers. In 1964 it was re-named as the National Association for Foreign Students Affairs. In May of 1990 it was re-named as "NAFSA: Association of International Educators".

Reasoning:

The reasons for **We agree** that AACRAO & NAFSA should be the membership organizations is as follows:

- 1) AACRAO and NAFSA are the two main bodies in the US that establish foreign credentials equivalency.
- 2) AACRAO and NAFSA are responsible for publishing the vast majority of literature (book, papers, etc.) that are used in Foreign Credential Evaluations
- 3) Membership into these organizations is fair, open and independent.
- 4) Both these association hold annual conferences as well as regional conferences every year. Issues related to Foreign Credential Evaluations are discussed, training classes related to foreign evaluations are taught, etc. In addition, there is year-round activity at these organizations.
- 5) Meetings, conferences, classes at AACRAO and NAFSA are all Open.
- 6) The vast majority of membership for both AACRAO and NAFSA is from the Academia and there is No Conflict of Interest. AACRAO does have a division that does foreign credential evaluations for a fee, but that is a small portion of the AACRAO organization.
- 7) The membership is wide and varied which helps in their neutrality. AACRAO has more than 11,000 members across 40 countries. NAFSA has more than 10,000 members.

We do not agree that

(c) National Association of Credential Evaluation Service - should be included in this list.

Reasoning:

1) Evaluation criteria across member companies is not consistent. (An example: one member company recognizes a 3-year undergraduate degree from India as equivalent to a Bachelors degree in the US, whereas other members do not give the same equivalency.

2) All members in this association are evaluation companies who perform evaluation service for a fee. Potentially projecting them as the industry association and with the potential opportunity of excluding other companies, etc., potentially provides an unfair advantage of market share of the foreign credential evaluation business.

3) There may be a potential conflict of interest. It can be perceived as or at the very least, it may give an impression to other agencies/institutions/organizations of CAB's seal of approval of having vetted all members of this organization or attesting to its uniform evaluation standards.

4) There are other similar Associations and picking one association over other associations may give the impression of playing favoritism.

5) The industry already has independent organizations such as AACRAO and NAFSA that are central to setting the standards for foreign credentials evaluations.

6) Simply because a group of companies get together and call their association the "National Association of" or "American Association of" or something similar does not imply that they represent the industry.

7) In our opinion, It is important that all companies (including those that form the National Association of credential evaluation service group) should seek membership in AACRAO or NAFSA. It is important to be part of AACRAO and NAFSA to keep up with the changing education/evaluations standards. In recent times we have seen the Bologna process and the document verification processes such as CDGDC in China and the scratch card process in Western Africa. Topics such as this are discussed at AACRAO and NAFSA annual and regional conferences and other training classes.

Section 9.1

(b) (1)

In our opinion we would like to see that evaluations be based off of "Originals" only, unless the documents received directly are printed on official tamper proof paper with the right seals and signatures. Most official seals are embossed and this should be requested.

Reasoning:

Unlike many western countries, colleges and universities in the vast majority of countries do not have a formal verifiable method for issuing additional transcripts. The process is prone to cheating. Originals are mostly issued on tamper proof paper, where precaution is taken to maintain integrity of the Originals. Originals in many instances have serial numbers that can be traced.

In the case of asking colleges/universities in most countries to issue transcripts and send them by mail, the transcript is (a) in many cases printed on "regular" paper (b) does not require that document be signed at the "higher official" level as is required for Originals (c) is handled at a junior clerk level who can be bribed or intimidated (d) does not have the same verification and check & balances as the originals (e) generally has a "rubber" stamp which might be "borrowed" or a duplicated.

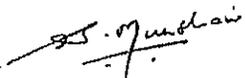
I hope you will give our suggestions due consideration. If I may answer any questions, please don't hesitate to contact me.

If possible, we would appreciate it if we can be provided with (a) changes proposed by other parties (b) list of individuals and organizations that our memo is/will be shared with.

Once again thank you for the opportunity to provide our feedback,

With every good wish, I remain,

Sincerely,



Shanker Munshani
Director
shankerm@acrevs.com

Disclaimer:

ACREVS and the author bear no liability as to the accuracy of the information. Comments are based on the best information available to the author and the author and ACREVS bear no malice against any individual or organization mentioned in the feedback provided to the California Board of Accountancy. Dissemination of this information releases the author and ACREVS of any legal liability or retribution.

EXHIBIT 1

1960S



1970S



1980S



1990S



International Credentials Evaluation

By: David McCollen Ph.D.

Foreign Credential Evaluation in the U.S.:

The U.S. Department of Education in Washington D.C. was responsible for all Foreign Credential Evaluation through its FCES division. FCES began to be curtailed between 1966-69, and it was finally terminated in 1970. Since then, the evaluation of foreign credentials has largely been done by admissions offices of colleges and universities or through private credential evaluation services.

The United States has a decentralized education system based upon our federal Constitution, which reserves power over education to the states and local authorities, as well as to individual schools and higher education institutions. In many instances the Federal department of education's void has been filled by State department of education for areas such as teacher certification programs. States such as California have an exhaustive process of approving foreign credential evaluation companies. These approved companies are the only ones authorized to do evaluations for their programs. A list of reputable evaluations services approved by the Commission (CTC) in California can be found at: <http://www.ctc.ca.gov/credentials/leaflets/cl635.pdf>. This list has been used by colleges/universities, state boards/agencies, employers, etc., who either do not have in-house resources or domain knowledge to qualify evaluation companies.

Who Establishes Foreign Credentials Equivalencies Standards?

National guidelines for assessing foreign educational credentials have come primarily from placement recommendations developed by the National Council on the Evaluation of Foreign Educational Credentials (CEC – "The Council"). The Council is the only inter-associational committee specifically created to review, modify, and approve placement recommendations written for publications used by the US admissions community. It is made up of representatives of organizations involved in higher education including AACRAO, NAFSA, and the College Board. Recommendations approved by CEC identify the level/stage of education represented by an educational credential and thus the appropriate admission decision and placement of the holder of the credential in US educational institutions.

The "Associations" conducting research in Foreign Credentials Standards:

In the field of Foreign Credentials Evaluation, the "Association" that has published almost all of the literature (books) on foreign education evaluation is AACRAO – American Association of Collegiate Registrars and Admission Officers. AACRAO was founded in 1910, and is the nation's oldest and largest higher education association. It also publishes some of the literature in association with another association – NAFSA, (founded in 1948). AACRAO and NAFSA have over 10,000 members and over two thousand colleges and universities from around the world. They have regular seminars and conferences, to update their membership on changes and research in the field of foreign evaluation. They are the spokesperson for the industry and their membership is fair and open with independent oversight.

How do you choose an evaluation company?

Litmus test: (a) is the evaluation company a member of AACRAO, NAFSA and NAGAP (Association of Graduate Enrollment)? Membership keeps one up to date on the latest trends and changes. (b) Have they been approved by a board of education like California, which has an exhaustive approval process? (c) Review some of their evaluation reports to see if it meets your standards.

Reference: U.S. Department of Education literature



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Founded 1981 • NACES Member since 1993

Educational Records Evaluation Service

Department of Consumer Affairs
CALIFORNIA BOARD OF ACCOUNTANCY

March 14, 2016

RE: The current proposed requirement that CREDENTIAL EVALUATION AGENCIES are a member of at least one of the following organizations:

- American Association of Collegiate Registrar and Admissions Officers (AACRAO); or
- National Associate of Student Affairs (NAFSA); or
- National Associate of Credential Evaluation Services

Dear Board Officials,

The Board has the mission of maintaining procedures that assure that accountants meet strict requirements for licensure and that high standards and qualifications are maintained as these individuals undertake their careers. Similarly, I believe that it is the intention of the Legislature that memberships in the above listed organizations assures that credential evaluation agencies meet high standards for initial membership qualification and as their services are being rendered. To believe that this is the case is an absolute misperception.

AACRAO AND NAFSA are both outstanding organizations that provide major resources for all who have an interest in education, especially for admissions officers, administrators, as well as invaluable resources that are utilized by credential evaluation agencies. However, it should be recognized that as worthy as these organizations are they do not provide any oversight for evaluation agencies nor do they have any requirement of membership other than paying the dues. Membership is not dependent on maintaining standards and competencies and it would be incorrect to think that membership in AACRAO and NAFSA has this effect.

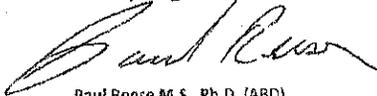
Although it is not my main concern in this letter, it should be noted that it is actually incorrect for the Board to present the membership question indicating that an organization could be a member of NAFSA. THERE IS NO ORGANIZATIONAL MEMBERSHIP FOR NAFSA. Only individuals can join NAFSA, and this is available to anyone who will pay a few hundred dollars in annual dues.

The sole mission of NACES, the third organization listed above, is to represent the highest standards in the credential evaluation profession. Membership can only be granted after being successful with a

very strict application process, that established a very high level of competence, that extensive resources are available, and that applicants have and continue to make professional contributions such as publishing, leading seminars, as well as on-going professional participation in conferences and the like. Sites visits are both a required part of the membership application and are conducted with established members.

My intention is not so much to promote NACES, but to respectfully request that the Legislature's professional affiliation requirement be reconsidered.

Many regards,



Paul Reese M.S., Ph.D. (ABD)
Executive Director
Educational Records Evaluation Service, Inc.
601 University Avenue Suite 127
Sacramento, CA 95825-6738

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ERES: *Where Past Education*
.....Becomes Future Opportunity
Founded 1981--Member of NACES Since 1993--BBB A+



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CBA Item II.B.
March 17, 2016

Discussion and Possible Action to Amend Title 16, California Code of Regulations Section 9.1 – Approved Credentials Evaluation Service Status

Presented by: Pat Billingsley, Regulatory Analyst

Consumer Protection Objectives

The purpose of this agenda item is to provide an opportunity for the California Board of Accountancy (CBA) to adopt proposed changes to Title 16, California Code of Regulations (CBA Regulations), section 9.1 Credentials Evaluation Service Status and also incorporates by reference the Credentials Evaluation Service Application form (Form 11A-54 (9/15)) (**Attachment 1**).

This proposal would strengthen oversight of credentials evaluation service applicant submissions by amending the minimum requirements for CBA approval of credential evaluation services, incorporating an application form, specifying definitions, and requiring credentials evaluation service providers to attest to facts and representations made to the CBA, which in turn protect consumers by ensuring that applicants who become licensees are qualified to practice public accountancy in accordance with established professional standards.

Action(s) Needed

The CBA will be asked to adopt the proposed changes to CBA Regulations section 9.1.

Background

Business and Professions Code (BPC) section 5094, authorizes the CBA to adopt regulations specifying the criteria and procedures for approval of credentials evaluation services.

Following the regulatory hearing to receive public comment on the proposal (**CBA Agenda Item II.A.**) the next step in the rulemaking process is that the CBA must act to formally adopt the proposed regulations outlined in this item. The CBA may decide to make changes to the proposed regulations based on any received comments, or it may proceed with adopting the proposal without modification.

Discussion and Possible Action to Amend Title 16, California Code of Regulations Section 9.1 – Approved Credentials Evaluation Service Status

Page 2 of 3

Comments

As of the date the agenda item was prepared one comment has been received:

Ms. Jasmin Saidi-Kuehnert, Acting President and Treasurer of Association of International Credential Evaluators, Inc. (AICE), wrote a letter (**Attachment 2**) that was received on February 12, 2016, requesting that AICE be included in CBA Regulations section 9.1(a)(1) as a referenced organization to which credentials evaluation service providers can be members.

BPC section 5094(d)(3) states that the regulations adopted by the CBA shall require the credentials evaluation service to “be a member of the American Association of Collegiate Registrars and Admission Officers, the National Association of Foreign Student Affairs, or the National Association of Credential Evaluation Services.” In addition, Government Code section 11342.2 (**Attachment 3**) prohibits state agencies from adopting a regulation that is inconsistent or in conflict with statute. Because the statute lists specific organizations and does not include AICE, it would take a legislative change to add AICE to the list. Consequently, the CBA will need to reject this comment.

If no additional changes are to be made after the public comment period and hearing closes, the following motion is suggested:

Motion: Direct staff to take all steps necessary to complete the rulemaking process, including the filing of the final rulemaking package with the Office of Administrative Law (OAL), authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as originally noticed.

If substantive changes are to be made after the public comment period and hearing closes, the following motion is suggested:

Motion: Direct staff to take all steps necessary to complete the rulemaking process, including sending out the modified text for an additional 15-day comment period. If after the 15-day public comment period, no adverse comments are received, authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as described in the modified text notice.

Fiscal/Economic Impact Considerations

Entities that provide credentials evaluation services would not experience a significant financial burden in completing the application and complying with the proposed amendments to CBA Regulations section 9.1 since they currently provide, through a less formal manner, the information required on the proposed application.

Recommendation

Staff recommend the CBA reject the comment received from AICE; adopt the motion regarding no additional changes; direct staff to take all steps necessary to complete the rulemaking process, including the filing of the final rulemaking package with the OAL; authorize the Executive Officer to make any non-substantive changes to the proposed regulations; and adopt the proposed regulations as originally noticed.

**Discussion and Possible Action to Amend Title 16, California Code of Regulations
Section 9.1 – Approved Credentials Evaluation Service Status**

Page 3 of 3

Attachments

1. Proposed Regulatory Language
2. Association of International Credential Evaluators, Inc. Letter dated February 10, 2016
3. Government Code section 11342.2



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 WEB ADDRESS: <http://www.cba.ca.gov>



Attachment 1

Proposed Regulatory Language

§ 9.1. Approved Credential Evaluation Service Status

- (a) To receive and to maintain Board approval, a credentials evaluation service shall: submit an application on Form 11A-54 (9/15) and comply with the following:
- (1) Be a member of the and certify to its membership in either the American Association of Collegiate Registrars and Admission Officers, the National Association for Foreign Student Affairs: Association of International Educators, or the National Association of Credential Evaluation Services;
 - (2) Furnish the Board with a copy of its current written procedure for identifying fraudulent transcripts, and comply certify on the application to compliance with that procedure;
 - (3) ~~Furnish the Board with a list of its reference materials including the title of each reference, its publisher, and the date of publication, and certify~~ Certify on the application that it maintains a complete set of reference materials, that the references are adequate to prepare complete, accurate evaluations and are the most current editions available;
 - (4) Furnish the Board with resumes or curriculum vitae for each evaluator and translator which provide ~~biographical information on evaluators and translators,~~ including a list of languages spoken and years in service. The service shall have at least one senior staff member with not less than five years of foreign student college admission experience or closely related credentials evaluation experience at all academic levels;
 - (5) Furnish the Board with its organization chart showing the ratio of senior staff members to junior staff members is, at most, one to five, and shall not exceed that ratio;
 - (6) Furnish the Board with written evidence that a minimum of 50% of the evaluations performed by junior staff members are reviewed by senior staff members, and shall maintain at least that minimum; for the purposes of this paragraph, "written evidence" means it provides as a part of the application, for the previous five years, the total number of evaluations performed, the total number of evaluations performed by junior staff members, and the total number of evaluations performed by junior staff members that were reviewed by senior staff members.
 - ~~(7) Furnish the Board with statistical information on the number of applications processed annually for the past five years;~~
 - ~~(8) Furnish the Board with a list of at least three accredited colleges and universities or other licensing agencies using its services;~~
 - ~~(9) Furnish the Board with three letters of reference, written within the last year, from public or private agencies;~~
 - ~~(10) Furnish the Board with a copy of its appeal procedure for applicants, and~~ comply certify to compliance with that procedure on the application;
 - ~~(11) Furnish evaluations to the Board that comply with the requirements of this section;~~

(4210) For the initial application, furnish the Board with a sample evaluations that complies with the requirements of subdivision (b); prepared for other agencies.

(11) For the initial application, certifies it has, or agrees to establish within thirty days of Board approval, a minimum six-year document retention policy;

(12) As a condition of renewal, a credentials evaluation service shall certify continued compliance with a minimum six-year document retention policy.

(b) Each evaluation provided by the Board approved service shall:

(1) Affirm in a written statement that the evaluation is based only upon authenticated, original transcripts and degrees received directly from the educational institution or its governing body;

(2) Include certified copies of all original transcripts;

(3) Be furnished directly to the Board, in English; on tamper-proof paper,

(4) Identify the primary evaluator and any secondary evaluator;

(5) Include the name or names of the applicant as shown on the transcripts as well as the name under which the applicant requested the evaluation;

(46) Include a report of each degree held by the applicant along with the equivalent degree offered in the United States, the date the degree was granted and the institution granting the degree;

(7) Provide the total number of semester units completed and evaluated;

(58) Include a listing of the course titles with the semester unit equivalent for each course listed in chronological order without categorization, extra emphasis, or distinguishing formatting for any of the courses listed;.

(9) Include the following disclaimer: "This evaluation service is not authorized by the California Board of Accountancy to include in this evaluation any opinion as to whether certain courses will be accepted by the Board as meeting the Board's requirements or whether the applicant meets the Board's requirements for taking the Uniform CPA Examination or for licensure."

(c) The credentials evaluation service shall report to the Board annually whether it has undergone any organizational changes, including any change in the ratio required in subdivision (a)(5), or any change in ownership. Approval issued under this section shall expire five years after the date of issuance unless renewed by the Board prior to its expiration by meeting the requirements in subsection (a). For purposes of this subdivision, "change in ownership" means any change in legal ownership of the approved credentials evaluation service or its business entity form, including the acquisition by a person of more than 50% of an interest in or stock of the business entity's parent company, change of the business entity by incorporation or conversion of the business to another business entity form or a change in the corporate status that requires a new corporate number as issued by the Secretary of State.

(d) In order to remain as a Board approved credentials evaluations service, the credentials evaluation service shall respond to any inquiries by the Board, submit any documents requested by the Board, provide any information requested by the Board and cooperate in any investigation conducted by the Board regarding the service's compliance with the Board's requirements.

(e) Approval may be withdrawn at any time if the credentials evaluation service fails to comply with any of the requirements of this section or furnishes false, inaccurate, incomplete or misleading information to the Board.

(f) A credentials evaluation service that received Board approval prior to the date this subdivision becomes effective shall meet the requirements of this section at its next renewal.

NOTE: Authority cited: Sections 5010 and 5094, Business and Professions Code.
Reference: Section 5094, Business and Professions Code.



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 FACSIMILE: (916) 263-3675
 WEB ADDRESS: <http://www.cba.ca.gov>



CREDENTIALS EVALUATION SERVICE APPLICATION

Please provide all requested information listed below.

Name of Applicant Organization: _____	
Address: _____	
City: _____	State: _____ Zip Code: _____
Telephone Number: () _____	Fax Number: () _____
Toll-Free Number (if available): () _____	
Email Address (if available): _____	
Website Address (if available): _____	
Name of Contact Person: _____	Title: _____

THE ORGANIZATION CERTIFIES TO THE FOLLOWING:

(Check)

1. It is a member of:
 - a. American Association of Collegiate Registrars and Admission Officers; or, _____
 - b. National Association for Foreign Student Affairs: _____
 Association of International Educators; or, _____
 - c. National Association of Credential Evaluation Services. _____
2. It complies with its current written procedure for identifying fraudulent transcripts. _____
3. It maintains a complete set of current reference materials that are adequate to prepare complete, accurate evaluations and are the most current editions available. _____
4. It complies with its appeal procedure for applicants. _____

Check one of the following:

(Check)

5. This is its initial application, and it has, or agrees to establish with thirty days of California Board of Accountancy approval, a minimum six-year document retention policy. _____
6. This is its renewal application, and it complies with a minimum six-year document retention policy. _____

THE FOLLOWING MUST BE INCLUDED WITH THIS APPLICATION:

1. A copy of its current written procedure for identifying fraudulent transcripts. Form 11A-54 (9/15) curriculum vitae for each evaluator and translator which provide biographical information, including a list of languages spoken and years in service.
3. Organization Chart showing the ratio of senior staff members to junior staff members (not to exceed a one to five ratio).
4. Written evidence that a minimum of 50% of evaluations performed by junior staff members are reviewed by senior staff members (Written evidence means providing, for the previous five years, the total number of evaluations performed, the total number of evaluations performed by junior staff members, and the total number of evaluations performed by junior staff members that were reviewed by senior staff members).
5. A list of at least three accredited colleges and universities or other licensing agencies using its services.
6. Three letters of reference, written within the last year, from public or private agencies.
7. A copy of its appeal procedures for applicants.
8. For initial applications only, a sample evaluation that complies with the requirements of Title 16, California Code of Regulations section 9.1(b).

I hereby certify, under penalty of perjury under the laws of the State of California, that I am a person authorized to act for and bind the applicant and that all statements, answers, and representations made on this form and any accompanying attachments are true, complete, and accurate to the best of my knowledge. By submitting this form and signing below, I am granting permission to the California Board of Accountancy to verify the information provided.

Authorized Signature

Date

Print or Type Name

Title

NOTICE OF COLLECTION OF PERSONAL INFORMATION

The information requested on this application is mandatory pursuant to Business and Professions Code section 5094 and Title 16 CCR section 9.1. Failure to provide all of the information requested will result in the application being rejected as incomplete. The information provided will be used to determine qualification and continued qualification of the applicant for approval by the California Board of Accountancy (CBA) as a credential evaluation service. The information may be provided to other governmental agencies, or in

response to a court order, subpoena, or public records request. You have a right of access to records containing personal information maintained by the CBA unless the records are exempted from disclosure by law. Individuals may obtain information regarding the location of his or her records by contacting the CBA's Licensing Manager at 2000 Evergreen St. #250, Sacramento, CA 95815 or (916) 561-1754.



Association of International Credential Evaluators, Inc.

P.O. Box 6756

Beverly Hills, CA 90212

Phone: (310) 550-3305 Fax: (310) 275-1606

E-mail: info@aice-eval.org <http://www.aice-eval.org>

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CALIFORNIA BOARD
OF ACCOUNTANCY

February 10, 2016

Pat Billingsley
State of California, Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815

RE: Proposed Regulatory Language, section 9.1. Approved Credential
Evaluation Service Status

Dear Ms. Billingsley,

My name is Jasmin Saidi-Kuehnert, and I currently serve on the Board of the Association of International Credential Evaluators (AICE) as its Acting President & Treasurer. I have been appointed by the AICE Board to contact you concerning item #1 on the proposed Credential Evaluation Service Application recently released by the California Board of Accountancy (CBA).

AICE is a professional association which was founded in 1998 in order to better serve the international credential evaluation professionals. Membership with AICE requires each credential evaluation service to undergo rigorous screening which includes a site visit of its premises. Applicants satisfying the AICE criteria are granted **Endorsed** Membership status.

I am also the Founder, President and CEO of the Academic Credentials Evaluation Institute, Inc. (ACEI) in Los Angeles, CA, which is an Endorsed Member of the AICE. In the early 1990's, at the request of the CBA, I assisted the CBA in writing its original guidelines pertaining to the criteria an international credential evaluation service needs to meet in order to be on the CBA-approved list of evaluation services.

In the new proposed guidelines published by the CBA, we have noticed reference is made to three membership associations in our field but not to AICE. The associations listed in the current CBA guidelines are excellent organizations to be sure. However, two of them, NAFSA and AACRAO, have an open membership policy and do not have nor require credential evaluators to meet quality control criteria. The other association, NACES, does have membership criteria for credential evaluators as does AICE. Both NACES and AICE are on the U.S. Department of Education's list as the two national membership associations for credential evaluation services. Additionally, AICE is the only association in our field that publishes and enforces evaluation methodology standards for its members.

Ms. Pat Billingsley
February 10, 2016
Page 2 of 2

As the CBA moves forward with approving and implementing its criteria concerning approved credential evaluation services, I would like to ask that **Endorsed membership** with AICE be included in the CA Board guidelines in addition to AACRAO, NAFSA and NACES.

Some colleagues and I will be at the meeting in Anaheim and we look forward to meeting you on March 17th. In the meantime, please contact me at your earliest convenience with any questions you may have concerning AICE.

Sincerely,



Jasmin Saidi-Kuehnert
Acting President & Treasurer

Enclosure: Portfolio on AICE



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Attachment 3

Government Code Section 11342.2.

Whenever by the express or implied terms of any statute a state agency has authority to adopt regulations to implement, interpret, make specific or otherwise carry out the provisions of the statute, no regulation adopted is valid or effective unless consistent and not in conflict with the statute and reasonably necessary to effectuate the purpose of the statute.



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CBA Item III.B.
 March 17-18, 2016

National Association of State Boards of Accountancy/American Institute of Certified Public Accountants Committee Interest Form

Presented by: Katrina L. Salazar, CPA, President

Consumer Protection Objectives

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with information regarding opportunities to participate on national committees with the National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA). This participation assists in ensuring that California maintains an active presence nationally in the decision-making process related to consumer protection and the accountancy profession.

Action(s) Needed

No specific action is required on this agenda item.

Background

CBA participation on a national level assists in ensuring that California is represented during discussions on topics that impact the regulation of the accounting profession and consumer protection. In prior years, the following CBA members and staff were selected to participate on various national committees with NASBA:

Accountancy Licensee Database Task Force	Sally Anderson, CPA/Patti Bowers
Board Relevance & Effectiveness Committee	Marshal Oldman, Esq.
Education Committee	Don Driftmier, CPA
Uniform Accountancy Act	Don Driftmier, CPA/Sally Anderson, CPA
Strategic Planning Committee	Michael M. Savoy, CPA
Compliance Assurance	Robert Petersen, CPA
Education	Leslie LaManna, CPA
Global Strategies	Rudy Bermudez/Angela Chi, CPA
UAA Mobility Implementation	David Swartz, CPA

Their participation and input gave California a voice in critical areas relating to the accounting profession, including the practice analysis for the Uniform CPA Examination, changes to the Uniform Accountancy Act, NASBA's strategic plan, and creation and implementation of the Accountancy Licensee Database. Participation and attendance was both in-person and via conference call.

National Association of State Boards of Accountancy/American Institute of Certified Public Accountants Committee Interest Form

Page 2 of 3

Comments

NASBA

NASBA's committee recruitment process for the 2016/17 committee cycle began on February 24, 2016. A listing of committees and their respective charges is included as **Attachment 1**.

Members interested in serving on a committee should complete the NASBA Committee Interest Form (**Attachment 2**) by April 22, 2016. Staff will act as a liaison by receiving the interest forms from CBA members and forwarding them to NASBA.

CBA members with specific questions or needing further information regarding NASBA committees may contact Anita Holt at (615) 880-4202 or aholt@nasba.org.

At this time, the CBA does not have members participating on any NASBA committee.

AICPA

The AICPA is accepting applications until May 10, 2016 for the 2016-2017 volunteer year. Participation on AICPA's volunteer groups begins every October. Members interested in volunteering can complete an application and upload a resume at <http://volunteers.aicpa.org>. An overview of the AICPA Volunteer Environment is included as **Attachment 3**.

The AICPA maintains a website that provides significant information on its 200-plus volunteer groups at <http://volunteers.aicpa.org>. The committees cover a broad range of areas from examinations, ethics and diversity, to standard setting and peer review. Staff have also provided a brief overview of a few committees that may be of interest to members as **Attachment 4**.

There are a handful of AICPA volunteer groups where there has been an agreement with NASBA to appoint state board members. These volunteer groups include the Auditing Standards Board (ASB), Board of Examiners (BOE) and its subcommittees and the State Board Committee, Professional Ethics Executive Committee (PEEC), and National Peer Review Committee (NPRC). NASBA nominates several state board members for each of these volunteer groups and the AICPA fills vacancies from that list.

It is important to note that participation in one of the AICPA volunteer groups requires review and signature on the "AICPA Volunteer Service Agreement" a copy of which is provided as **Attachment 5**.

At this time, the CBA does not have members participating on any AICPA volunteer groups.

National Association of State Boards of Accountancy/American Institute of Certified Public Accountants Committee Interest Form

Page 3 of 3

Additional information regarding AICPA volunteer groups may be obtained from AICPA Volunteer Services by contacting Heather Collins by telephone at (919) 402-4846, Catey Bullard by telephone at (919) 402-4997, Jaime Geary by telephone at (919) 402-4103, or by email at AICPAVolunteerServices@aicpa.org.

Travel

Attendance while participating on a national committee can occur via conference call or in-person. While there is presently a Governor's Executive Order limiting travel to that which is mission critical, the CBA has recently been successful in obtaining approval for member travel to attend an out-of-state committee meeting. In some instances, if the participation on the committee involves voting or if there is an invitation for a CBA member to provide a presentation, those requests for out-of-state travel may receive a more favorable response.

Should CBA members be requested to attend a committee meeting outside of California, staff can request the necessary authorization to travel on behalf of the CBA. This request must be reviewed and approved by the Department of Consumer Affairs, the Business, Consumer Services, and Housing Agency, and the Governor.

The CBA Per Diem and Travel Expense Worksheet (**Attachment 6**), including tips for completing expense claims, is provided for member review.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Staff do not have a recommendation on this agenda item.

Attachments

1. NASBA Committees
2. NASBA Committee Interest Request Form
3. Overview of the AICPA Volunteer Environment
4. Overview of AICPA Committees
5. AICPA Volunteer Service Agreement
6. CBA Per Diem and Travel Expense Worksheet

NASBA 2015-2016 Committee's, Committee Charges and Time Requirements

Revised Attachment 1

COMMITTEE	2015-16 Committee Charge	In-person Meetings	Conference Calls
Accountancy Licensee Database / CPAverify	Serve as an Advisory Committee to support the ongoing operations of the Accountancy Licensee Database (ALD) and corresponding CPAverify resources and initiatives.	1	3
Administration and Finance Committee	Oversee and monitor the fiscal operations of the Association.	3	1
Audit Committee	Oversee the Association's annual financial statement audit and the internal controls, and shall recommend to the Board of Directors the firm to perform the audit	2	1
Awards Committee	Recommend to the Board of Directors recipients of the Distinguished Service Award, William H. Van Rensselaer Public Service Award, and Lorraine P. Sachs Standard of Excellence Award.	0	2-3
Bylaws Committee	Review and consider best practices from various sources and recommend amendments to the Board of Directors for approval and subsequent vote by Member Boards.	1	2
CBT Administration Committee	Promote effective and efficient administration and operation of the Uniform CPA Examination.	1-2	4-6
Communications Committee	Promote effective and efficient communication among Board of Accountancy, NASBA, and their respective stakeholders.	1-2 times a year	Monthly
Compliance Assurance Committee	Promote effective oversight of compliance with professional standards by CPAs and their firms.	2	6
CPE Committee	Oversee the CPE Working Group and related Statement on Standards for Continuing Professional Education (CPE) Programs. Also, develop and promote uniform rules and requirements for continuing professional education among the jurisdictions.	2	3-4
Diversity Committee	Develop a diversity program that ensures the NASBA culture is open and inclusive of women and minorities, and provide opportunities for service and leadership.	1	3-4

NASBA 2015-2016 Committee's, Committee Charges and Time Requirements

Education Committee	Support the Boards of Accountancy by representing NASBA in the academic community and serving as an advisory resourced to NASBA's Chair on education matters related to the accounting profession.	1	1-2
Enforcement Resources Committee	Promote effective, efficient and where appropriate uniform, enforcement of professional standards by Boards of Accountancy.	1	3-5
Ethics Committee	Promote the development and maintenance of high-quality standards of ethical practice to protect the public interest.	1	3-4
Executive Directors Committee	Support Executive Directors in their roles with Boards of Accountancy.	4-5 In conjunction with other NASBA Meetings	4
International Qualifications Appraisal Board	As directed by the Executive Committee, survey and assess professional practice standards and qualification in specified countries and recommend the feasibility of recognition of credentialed non-US professional to the Board of Directors.	1	2-6
Legislative Support Committee	Develop legislative support strategies and tactics to assist the Director of Legislative and Governmental Affairs in supporting Board of Accountancy on Legislative matters.	1	4
Regulatory Response Committee	Develop timely proposed responses on professional practice developments.	1	12
Standard-Setting Advisory Committee	Monitor and objectively evaluate processes of standard setters on behalf of Boards of Accountancy, recommending improvements when warranted. Proactively advise Boards and NASBA leadership regarding these activities.	1	3
Uniform Accountancy Act Committee	Oversee the Uniform Accountancy Act and related Model Rules and recommend amendments to the Board of Directors.	2	4

Note: These numbers are based upon previous years. Sometimes these numbers may change depending upon the current events within the profession.

**COMMITTEE INTEREST REQUEST FORM
NASBA Committee 2016-2017**

Accountancy License Database/CPAverify
Administration and Finance Committee
Audit Committee
Awards Committee
Bylaws Committee
CBT Administration Committee
Communications Committee
Compliance Assurance Committee
CPE Committee
Diversity Committee

Education Committee
Enforcement Resource Committee
Ethics Committee
Executive Directors Committee
International Qualifications Appraisal Board
Legislative Support Committee
Regulatory Response Committee
Standard-Setting Advisory Committee
Uniform Accountancy Act Committee

Complete the following if you would like to serve on a NASBA committee in 2016-2017.

Name Board

Firm

Address

City State Zip Code

Telephone Facsimile E-mail

2015-16 Current NASBA Committee Service: _____

I would like to continue on this committee: (Circle) Yes No
(If circled YES this will be listed as your first choice unless otherwise noted)

Select each committee you are interested in from the above list and indicate whether it is your first, second, or third choice.

Committee Choice	First <u>Choice</u>	Second <u>Choice</u>	Third <u>Choice</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Please submit to:

NASBA

150 Fourth Avenue North, Suite 700 Nashville, TN 37219-2417

Telephone: (615) 880-4202 FAX: (615) 880-4291 Email: aholt@nasba.org

ATTN: Anita Holt

Overview of the AICPA Volunteer Environment

History of AICPA. The American Institute of Certified Public Accountants and its predecessors have a history dating back to 1887, when the American Association of Public Accountants (AAPA) was formed. In 1916, the American Association was succeeded by the Institute of Public Accountants, at which time there was a membership of 1,150. The name was changed to the American Institute of Accountants in 1917 and remained so until 1957, when it changed to its current name of the American Institute of Certified Public Accountants. The American Society of Certified Public Accountants was formed in 1921 and acted as a federation of state societies. The Society was merged into the Institute in 1936 and, at that time, the Institute agreed to restrict its future members to CPAs.

History of Committees. The use of committees began even before the AAPA was formed in 1887. At the first meeting of what would become the AAPA on December 22, 1886 those present authorized the appointment of a committee to draft rules and regulations. Beyond this first preliminary committee the first Bylaws of the AAPA in 1897 established three committees: Finance and Audit Committee, Committee on Elections, Qualifications and Examinations, and the Committee on Bylaws. The number of committees grew continually over the years. In the 1940s there were 34 committees, by 1960, there were 89, and by 1970, the number had grown to 109. In 1999 the nearly 120 existing committees underwent a re-organization with approximately half of the standing committees being replaced with a volunteer group model that placed an increased emphasis on the use of task forces. The increased use of task forces allowed for more targeted efforts with the task forces being given a specific assignment then disbanding upon completion of that assignment. Also, in 1999 the first tracking and management of task forces began. Collectively, more than 2,000 volunteers contribute to the AICPA's fulfilling its mission.

Need for Volunteer Groups. The AICPA organization consists of volunteer groups and staff working together to achieve the Institute's objectives. Volunteer Groups help present the interests, needs' and attitudes of the membership; and assist the Institute in maintaining high standards of professional practice, promoting the interest of CPAs, serving as a spokesperson for the profession, and providing appropriate services to members. An effective volunteer group structure can generate sound group judgment, provide continuity of thinking, and help bring together a cross section of member knowledge and experience. It also provides for leaders of the profession. The most important reason for organizing a volunteer group is the need for member guidance and representation.

Volunteering for Service. Prospective volunteers can apply for service on a volunteer group via the <http://volunteers.aicpa.org> website. State Societies, firms, firm associations or other members of the AICPA often recommend candidates for volunteer service. New volunteers should be aware of the time commitment volunteer group service entails. Considering attendance at volunteer group meetings, travel, and time for assignments and other meetings, members can expect to spend about 60-80 hours on volunteer work during the first year. Of course, the amount of time each volunteer member spends on volunteer group activities varies;

with each year of service, a member's time commitment often increases. By accepting appointment to the volunteer group, a volunteer member shows his or her willingness to devote the necessary time and effort to volunteer work.

Term of Appointment. In most cases, a volunteer is appointed for a one-year term, which can be extended to three years. Each year, the chairperson and the staff evaluate each member's contribution to their volunteer group. Customarily, a member cannot be reappointed for a fourth term unless he or she is appointed as chairperson of the volunteer group.

Appointing Volunteers. The appointment of volunteers can be divided into three main categories. The first appointment category (approximately 900 volunteers) includes all committees, subcommittees, expert panels, resource panels, boards and centers, whereby appointment to one of these groups are made during an annual appointments meeting held in July. The second appointment category (321 volunteers) includes the Board of Directors, Council, Joint Trial Board and Peer Review Board – appointments being made typically in February. The third and last appointment category (approximately 500 volunteers) includes all task force members in which appointment to a task force can occur at any time throughout the year as needed.

Volunteer Year. The AICPA Volunteer Year runs from October through October of the following year. The beginning of the Volunteer Year "officially" begins immediately following the Fall Meeting of Council.

TYPES OF VOLUNTEER GROUPS

All members of the Council, Boards, Committees, Subcommittees, Panels, Centers and Task Forces (hereinafter "**volunteer groups**")

Advisory Group – An advisory group is not responsible for policy-setting as are regular committees the purpose of an advisory group is typically to capture the views of membership groups or sections. There are currently six advisory groups, these groups usually meet virtually via conference calls although they may on occasion meet in person.

Audit Quality Center – The objectives of the Audit Quality Center include:

- Enhance the quality of member firms' audit practices in the specialized area.
- Provide a forum for member firms to address technical and regulatory matters involving the specialized area of audit practice.
- Develop relationships with, act as a liaison to, and communicate issues to regulators and others for the purpose of representing the auditing profession's views relating to the specialized area of audit practice.
- Advocate solutions and positions to regulators and standards-setters on behalf of member firms in the specialized area.

Board – Based on the Bylaws of the AICPA the term Board is used in conjunction with the following bodies:

- Board of Directors
- Board of Examiners
- Joint Trial Board
- Peer Review Board

Board of Directors - The Board of Directors acts as the executive committee of Council, directing Institute activities between Council meetings. The Board meets five times a year and is responsible for reporting to the Council as least semiannually. The Board of Director consists of:

- Chairman of the Board of Directors
- Vice Chairman of the Board of Directors
- Immediate Past Chair of the Board of Directors
- Regular Members of the Board of Directors (members of the AICPA)
- Public Members of the Board of Directors (non AICPA members)

Board Committees - Board committees are comprised of members of the Board of Directors. The Chair of the Board and the President are Ex Officio Members of all Board committees. The following committees are classified as Board Committees:

- Accounting Research Association – to provide best efforts commitment of financial support to the Financial Accounting Foundation.
- Political Action Committee – provides financial support for election campaigns of candidates for federal elective office whose views are consistent with AICPA goals.
- Audit Committee – is primarily concerned with the effectiveness of the audits conducted by the Institute’s Internal Audit Staff and independent certified public accountants.
- Compensation Committee – establishes and monitors compliance with compensation policies for AICPA staff.
- Finance Committee – purpose is to maintain the relevance of the Institute’s continuing objectives and contribute to their advancement by reviewing strategy, plans, budgets and material deviations in plans and budgets prior to discussion by the Board of Directors.

Board of Examiners - The Board of Examiners (BOE) is responsible for the supervision and preparation of the uniform CPA examination which may be adopted by state Boards of Accountancies for examining candidates for the certified public accountant certification. The BOE is also responsible for the conduct of the grading service offered by the Institute. The BOE forms the necessary rules and regulations for the conduct of its work, but all such rules and regulations may be amended, suspended, or revoked by the Board of Directors. The BOE may delegate to members of the Institute's staff or other duly qualified persons the preparation of examination questions and the operation of the grading service conducted by the Institute

Council - Council determines Institute programs and policies. It has approximately 263 members with representatives from every state and U.S. territory. The Council may exercise all powers requisite for the purposes of the Institute, not inconsistent with the AICPA Bylaws or with duly enacted resolutions of the membership, including but not limited to the authority to prescribe the policies and procedures of the Institute and to enact resolutions binding upon the Board of Directors, the officers, volunteer groups, and staff. The Council consists of the following members:

- At-Large Members of Council
- Board of Directors
- Designated Representatives of each state
- Elected Members of Council
- Ex-Officio Members (past Chairs of the Board)
- Members At Large of Council

Expert Panel - Following the AICPA's volunteer group restructuring effort in 1999 the Board of Directors approved the establishment of Expert Panels that focus on identifying industry-specific business reporting issues with an emphasis on audit and accounting. Panels have been established in areas in which the membership and the public have a high stake and in which the AICPA can add significant value. The Expert Panels enable standards setters, such as Accounting Standards Executive Committee, Auditing Standards Board, Financial Accounting Standard Board (FASB), and the General Accounting Standards Board (GASB) to continue to leverage the AICPA membership's industry expertise, as well as provide a means for the profession to liaise with outside groups, such as regulators. Current Expert Panels include:

- Depository Institutions Expert Panel
- Employee Benefits Plans Expert Panel
- Health Care Expert Panel
- Insurance (Life and P&L) Expert Panel
- Investment Companies Expert Panel
- Not-for-Profit Organizations Expert Panel
- State & Local Government Expert Panel
- Stockbrokerage and Investment Banking Expert Panel

Executive Committee - An executive committee is the standing parent group responsible for Policy-setting in an area of activity. The Board of Directors acts as the executive committee of Council, directing Institute activities between Council meetings. Other Executive Committees include:

- Accounting Standards Executive Committee
- Assurance Services Executive Committee
- Business and Industry Executive Committee

- Employee Benefits Audit Quality Center Executive Committee
- Forensic and Valuation Services Executive Committee
- Governmental Audit Quality Center Executive Committee
- Information Technology Executive Committee
- PCPS Executive Committee
- Personal Financial Planning Executive Committee
- Pre-Certification Education Executive Committee
- Professional Ethics Executive Committee
- Professional Practice Executive Committee
- Tax Executive Committee
- Women’s Initiatives Executive Committee

Joint Trial Board – The Joint Trial Board consist of 36 members elected for a three year term by the Nominations Committee and ratified by Council. The Joint Trial Board provides for uniform enforcement of professional standards by adjudicating disciplinary charges against state society and AICPA members. Its decisions affect both AICPA and state society memberships.

Nominations Committee - As outlined in the Bylaws of the Institute the Nominations Committee is to be composed of eleven members of the Institute, elected by the Council in such manner as the Council shall prescribe. The responsibility of the Nominations Committee is to make nominations for the following:

- At-large Members of Council
- Board of Directors
- Peer Review Board
- Joint Trial Board

Peer Review Board - The Peer Review Board is responsible for establishing and conducting a peer review (program) for firms enrolled in the program. Quality in the performance of accounting and auditing engagements by its members is the goal of the program. The program seeks to achieve its goal through education and remedial, corrective actions. This goal serves the public interest and enhances the significance of AICPA membership. The Board also reevaluates the validity and objectives of the program to ensure the program continues to enhance the quality of accounting and auditing practices of public accounting firms and to explicitly recognize that protecting the public interest is an equally important objective of the program.

Senior Committees and Boards - The following committees and boards are designated senior by virtue of resolution of Council implementing the AICPA Bylaws. Note: that in a few instances some of these committees may also be designated as Senior Technical Committees.

- Accounting and Review Services Committee
- Accounting Standards Executive Committee

- Assurance Services Executive Committee
- AICPA Peer Review Board
- Auditing Standards Board
- Board of Examiners
- CPE Advisory Committee
- Employee Benefits Audit Quality Center Executive Committee
- Governmental Audit Quality Center Executive Committee
- Information Technology Executive Committee
- Personal Financial Planning Executive Committee
- PCPS Executive Committee
- Personal Financial Planning Executive Committee
- Professional Ethics Executive Committee
- Tax Executive Committee

Senior Technical Committees and Board - The following senior technical committees and boards are authorized to make public statements - without clearance from Council or the Board of Directors - on matters relating to their area of practice:

- Accounting and Review Services Committee
- Accounting Standards Executive Committee
- AICPA Peer Review Board
- Assurance Services Executive Committee
- Auditing Standards Board
- Professional Practice Executive Committee
- Forensic and Valuation Services Executive Committee
- PCPS Executive Committee
- Personal Financial Planning Executive Committee
- Professional Ethics Executive Committee
- Tax Executive Committee

Subcommittee - A subcommittee is a standing group which may be entirely or partially composed of some of the members of the related executive committee or may be composed entirely of other persons. The work of a subcommittee is subject to overall review by its related committee or executive committee.

Task Force - Since the Volunteer Group restructuring effort that took place in the fall of 1999 there has been an increased emphasis on task forces rather than formal “standing” committees, panels or boards. Also, beginning in 1999 the Volunteer Services Team began tracking and

maintaining information on task forces. Task forces are intended to be fast paced groups that focus on a single issue or project.

Since the definition of what constitutes a task force has varied greatly from one individual to the next the following definition is provided:

Task forces are working groups that typically focus on a single issue or project. They operate in support of and under the auspices of another volunteer group (committee, panel or board). While the duration of task forces may vary considerably, they should be organized to have relatively short lives, accomplishing their objectives on single issues or projects rapidly, and then being disbanded. Also for purposes of definition the Volunteer Services Team will only track a task force with an intended working life of over three months and if the task force meets separately from the volunteer group the task force supports.

Since task forces do not follow the Volunteer appointments process the basic information on a task force must be provided to the Volunteer Services Team by the Staff Liaison as soon as the task force is created, members are added or removed, and notification must be provided when a task force disbands.

Tax Technical Resource Panel – Tax Technical Resource Panels (TRP's) act as a primary resource to the Tax Executive Committee (TEC) in representing members and the public interest by identifying issues, in developing technical and policy recommendations on those issues, and in suggesting or developing related practice aids to assist members in complying with the law; to recommend formation of task forces and assist the TEC and its constituent committees in monitoring task forces activities; and to maintain appropriate liaisons with government, industry and other professional organizations. TRP's are intended to be small and proactive, with members who are current and knowledgeable in the assigned technical areas.

Current Tax Technical Resource Panels:

- Corporations and Shareholders Taxation
- Employee Benefits Taxation
- Exempt Organizations Taxation
- Individual Income Taxation
- International Taxation
- Partnership Taxation
- S Corporation Taxation
- State and Local Taxation
- Tax Methods and Periods
- Trust, Estate and Gift Taxation

Volunteer Group - The term Volunteer Group is used as a general term to include the following types of groups; Committee, Subcommittee, Expert Panel, Technical Resource Panel, Board, Advisory Group and even Task Force (refer to their respective definitions for actual differences).

The most important reason for organizing a volunteer group is the need for member guidance and representation. Volunteer groups may be needed because staff do not have the authority for actions in a given area, or may be formed to insure that appropriate member interests are represented on a given issue or activity.

Virtual Group. Members may in some cases serve on a volunteer group in a virtual capacity, i.e. never meeting in person but rather conducting their work within an online internet / email based environment. One type of virtual member participation has entailed the online support to one or more specific volunteer group. A second form of virtual participation involves the online participation in various online surveys to provide targeted feedback in specialized areas.

PUBLIC STATEMENT AUTHORIZATION

Most of the AICPA’s Volunteer Groups are composed of Institute members appointed by the chair of the board for a term of one year (reappointments may bring service total to three years). Of these Volunteer Groups, 16 have been designated as Senior Committees (appointments must be approved by the Board of Directors), and 12 of these 16 (known as Technical Committees) have the authority to make public statements on matters related to their areas of practice without clearance from the Council or the Board. The Senior Committees are listed in the following table.

Public Statement Authorization

	YES	NO
Accounting and Review Services Committee	X	
Accounting Standards Executive Committee	X	
AICPA Peer Review Board	X	
Assurance Services Executive Committee	X	
Auditing Standards Board	X	
Board of Examiners		X
CPE Advisory Committee		X
Employee Benefits Plans Audit Quality Center Executive Committee		X
Forensic and Valuation Services Executive Committee	X	
Government Audit Quality Center Executive Committee		X
Information Technology Executive Committee		X
Personal Financial Planning Executive Committee	X	
PCPS Executive Committee	X	
Professional Ethics Executive Committee	X	
Professional Practice Executive Committee	X	
Tax Executive Committee	X	
Women’s Initiative Executive Committee	X	

DEFINITIONS OF VOLUNTEER ROLES

There are currently 35 volunteer roles available within the Volunteer System as shown below. In some cases a particular role, such as Treasurer should be self explanatory and therefore no definition is provided - where appropriate details on the functions of each role are provided.

Current Roles

Administrative Support	Executive Director	Secretary
Alternate	General Counsel and Secretary	Secretary-Treasurer
Alternate Chair	Immediate Past Chair	Senior Vice President
Assist. Treasurer	Member	Staff Liaison
Board Chair	Member At Large	State Reps
Board Liaison	Non-Member	Technical Advisor
Chair	Observer	Technical Secretary
Chairman	Past Chair	Treasurer
Co-Chair	President	Unknown
Director	Primary Contact	Vice Chair
Elected Members	Project Manager	Vice President
Ex Officio	Public Member	

Board Chair. The Chairman of the Board of Directors presides at key meetings of members of the Institute, the Council, and the Board of Directors. The chairman is responsible to appoint volunteer group members as provided for in the Bylaws. The Chairman also acts as a spokesperson for the Institute and appears on its behalf before other organizations. The Vice Chair of the Board is normally appointed to be Chair of the Board during the annual meeting of the Nominations Committee (usually held in February).

Board Liaison. Acts as the ears of the Board of Directors to certain volunteer groups.

Chair. The Chair of a Volunteer Group is responsible for presiding over the meetings of the group and to provide direction over the activities of the group. With the exception of task forces the Chair is also responsible during the Volunteer Year to recommend individual's for succeeding years, evaluate members of the group, and communicate any changes in the objectives or membership of the Group to the Volunteer Services Team at volunteerservices@aicpa.org.

Elected Members. Elected Members are members of Council who are directly elected by the membership in their respective states. The number of Elected Members is allocated in two ways, somewhat analogous to the allocation of senators and congressmen for each state whereby the first is a fixed amount and the second is based on population. First, each state by default is allowed to recommend one Elected Member of Council. Second, each state is allowed to recommend additional Elected Members, the number being based on the proportion of Institute members enrolled from each state. This second category of Elected Members based on proportion of AICPA members is set at 85 members, however the allocation of the seats is re-evaluated and adjusted if necessary every five years.

Ex-Officio. Past Chairs of the Board of Directors and Past Presidents of the AICPA.

Member-At-Large. Seven Institute members, without regard to the states in which they reside are elected annually by the Nominations Committee to serve as Members-At-Large to serve on Council.

Member. The term member is often used in a general sense to reflect any participant on a volunteer group.

President. The president of the AICPA has the responsibility for the execution of the policies and programs of the Institute, act as a spokesperson for the Institute, and perform such other services as may be assigned to the President by the Council and the Board of Directors

Public Members. Public Members are non-CPA volunteers who sit on the Board of Directors and various other volunteer groups.

Secretary of Institute. The secretary of the Institute has the usual duties of a corporate secretary and performs such other related duties as may be assigned by the president

Staff Liaison. The staff liaison is an AICPA staff member who assists the volunteer group at each meeting to the fullest extent possible by researching and providing background information. This includes providing appropriate reference materials for each meeting; identifying the elements of a problem; listing the questions that need answering; participating in the discussion; endeavoring tactfully to persuade members to adopt a sound decision; alerting the volunteer group when it is deviating from AICPA policy or exceeding its authority; and accepting whatever final decision is reached unless the issue is so important that a higher authority should be consulted. The staff liaison is responsible for preparing the agenda, drafting the minutes or highlights (including attendance), as appropriate, of each meeting (with review and approval by the volunteer group chair), and the staff liaison is responsible for coordinating volunteer group activities and sharing information with other AICPA volunteer groups and staff as appropriate. The staff liaison may also be called on to help the volunteer group identify goals, for us on major issues, create new programs, draft reports, and organize and implement activities approved by the volunteer group. The staff liaison should play an active role and can lead the volunteer group in the form of guidance and assistance toward a desired end.

State Rep. Each state society designates a single Institute member to represent it on the Council for a term of one year. A Designate Representative (state rep) can be reappointed each year for a combined term of service not to exceed six consecutive years.

Vice Chairman of the Board. The Vice Chairman of the Board shall be chairman- nominee of the Board of Directors and presides in the absence of the chairman at meetings of the Institute, the Council, and the Board of Directors. The Vice Chairman is currently assigned the responsibility to recommend appointments to all volunteer groups. These recommended appointments are subject to ratification during the annual Fall Council meeting. The Vice Chair is selected during the annual meeting of the Nominations Committee, usually held in February each year. Although there are no specific requirements to become the Vice Chair normally this individual will have been a member of the Board of Directors.



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Attachment 4

Overview of AICPA Committees

Board of Examiners

The mission of the BOE is to provide reasonable assurance to boards of accountancy that candidates who pass the CPA Examination possess the level of technical knowledge and the skills necessary for initial licensure to protect the public interest.

Members of the BOE are CPA volunteers from every segment of the profession – public accounting, business and industry, and the academic community – the majority of whom currently also have regulatory (state board) experience. There are also some BOE members – such as psychometricians – who are not CPAs but have expertise required by the BOE. Psychometricians are experts on the technical aspects of test development and scoring. There are currently eighteen members who serve on the BOE.

Uniform Accountancy Act Committee

To continue the collaboration with NASBA on a joint model accountancy law. To review the UAA on a regular basis and incorporate revisions based on changes in the profession.

International Qualifications Appraisal Board

The U.S. International Qualifications Appraisal Board (IQAB) was established in the early 1990s. IQAB's members are appointed by the National Association of State Boards of Accountancy (NASBA) representing state boards of accountancy and the American Institute of Certified Public Accountants (AICPA) representing practitioners. The board is chaired by a NASBA representative and is responsible for reviewing the accounting qualifications of other countries, negotiating reciprocity agreements with foreign professional accounting organizations, and making reciprocity recommendations to the AICPA and NASBA Boards of Directors, and the state boards of accountancy.

Special Qualifications: Knowledge of US and foreign requirements for certification as an accounting professional.

National Commission on Diversity and Inclusion

To serve as advisors to the AICPA and accounting organizations on best practices that will yield the increase, recruitment, retention, and advancement of minorities in the accounting profession.



AICPA Volunteer Service Agreement

Volunteering with the American Institute of CPAs (“AICPA” or the “Institute”) provides an opportunity for you to network with your peers and serve your profession by working on various interesting and worthwhile assignments. Our Volunteers are organized into Volunteer Groups (senior committees and committees, subcommittees, boards, panels, centers, and task forces).

We know that you have many demands on your volunteer time. We appreciate your willingness to use a part of that time to serve our profession. We hope you benefit as much by your volunteer service as the AICPA benefits from having members willing to volunteer.

Your acceptance as a Volunteer and participation in a Volunteer Group comes with a responsibility to assist in achieving the objectives of the Volunteer Group, including but not limited to: attending and participating in meetings and deliberations, meeting preparation, and post meeting deliverables. All Volunteers will be evaluated by the Chair of their Volunteer Group regarding their attendance and participation at meetings during the year.

All volunteers are required to review and provide their signature to this AICPA Volunteer Service Agreement (the “Service Policy Agreement”), located at the end of this document. You may not perform any volunteer services until you have signed this Service Policy Agreement.

Confidentiality and Conflict of Interest

Volunteers may have access to, or receive, information which is proprietary or confidential. For purposes of this policy, Confidential Information includes, but is not limited to: trade secrets, employee or AICPA member data, information related to the operations or plans of the Institute or of firms, companies or individuals or which is otherwise personal, proprietary, private or sensitive nature. Confidential Information does not include information that (i) is already known to the Volunteer at the time of its disclosure; (ii) is, as of the time of its disclosure, generally available to the public, or later becomes generally available to the public through no wrongful act of the Volunteer; (iii) is received by the Volunteer without restriction as to use or disclosure by a third party not known by the Volunteer to be under a confidentiality obligation to AICPA or its members; (iv) is approved for release by prior written authorization of AICPA; (v) is furnished by AICPA to a third party without restriction on the third party’s right of disclosure or (vi) is disclosed pursuant to any judicial or governmental requirement or order; provided, however, that the Volunteer notifies AICPA in writing of such required disclosure as much in advance as practicable in the circumstances and cooperates with AICPA to limit the scope of or prevent such disclosure. Confidential Information is the property of AICPA. Volunteer Group members must consider all information received or



discussed during their service as confidential, and members may not use or disclose any such information outside of the committee's deliberations without express written permission from the Institute's Office of the President & CEO or its General Counsel or as permitted elsewhere in this Service Policy Agreement.

In addition, members should avoid all conflicts of interest. Specifically, where a matter is the subject of discussion that may result in a personal financial benefit/opportunity to a member or his/her firm to the exclusion of the members generally, that conflict of interest should be disclosed and the member should not participate in the discussion or vote on the matter.

Communications

During recent years, the activities of the Institute have increased rapidly in scope and variety. Many of these activities are conducted with the knowledge, input, or based on recommendations of volunteer groups. To avoid overlapping or duplication of effort and to maintain consistency in general policies, it is essential for all activities to be coordinated as effectively as possible.

It is also important that statements to the press or communications with outside groups, which may result in published statements attributed to the Institute, be screened for conformity with policies implemented by the Board of Directors. The Chairman of the Board, the President & CEO and designated members of senior management of AICPA have been delegated the responsibility for this function. With limited exceptions, press releases and communications with reporters and financial writers on behalf of the Institute must be channeled through or cleared with the Office of the President & CEO of the Institute. The Washington Office should receive advance information about statements to be made to any branch of the Federal Government.

The following Volunteer Groups are authorized to make statements, without clearance from Council or the Board of Directors, in matters related to its area of practice once adopted by the Volunteer Group:

- Accounting and Review Services Committee
- Assurance Services Executive Committee
- Auditing Standards Board
- Center for Audit Quality Governing Board
- Financial Reporting Executive Committee
- Forensic and Valuation Services Executive Committee
- Management Consulting Services Executive Committee
- Peer Review Board
- Personal Financial Planning Executive Committee
- Private Companies Practice Executive Committee
- Professional Ethics Executive Committee
- Tax Executive Committee



All statements concerning policy or technical matters issued on the authority of these Volunteer Groups should be clearly identified as such.

No other Volunteer Group may issue any outside communications without clearance by the Board of Directors prior to issuance.

Actions That May Discredit AICPA

Volunteer members should not engage in, promote, or participate in any activities that can reasonably be anticipated to discredit or result in damage to AICPA's reputation or otherwise discredit the core standards and principles AICPA or the CPA Profession represents. When participating in Volunteer activities on behalf of AICPA, all Volunteers are expected to conduct themselves in a professional manner. Should a volunteer act outside the standards set forth, he/she may be immediately removed as a member of the volunteer committee.

Meetings

Care should be exercised in the decision to call a meeting and the selection of meeting sites to ensure effectiveness and efficiency consistent with reasonable costs to the Institute and to the firms and other organizations of Volunteer Group members. Meetings should be scheduled in locations that are easily accessible, conducive to serious volunteer efforts, require a minimum of travel of Volunteer Group members and staff, and require the least expenditure of non-chargeable time compatible with Volunteer Group requirements. All offsite meetings are a representation of the Institute and should be reflected as such. Meeting venues should be consistent with the Institutes standards by conveying a professional and modest image. Consideration should be given to use of conference calls and computer technology, such as videoconferencing in lieu of a meeting, whenever possible.

The purpose of a Volunteer Group meeting is to obtain the input of members and decisions on Volunteer matters and where appropriate, produce material for use by the Volunteer Group and others. For effective Volunteer Group deliberations, and in fairness to other Volunteer members, each member should spend whatever time is necessary to prepare for the meetings and then actively participate. The Institute reserves the right to schedule and modify virtual and/or in person meetings as they see fit based on the needs of the volunteer group and the advancement of technology.

Ownership/Assignment of Copyright

From time to time, a Volunteer may be tasked with preparing documents, guides, plans, standards and other materials, including updates and revisions thereof (the "Work"), for use by the Volunteer Group and/or others outside of the group.



To the extent that any Work created by a Volunteer shall constitute or contain copyrightable subject matter, the Work shall be considered a specially commissioned “work made for hire” for the benefit of AICPA to the fullest extent accorded the definition of those terms under the Copyright Laws of the United States, Title 17, United States Code § 101. Without limitation of the foregoing, the Volunteer agrees to assign and hereby assigns the Work, the copyright and all other right, title and interest in and to the Work to AICPA, and the Volunteer agrees to promptly execute any and all documents necessary or desirable to effectuate or otherwise evidence such assignment.

Accordingly, all of the rights comprised in the Work and the updates to the Work shall vest in AICPA, and its successors and assigns, as the sole and absolute owner. AICPA shall have the sole right and power to apply for any and all copyrights in its name, in order that all copyrights so obtained shall vest in AICPA, including the copyrights for any renewed or extended terms now or hereafter authorized by law. Whenever requested by AICPA, Volunteer shall perform such acts and sign all documents and certificates which AICPA may reasonably request in order to fully carry out the intent and purposes of this Paragraph.

Any questions regarding the Service Policy Agreement should be directed to Heather Collins at 919.402.4846, Catey Bullard at 919.402.4997, Jamie Geary at 919.402.4103, or via email at VolunteerServices@aicpa.org.

Verification and Agreement

As a requirement of membership in an AICPA Volunteer Group (including without limitation, senior committees and committees, subcommittees, task forces, boards, commissions, panels, expert panels, centers and technical resource panels), I, the undersigned, hereby verify and state that I have read the above Service Policy Agreement, and I fully understand its terms. By accepting my volunteer appointment, I hereby agree to be bound by all of its terms and conditions including, without limitation, the sections dealing with Confidentiality and Conflict of Interest and Ownership/Assignment of Copyright as set forth above. I acknowledge that committees may be disbanded or suspended at any time as seen fit by the Institute. I confirm that the networking opportunities and professional recognition afforded by my volunteer services constitute good and valuable consideration for the undertakings made herein.

Any questions or assistance needed, please contact Heather Collins at 919.402.4846, Catey Bullard at 919.402.4997, Jamie Geary at 919.402.4103, or via email at AICPAVolunteerServices@aicpa.org



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Attachment 6

PER DIEM AND TRAVEL EXPENSE WORKSHEET

Claimant Name _____ Vehicle License Plate # _____

Method of travel from headquarters to meeting (Check all that apply) Auto* Airline* Rail Taxi Shuttle Other

Method of travel from airport to meeting (if applicable) Taxi Shuttle Other _____

Method of travel from meeting to airport (if applicable) Taxi Shuttle Other _____

Airfare Amount \$ _____ (Check one) Charged to DCA Paid by employee

Auto Rental Amount \$ _____ (Check one) Charged to DCA Paid by employee

List Names of all Vehicle Passengers _____

Mileage Claimed is from (list city) _____ to _____

**Airline itinerary and auto rental receipts must be included with claim, regardless of the payor.*

PER DIEM CLAIM SECTION: (Please Print Legibly)

Month/Day/Year	Time From:	Time To:	Activity or Case Name / Number	Purpose

TRAVEL EXPENSE CLAIM SECTION: (Please Print Legibly)

Date Depart and Return	Time Depart and Return	Location Where Expenses Were Incurred	Lodging**	Actual \$ Amount & Specify Meal Claimed (i.e. B/L/D)			Transportation Cost and Type: Taxi, Shuttle, Bus, Parking, Tolls Train and Air**	Private Vehicle Mileage	Incidentals See Attached Tip Sheet
				B	L	D			

** Attach receipts for ALL expenses except meals. (We do not need receipts for meals; however; you **MUST** keep them for your own tax and internal audit purposes.) **PLEASE NOTE:** if you provide no dollar amount in the meal portion of the worksheet, no meal reimbursement will be provided.

I HEREBY CERTIFY that the above is a true statement of the per diem time worked and travel expenses incurred by me.

Signature: _____ Date: _____

Please mail to: CBA, Attention Travel Claims Coordinator, 2000 Evergreen St., Suite 250, Sacramento, CA 95815-3832



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Tips for Completing a Per Diem and Travel Expense Claim Worksheet (TEC)

Per diem and travel expenses must be reported on the Per Diem and Travel Expense Claim Worksheet (TEC). Please submit one worksheet per calendar month to the California Board of Accountancy (CBA) office no later than the 7th of the following month. All areas of the TEC should be completed, as incomplete TECs may delay the processing and payment of claims. Late forms may result in fines being charged to the CBA.

Below is a list of tips for completing the TEC in accordance with the Department of Consumer Affairs Travel Guide. If you have any additional questions regarding travel or completing the TEC, contact Alegra Keith by telephone at (916) 561-4369 or by email at alegra.keith@cba.ca.gov.

1. Travel to and from the Airport or Rail Terminals

All methods of travel used to arrive at the travel destination are required on the claim, regardless of whether or not reimbursement is requested. Please mark the appropriate boxes at the top of the TEC worksheet for all methods of travel used (taxi, shuttle, auto, carpool, etc.). If no ground transportation expense is included with a claim and no explanation is included in the notes section of the claim, claim processing will be delayed until an explanation is obtained.

2. Airfare and Rail Fare

Travelers should strive to obtain the most economical fares available. Cost for travel will be limited to the cost of a coach/economy fare and any additional baggage fees, if required. (The cost of business select, preferential seating, pre-boarding or any other accommodation upgrade, in any class, will be deemed a personal expense chargeable to the traveler.)

3. Rental Vehicles

The current contract is with Enterprise Rent-A-Car and the daily rate is \$31.93. Any rate charged over this amount requires justification. Without justification, any amount above the current rate will be deemed a personal expense chargeable to the traveler. All rentals must be refueled by the renter prior to returning the vehicle. Without justification, fuel costs incurred at Enterprise will be deemed a personal expense chargeable to the traveler.

4. Private Vehicle Mileage Reimbursement

The current mileage reimbursement rate is 54 cents/per mile. The state will reimburse travelers from their established headquarters to the destination (airport, rail station, meeting, or meeting location) and should be claimed on the TEC in the Travel Expense Claim Section.

5. Per Diem

Do not include travel time in the Per Diem section, only the time of the actual meeting.

6. Travel Time Must be Included on Claims

Travel status begins when a traveler departs their headquarters and ends upon return to headquarters. Travel start and end times are required for claims which include reimbursement for meals.

7. Required Receipts

Required receipts include Concur itineraries listing actual costs for airline, rail, and auto rental, lodging receipts with a zero balance, original ground transportation receipts, original

business expense receipts, and original parking receipts for expenses above \$10. Meal and incidental receipts do not need to be included with the TEC worksheet.

8. Hotel Reservations

All State travel reservations must be made through Concur with the exception of lodging rooms secured as “room blocks”, which typically coincides with CBA Board and committee meetings.

9. Excess Lodging

If lodging cannot be obtained within the State rate, listed below, excess lodging must be requested prior to travel to ensure full reimbursement.

- **All Counties/Cities located in California (except as noted below)** – up to \$90 per night
- **Napa, Riverside, and Sacramento Counties** – up to \$95 per night
- **Los Angeles, Orange, and Ventura Counties and Edwards AFB, excluding the City of Santa Monica** – to \$120 per night
- **Alameda, Monterey, San Diego, San Mateo, Santa Clara Counties** – up to \$125 per night
- **San Francisco County and the City of Santa Monica** – up to \$150 per night

10. Lodging on Trips Less than 50 miles from Headquarters

If a trip destination is less than 50 miles from headquarters, prior approval is required for lodging reimbursement.

11. Incidental Reimbursement

Effective February 1, 2015, incidentals are defined as fees and tips given to porters, baggage carriers, hotel staff, and staff on ships. One incidental reimbursement is allowed each 24 hours of travel at a maximum of \$5 per day.

12. Airport and Hotel Parking

Travelers should use and will be reimbursed for the least-costly option when parking at airports or hotels. If a higher rate is in the best interest of the State, justification must be included for reimbursement.

13. Taxis and Shuttles

Taxis and shuttles are permitted if the distance is a reasonable distance (10-15 miles).

14. Meals

Claim actual expense up to the maximum allowance of Breakfast \$7, Lunch \$11, and Dinner \$23. Meal receipt should not be submitted with the TEC, however members should retain all receipts for tax purposes.

Meals reimbursement eligibility is based on travel times as outlined below:

<u>One Day Travel</u>		<u>24 Hours of Travel or more</u>	
(Less than 24 Hours/Over 100 Miles Round Trip)			
Timeframe	Meal Reimbursement	Timeframe	Meal Reimbursement
Begin at or before 6:00 a.m. <i>and end at or after 9:00 a.m.</i>	Breakfast	On the first day of travel of 24 hours or more:	
<i>Not authorized for reimbursement*</i>	Lunch	Begins before or at 6:00 a.m.	Breakfast
Begin at or before 4:00 p.m. <i>and end at or after 7:00 p.m.</i>	Dinner	Begins before or at 11:00 a.m.	Lunch
If required and pre-approved, with receipt.	Lodging	Begins before or at 5:00 p.m.	Dinner
		On the last fractional day of travel of more than 24 hours:	
		Timeframe	Meal Reimbursement
		Ends at or after 8 a.m.	Breakfast
		Ends at or after 2 p.m.	Lunch
		Ends at or after 7 p.m.	Dinner



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CBA Item III.C.
 March 17-18, 2016

Proposed 2017 California Board of Accountancy Meeting Dates and Locations

Presented by: Corey Riordan, Board Relations Analyst

Consumer Protection Objectives

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with proposed meeting dates for 2017. The CBA meets regularly during the year to conduct business related to the practice of public accountancy and its consumer protection mandate.

Action(s) Needed

The CBA may choose to adopt or modify the 2017 CBA meeting dates and locations (**Attachment 1**).

Background

Business and Professions Code section 101.7 (**Attachment 2**) requires that the CBA meet at least three times each calendar year with at least one meeting in northern California and one meeting in southern California.

Comments

The proposed 2017 CBA meeting dates and locations are identified below and have been selected to avoid major and religious holidays. The Northern California meetings will be held at the CBA office.

- January 26-27, 2017 Southern California
- March 23-24, 2017 Northern California
- May 18-19, 2017 Southern California
- July 20, 2017 Northern California
- September 14-15, 2017 Southern California
- November 16-17, 2017 Northern California

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Staff do not have a recommendation on this agenda item.

Attachments

1. California Board of Accountancy 2017 Meeting Dates and Locations Calendar
2. Business and Professions Code section 101.7

CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
2017 MEETING DATES/LOCATIONS CALENDAR
(CBA MEMBER COPY)

JANUARY 2017

S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26 SC	27 SC	28
29	30	31				

FEBRUARY 2017

S	M	T	W	Th	F	S
			1	2	2	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

MARCH 2017

S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23 NC	24 NC	25
26	27	28	29	30	31	

APRIL 2017

S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

MAY 2017

S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18 SC	19 SC	20
21	22	23	24	25	26	27
28	29	30	31			

JUNE 2017

S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

JULY 2017

S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20 NC	21	22
23	24	25	26	27	28	29
30	31					

AUGUST 2017

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SEPTEMBER 2017

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OCTOBER 2017

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COMMITTEES

- EAC - Enforcement Advisory Committee
- QC - Qualifications Committee
- PROC - Peer Review Oversight Committee
- MSG - Mobility Stakeholder Group

GENERAL LOCATION

- NC - NORTHERN CALIFORNIA
- SC - SOUTHERN CALIFORNIA

	CBA OFFICE CLOSED
	CBA MEETING
	EAC MEETING
	PROC MEETING
	QC MEETING
	MSG MEETING



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
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Attachment 2

Business and Professions Code Section 101.7

101.7

(a) Notwithstanding any other provision of law, boards shall meet at least three times each calendar year. Boards shall meet at least once each calendar year in northern California and once each calendar year in southern California in order to facilitate participation by the public and its licensees.

(b) The director at his or her discretion may exempt any board from the requirement in subdivision (a) upon a showing of good cause that the board is not able to meet at least three times in a calendar year.

(c) The director may call for a special meeting of the board when a board is not fulfilling its duties.

(d) An agency within the department that is required to provide a written notice pursuant to subdivision (a) of Section 11125 of the Government Code, may provide that notice by regular mail, email, or by both regular mail and email. An agency shall give a person who requests a notice the option of receiving the notice by regular mail, email, or by both regular mail and email. The agency shall comply with the requester's chosen form or forms of notice.

(e) An agency that plans to Web cast a meeting shall include in the meeting notice required pursuant to subdivision (a) of Section 11125 of the Government Code a statement of the board's intent to Web cast the meeting. An agency may Web cast a meeting even if the agency fails to include that statement of intent in the notice.

(Amended by Stats. 2014, Ch. 395, Sec. 1. Effective January 1, 2015.)

Department of Consumer Affairs
California Board of Accountancy



RESOLUTION

***WHEREAS,** Charles Hester has faithfully served as a member of the California Board of Accountancy Qualifications Committee from March 21, 2008 to March 31, 2016; and*

***WHEREAS,** throughout his term of service, at all times Charles Hester gave fully of himself and his ideas and acted forthrightly and conscientiously, always with the public interest and welfare in mind; and*

***WHEREAS,** he has discharged these important responsibilities in a manner reflecting great credit upon himself and the accounting profession; and*

***WHEREAS,** his colleagues wish to express to him their high esteem and regard;*

***NOW, THEREFORE, BE IT RESOLVED,** that the members of the California Board of Accountancy express heartfelt appreciation to Charles Hester for the outstanding contribution he made during his term of service on the Qualifications Committee and to the consumers of California.*

Katrina L. Salazar, CPA, President

Michael M. Savoy, CPA, Secretary-Treasurer

Dated: March 17, 2016

Department of Consumer Affairs

California Board of Accountancy



RESOLUTION

***WHEREAS,** David Papotta has faithfully served as a member of the California Board of Accountancy Qualifications Committee from March 20, 2014 to March 31, 2016; and*

***WHEREAS,** throughout his term of service, at all times David Papotta gave fully of himself and his ideas and acted forthrightly and conscientiously, always with the public interest and welfare in mind; and*

***WHEREAS,** he has discharged these important responsibilities in a manner reflecting great credit upon himself and the accounting profession; and*

***WHEREAS,** his colleagues wish to express to him their high esteem and regard;*

***NOW, THEREFORE, BE IT RESOLVED,** that the members of the California Board of Accountancy express heartfelt appreciation to David Papotta for the outstanding contribution he made during his term of service on the Qualifications Committee and to the consumers of California.*

Katrina L. Salazar, CPA, President

Michael M. Savoy, CPA, Secretary-Treasurer

Dated: March 17, 2016



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CBA Item III.E.
March 17-18, 2016

Exposure Draft Regarding the American Institute of Certified Public Accountants Professional Ethics Division's Omnibus Proposal Regarding Proposed Revisions to the American Institute of Certified Public Accountants Code of Professional Conduct

Presented by: Pat Billingsley, Regulatory Analyst

Consumer Protection Objectives

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with the American Institute of Certified Public Accountants (AICPA) Professional Ethics Division Exposure Draft regarding proposed revisions to the AICPA Code of Professional Conduct (Exposure Draft) Interpretations concerning Transfer of Files and Return of Client Records in Sale, Transfer or Discontinuance of Licensee's Practice; Disclosing Client Information in Connection With a Review or Acquisition of the Licensee's Practice; and Disclosure of a Commission and Referral Fee (**Attachment 1**).

The Exposure Draft interpretations were created to provide proposed guidance related to a licensee's obligations concerning confidentiality and methods of disclosure to clients in regards to sale, transfer or discontinuance of licensee's practice, and commissions and fees. Upon the finalization of the Exposure Draft interpretation the AICPA Code of Professional Conduct may be in conflict with CBA Regulations. To best protect consumers, the CBA will continue to ensure that only qualified licensees practice public accountancy in accordance with these revised, and all other, professional standards.

Action(s) Needed

The CBA will be asked to review and discuss the attached Exposure Draft and determine if a comment letter should be submitted on behalf of the CBA prior to the conclusion of the public comment period on May 16, 2016.

Background

In November 2015, the AICPA Professional Ethics Executive Committee (PEEC) released for comment, new and revised interpretations that provide guidance related to a licensee's obligations concerning the confidentiality and return of client files when the licensee either transfers, sells, or discontinues his or her practice or the licensee acquires a practice.

Exposure Draft Regarding the American Institute of Certified Public Accountants Professional Ethics Division's Omnibus Proposal Regarding Proposed Revisions to the American Institute of Certified Public Accountants Code of Professional Conduct

Page 2 of 4

The PEEC provided further guidance when a licensee acquires all or part of a practice from another person or firm, the PEEC is proposing that the licensee should be satisfied that all clients of the predecessor firm subject to the acquisition have been notified of the acquisition and have consented to the licensee's continuation of professional services.

In addition, the PEEC proposes a new interpretation that, if adopted, would require the disclosure of permitted commissions and referral fees to be in writing.

Comments

The intent of the Exposure Draft is to bring standardization to all states. The information listed below outlines the PEEC's recommendations and the CBA's present requirements.

The Exposure Draft references two distinct issues regarding the professional conduct of CPAs, which include the sale, transfer or discontinuance of a licensee's practice and the disclosure of commissions and fees accepted or paid by a licensee.

Sale, Transfer or Discontinuance of a Licensee's Practice

The PEEC believes that when a licensee discontinues, sells or transfers all or part of their practice and the licensee no longer retains ownership in or control of the practice, the licensee should take certain steps to notify his or her clients and maintain the confidentiality of any client files the licensee possesses. The proposed guidance requires that a licensee who discontinues, sells or transfers his or her practice provide written notification to all clients of the firm and make arrangements to return any client records that the licensee is required to provide to the client under the Records Requests Interpretation of the AICPA Code of Professional Conduct. In addition, as the "Confidential Client Information Rule" requires that the licensee obtain consent from a client prior to disclosing any confidential client information, a licensee who sells or transfers his or her practice to another firm would be required to obtain the client's consent before transferring any client files to the successor firm.

The PEEC acknowledges that despite a licensee taking best efforts, there may be situations in which the licensee is unsuccessful in contacting a client or a client may not respond to the licensee's request for consent to transfer files or to arrange for the return of client files. The committee is therefore proposing that under such situations, the licensee may presume that the client consents to the transfer of client files to a successor firm if it does not respond to the licensee within 90 days. In addition, any client files that are not transferred or are unable to be returned to the client need to be retained by the licensee in a confidential manner and in accordance with the firm's record retention policy and applicable legal or regulatory requirements, whichever is longer.

Exposure Draft Regarding the American Institute of Certified Public Accountants Professional Ethics Division's Omnibus Proposal Regarding Proposed Revisions to the American Institute of Certified Public Accountants Code of Professional Conduct

Page 3 of 4

Specifically, the PEEC provides guidance on maintaining confidentiality of confidential client information when a licensee has his or her practice reviewed, or a licensee is reviewing a practice, in conjunction with a prospective purchase, sale, or merger of all or part of a licensee's practice. The interpretation requires that a licensee who performs such a review of a practice should not use to his or her advantage or disclose any confidential client information that is obtained during the review.

The PEEC believes that it is appropriate to expand the guidance beyond just the review of a licensee's practice by also addressing the situation in which a licensee obtains client files as the result of acquiring the practice. The proposed revision requires that licensees who obtain client files as a result of acquiring all or part of a licensee's practice should not disclose any confidential client information contained in those files.

The proposal also emphasizes that when practicing before taxing authorities, such as the Internal Revenue Service, or regulatory bodies, licensees should ensure compliance with any requirements that may be more restrictive.

CBA Regulation section 54.1 (**Attachment 2**) prohibits the disclosure of confidential information with a few exceptions that include paragraph (a)(4) an exception to prohibited disclosures by a licensee or a licensee's duly authorized representative to another licensee in connection with a proposed sale or merger of the licensee's professional practice. CBA Regulation section 58 requires licensees to comply with all applicable professional standards; should the proposed interpretations become final, licensees will be required to comply with the proposed professional standards, and current CBA Regulations, which may be in conflict with professional standards.

Some of the areas of the Exposure Draft that may require expansion of exemptions in the CBA regulations are:

- Notification in writing of the sale or transfer of a licensee's practice
- Require arrangements are made to return any client records that the licensee is required to provide to the client
- In the case of a discontinuance of a licensee's practice without a sale or transfer of the practice to a success firm, the licensee should:
 - Notify each client in writing
 - Make arrangements to return clients records
- Ensure the acquiring practice is satisfied the selling firm (predecessor firm) has notified all clients of the sale or transfer

Commission and referral fees

The PEEC proposes a new interpretation that, if adopted, would require the disclosure of permitted commissions and referral fees to be in writing. The "Commissions and Referral Fees Rule" of the AICPA Code of Professional Conduct requires that a licensee disclose any permitted commission to the person or entity to whom the licensee

Exposure Draft Regarding the American Institute of Certified Public Accountants Professional Ethics Division's Omnibus Proposal Regarding Proposed Revisions to the American Institute of Certified Public Accountants Code of Professional Conduct

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recommends or refers a product or service; the rule further requires a licensee who accepts or pays a referral fee to disclose such fee to the client. The rule, however; does not specify the type of disclosure required and therefore, verbal disclosure is currently permitted. As part of its efforts to facilitate adoption of the AICPA code by state boards of accountancy, in addition to aligning the code to be consistent with the disclosure requirements of a number of the state boards' regulations, the PEEC believes written disclosure of commission and referral fee arrangements will enhance transparency and provide the client with an opportunity to further inquire about the specifics of the fee arrangement.

CBA Regulations sections 56, 56.1, 56.2, and 56.3 already contain guidance regarding commission and referral fee disclosure (**Attachment 2**). Specifically, CBA Regulation section 56(c) requires licensees to provide written disclosure on letterhead of the licensed firm or must be signed by the licensee.

Should the CBA decide to submit a comment on the Exposure Draft, staff have prepared a draft letter for review and approval that includes a request that AICPA establish an effective date that would give the CBA time to amend its regulations to avoid any potential conflict between the Code of Professional Conduct and CBA Regulations (**Attachment 3**). Upon release of the final version of the Exposure Draft, the CBA will be afforded the opportunity to review and consider if any changes may be appropriate to incorporate into CBA Regulations.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Staff recommends approval of the attached comment letter. If the CBA decides any changes are necessary to the comment letter, staff recommends authority be delegated to the CBA President to approve the final letter for submission by the end of the comment period which is May 16, 2016.

Attachments

1. Exposure Draft: Omnibus Proposal, AICPA Professional Ethics Division, November 25, 2015
2. CBA Regulations sections 54.1, 56, 56.1, 56.2, 56.3, and 58
3. Proposed CBA Comment Letter to AICPA

EXPOSURE DRAFT

OMNIBUS PROPOSAL

AICPA PROFESSIONAL ETHICS DIVISION

November 25, 2015

Comments are requested by May 16, 2016

Prepared by the AICPA Professional Ethics Executive Committee for comments from persons interested in independence, behavioral, and technical standards matters.

Comments should be addressed to Lisa A. Snyder, Director of the Professional Ethics Division, at lsnyder@aicpa.org

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New York, NY 10036-8775*

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November 25, 2015

This exposure draft contains an important proposal for review and comment by the AICPA's membership and other interested parties regarding a pronouncement for possible adoption by the Professional Ethics Executive Committee (PEEC). The text and an explanation of the proposed pronouncement are included in this exposure draft.

After the exposure period is concluded and the PEEC has evaluated the comments, the PEEC may decide to adopt the proposed pronouncement. Once published, the pronouncement will become effective on the last day of the month in which it is published in the *Journal of Accountancy*, unless otherwise stated in the pronouncement.

Your comments are an important part of the standard-setting process; please take this opportunity to comment. Responses must be received at the AICPA by May 16, 2016. All written replies to this exposure draft will become part of the public record of the AICPA and will be available at <http://aicpa.org/InterestAreas/ProfessionalEthics/Community/ExposureDrafts/Pages/CommentLettersFortheNovember2015OmnibusExposureDraft.aspx>. Comments received will be considered by the PEEC at its July 12–13, 2016 meeting.

Please send comments to Lisa A. Snyder, Director of the Professional Ethics Division, via e-mail at lsnyder@aicpa.org

Sincerely,

Samuel L. Burke, *Chair*
AICPA Professional Ethics Executive
Committee

Lisa A. Snyder, *Director*
AICPA Professional Ethics Division

Professional Ethics Executive Committee (2015–2016)

Samuel L. Burke, *Chair*
Carlos Barrera
Stanley Berman
Michael Brand
Tom Campbell
Richard David
Robert E. Denham
Anna Dourdourekas
Jana Dupree
Janice Gray

Gregory Guin
Brian S. Lynch
William Darrol Mann
Andrew Mintzer
Jarold Mittleider
Steven Reed
Lawrence I. Shapiro
James Smolinski
Laurie Tish
Shelly VanDyne

Transfer and Return of Client Files Task Force

Carlos Barrera (Chair)
Steven Reed
Gregory Guin

Ethics Division Task Force Staff

Lisa Snyder, CPA, CGMA
Director

Contingent Fees and Commissions and Referral Fees Task Force

Laurie Tish (Chair)
Jana Dupree
Larry Shapiro
Tom Campbell

Ethics Division Task Force Staff

Ellen Gorla, CPA, CGMA
Senior Manager, Independence and Special Projects

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Explanation for the Proposed Interpretation “Transfer of Files and Return of Client Records in Sale, Transfer, or Discontinuance of Member’s Practice” and Revised Interpretation “Disclosing Client Information in Connection With a Review or Acquisition of the Member’s Practice”

The Professional Ethics Executive Committee (PEEC or committee) is exposing for comment, new and revised interpretations that provide guidance related to a member’s obligations concerning the confidentiality and return of client files when the member either transfers, sells, or discontinues his or her practice or the member acquires a practice.

Proposed Interpretation “Transfer of Files and Return of Client Records in Sale, Transfer or Discontinuance of Member’s Practice”

Discontinuance, Sale, or Transfer of All or Part of a Practice

The committee believes that when a member discontinues, sells or transfers all or part of their practice and the member no longer retains ownership in or control of the practice, the member should take certain steps to notify his or her clients and maintain the confidentiality of any client files the member possesses. The proposed guidance requires that a member who discontinues, sells or transfers his or her practice provide written notification to all clients of the firm and make arrangements to return any client records that the member is required to provide to the client under the Records Requests Interpretation [1.400.200] of the AICPA Code of Professional Conduct (code). In addition, as the “Confidential Client Information Rule” [1.700.001] requires that the member obtain consent from a client prior to disclosing any confidential client information, a member who sells or transfers his or her practice to another firm would be required to obtain the client’s consent before transferring any client files to the successor firm.

The committee acknowledges that despite a member taking best efforts, there may be situations in which the member is unsuccessful in contacting a client or a client may not respond to the member’s request for consent to transfer files or to arrange for the return of client files. The committee is therefore proposing that under such situations, the member may presume that the client consents to the transfer of client files to a successor firm if it does not respond to the member within 90 days. In addition, any client files that are not transferred or are unable to be returned to the client need to be retained by the member in a confidential manner and in accordance with the firm’s record retention policy and applicable legal or regulatory requirements, whichever is longer.

The proposal also emphasizes that when practicing before taxing authorities, such as the IRS, or regulatory bodies, members should ensure compliance with any requirements that may be more restrictive.

Acquisition of All or Part of a Practice

With regard to a member who acquires all or part of a practice from another person or firm, the committee is proposing that the member should be satisfied that all clients of the predecessor firm subject to the acquisition have been notified of the acquisition and have consented to the member’s continuation of professional services and retention of any client files or records that the successor firm plans to retain.

Revised Interpretation “Disclosing Client Information in Connection With a Review or Acquisition of the Member’s Practice”

Extant interpretation, “*Disclosing Client Information in Connection With a Review of the Member’s Practice*,” provides guidance on maintaining confidentiality of confidential client information when a member has his or her practice reviewed, or a member is reviewing a practice, in conjunction with a prospective purchase, sale, or merger of all or part of a member’s practice. The interpretation requires that a member who performs such a review of a practice should not use to his or her advantage or disclose any confidential client information that is obtained during the review.

The PEEC believes that it is appropriate to expand the guidance beyond just the review of a member’s practice by also addressing the situation in which a member obtains client files as the result of acquiring the practice. The proposed revision requires that members who obtain client files as a result of acquiring all or part of a member’s practice should not disclose any confidential client information contained in those files.

Text of Proposed Interpretation “Transfer of Files and Return of Client Records in Sale, Transfer or Discontinuance of Member’s Practice”

1.400.205 Transfer of Files and Return of Client Records in Sale, Transfer or Discontinuance of Member’s Practice

- .01 A member who sells or transfers all or part of the member’s practice to another person, firm or entity (successor firm) and will no longer retain ownership in, or control of, the practice should do all of the following:
- a. Notify each client in writing of the sale or transfer of the member’s practice and obtain the client’s consent prior to transferring its files to the successor firm and, in addition, notify the client that its consent will be presumed if it does not respond within 90 days.
 - b. With respect to files not transferred, make arrangements to return any client records that the member is required to provide to the client as set forth in the “Records Requests” interpretation [1.400.200] unless the member and client agree to some other arrangement.

In cases in which the member is unable to contact the client, client files and records not transferred should be retained in a confidential manner and in accordance with the firm’s record retention policy and applicable legal or regulatory requirements, whichever is longer. When practicing before the IRS or other taxing authorities or regulatory bodies, members should ensure compliance with any requirements that are more restrictive.

- .02 A member who discontinues his or her practice but does not sell or transfer the practice to a successor firm, should do all of the following:
- a. Notify each client in writing of the discontinuation of the practice.
 - b. Make arrangements to return any client records that the member is required to provide to the client as set forth in the “Records Request” interpretation [1.400.200] unless the member and client agree to some other arrangement.

In cases in which the member is unable to contact the client, client files should be retained in a confidential manner and in accordance with the firm’s record retention policy or applicable legal or regulatory requirements, whichever is longer. When practicing before the IRS or other taxing authorities or regulatory bodies, members should ensure compliance with any requirements that are more restrictive.

- .03 A member who acquires all or part of a practice from another person, firm, or entity (predecessor firm) should be satisfied that all clients of the predecessor firm subject to the acquisition have been notified of the acquisition and have consented to the member’s continuation of professional services and retention of any client files or records the successor firm retains.
- .04 A member would be considered in violation of the “Acts Discreditable Rule” [1.400.001] if the member does not comply with the requirements of this interpretation.

Text of Proposed Revised Interpretation “Disclosing Client Information in Connection With a Review *or Acquisition* of the Member’s Practice”

[Additions appear in bold italic and deletions are stricken]

1.700.050 Disclosing Client Information in Connection With a Review *or Acquisition* of the Member’s Practice

- .01 For purposes of the “Confidential Client Information Rule” [1.700.001], a review of a *member’s* professional practice includes a review performed in conjunction with a prospective purchase, sale, or merger of all or part of a *member’s* practice. Such reviews may *threaten* a *member’s* compliance with the “Confidential Client Information Rule.” To reduce the *threat* to an *acceptable level*, a *member* must take appropriate precautions (for example, through a written confidentiality agreement with the prospective purchaser) to help ensure that the prospective purchaser does not disclose any *confidential client information* obtained in the course of the review.
- .02 *Members* who perform such reviews ~~shall~~***should*** not use to their advantage or disclose any *confidential client information* that comes to their attention during the review.
- .03 ***Members who obtain client files as the result of acquiring all or part of another member’s professional practice should not disclose any confidential client information contained in such files. Members should refer to the “Transfer of Files and Return of Client Records in Sale, Transfer or Discontinuance of Member’s Practice” interpretation under the “Acts Discreditable Rule” for guidance on the retention of client files obtained through acquiring a practice.***

Explanation for the Proposed Interpretation “Disclosure of a Commission and Referral Fee”

The PEEC is exposing for comment, a new interpretation that, if adopted, would require the disclosure of permitted commissions and referral fees to be in writing. Paragraph .03 of the [“Commissions and Referral Fees Rule”](#) [1.520.001] requires that a member disclose any permitted commission to the person or entity to whom the member recommends or refers a product or service; paragraph .04 of the rule requires a member who accepts or pays a referral fee to disclose such fee to the client. The rule, however, does not specify the type of disclosure required and therefore, verbal disclosure is currently permitted.

As part of its efforts to facilitate adoption of the AICPA code by state boards of accountancy, the PEEC has compared the code to the rules and regulations of state boards of accountancy to identify significant differences that may exist. One such difference noted during this review relates to the disclosure of permitted commissions and referral fees. Specifically, a significant number of state boards require such disclosures be written; some state boards also identify specific information that should be included in the written disclosure. Though the committee believes that requiring specific information to be included in the disclosure is unnecessary, it did agree that there was merit in requiring that the disclosure be in writing. In addition to aligning the code to be consistent with the disclosure requirements of a number of state boards’ rules, the committee believes written disclosure of commission and referral fee arrangements will enhance transparency and provide the client with an opportunity to further inquire about the specifics of the fee arrangement. Members would be expected to use their professional judgment in determining whether specific information regarding the fee arrangement should be included in the written disclosure.

Request for Specific Comments

Although the committee welcomes comments on all aspects of these proposals, it specifically requests feedback on whether you believe that a delayed effective date is necessary. If so, please explain why you believe additional time to implement the proposed interpretation would be necessary and how much time you believe would be adequate.

Text of Proposed Interpretation “Disclosure of a Commission and Referral Fee”

1.520.080 Disclosure of a Commission and Referral Fee

- .01** The member should make the disclosures required by paragraphs .03 and .04 of the *“Commissions and Referral Fees Rule”* [1.520.001] in writing.

CBA Regulations sections 54.1, 56, 56.1, 56.2, 56.3 and 58

§ 54.1. Disclosure of Confidential Information Prohibited.

(a) No confidential information obtained by a licensee, in his or her professional capacity, concerning a client or a prospective client shall be disclosed by the licensee without the written permission of the client or prospective client, except for the following:

- (1) disclosures made by a licensee in compliance with a subpoena or a summons enforceable by order of a court;
- (2) disclosures made by a licensee regarding a client or prospective client to the extent that the licensee reasonably believes that it is necessary to maintain or defend himself/herself in a legal proceeding initiated by that client or prospective client;
- (3) disclosures made by a licensee in response to an official inquiry from a federal or state government regulatory agency;
- (4) disclosures made by a licensee or a licensee's duly authorized representative to another licensee in connection with a proposed sale or merger of the licensee's professional practice;
- (5) disclosures made by a licensee to (A) another licensee to the extent necessary for purposes of professional consultation and to (B) professional standards review, ethics or quality control peer review organizations;
- (6) disclosures made when specifically required by law;
- (7) disclosures made at the direct request of the client to a person or entity that is designated by the client at the time of the request.

(b) In the event that confidential client information may be disclosed to persons or entities outside the United States in connection with the services provided, the licensee shall so inform the client in writing and obtain the client's written permission for the disclosure.

NOTE: Authority cited: Sections 5010, 5018 and 5063.3, Business and Professions Code. Reference: Sections 5018 and 5063.3, Business and Professions Code.

§ 56. Commissions - Basic Disclosure Requirement.

(a) A licensee shall not accept any fee or commission permitted by Business and Professions Code Section 5061 unless he or she complies with the provisions of this section and Section 56.1

(b) A licensee who may receive a fee or commission pursuant to Business and Professions Code Section 5061 shall furnish to the client, at or prior to the time the recommendation of the product or service is made, a written disclosure statement in 12 point type or larger that contains the following information:

- (1) The fact that the fee or commission is to be paid for professional services and that a fee or commission cannot be accepted solely for the referral of the client to the products or services of a third party.
- (2) A description of the product(s) or service(s) which the licensee is recommending to the client, the identity of the third party that is expected to provide the product or

service, the business relationship of the licensee to the third party, a description of any fee or commission which may be received by the licensee, including, but not limited to, any supplemental fee or commission or other compensation allocable to the client being provided with the product or service of the third party. Where the product(s) or service(s) cannot be specifically identified at the time of the initial disclosure, this information shall be included in a supplemental disclosure within 30 days of receipt of the fee or commission.

(3) The dollar amount or value of the fee or commission payment(s) or the basis on which the payment(s) shall be computed.

(c) The written disclosure shall be on letterhead of the licensed firm or shall be signed by the licensee. The disclosure statement shall be signed and dated by the client and contain an acknowledgment by the client that the client has read and understands the information contained in the disclosure. Supplemental disclosures as described in subsection (b)(2) of Section 56 need not be signed by the client or by the licensee. The licensee shall retain the disclosure statements for a period of five years and shall provide copies to the client.

NOTE: Authority cited: Section 5010, 5018 and 5061, Business and Professions Code. Reference: Section 5061, Business and Professions Code.

§ 56.1. Commissions - Professional Services Provided to the Client.

The professional services which must be provided to the client in conjunction with the products or services of a third party under Business and Professions Code Section 5061(b) shall include consultation with the client regarding the third party's product or service in relation to the client's circumstances.

NOTE: Authority cited: Section 5010, 5018 and 5061, Business and Professions Code. Reference: Section 5061, Business and Professions Code.

§ 56.2. Commissions - Disclosure Requirement and Other Rules of Professional Conduct.

Nothing in Section 56 permits a licensee either (1) to accept any fee or commission which would violate the requirement that a licensee be independent in the performance of services in accordance with professional standards (Section 65) or (2) to concurrently engage in the practice of public accountancy and in any other business or occupation which impairs the licensee's independence, objectivity, or creates a conflict of interest in rendering professional services (Section 57). However, the act of a licensee taking a fee or commission as permitted by Business and Professions Code Section 5061 and in conformity with Section 56 does not, by itself, constitute an impairment of a licensee's objectivity or create a conflict of interest in rendering professional services.

NOTE: Authority cited: Section 5010, 5018 and 5061, Business and Professions Code. Reference: Sections 5018 and 5061, Business and Professions Code.

§ 56.3. Commissions - Definitions.

For purposes of Sections 56, 56.1, and 56.2 of the Board's regulations the following definitions apply:

- (a) "Licensee" means a Certified Public Accountant, Public Accountant, or firm licensed by the Board of Accountancy, including a firm with nonlicensee owners, that is engaged in the practice of public accountancy as defined by Business and Professions Code Section 5051.
- (b) The term "a third party" means all persons other than the licensee, the licensee's client, and any licensee firm of which the licensee is an employee, partner, or owner.
- (c) "The basis on which the payment(s) shall be computed" shall be a formula which can be used to calculate the dollar amount or value of the fee or commission once the dollar amount or value of the transaction is known.

NOTE: Authority cited: Section 5010, 5018 and 5061, Business and Professions Code.
Reference: Section 5061, Business and Professions Code

§ 58. Compliance with Standards.

Licensees engaged in the practice of public accountancy shall comply with all applicable professional standards, including but not limited to generally accepted accounting principles and generally accepted auditing standards.

Note: Authority cited: Sections 5010 and 5018, Business and Professions Code.
Reference: Section 5018, Business and Professions Code.

**DEPARTMENT OF CONSUMER AFFAIRS**

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**Attachment 3**

DATE

Lisa A. Snyder, Director of the Professional Ethics Division
American Institute of Certified Public Accountants (AICPA)

RE: AICPA Professional Ethics Division proposed Omnibus Proposal, November
25, 2015

Dear Ms. Snyder:

On behalf of the California Board of Accountancy (CBA), I am pleased to submit our response on the exposure draft regarding the Omnibus Proposal of the American Institute of Certified Public Accountants (AICPA) Professional Ethics Division proposing revisions to the Code of Professional Conduct Interpretations, dated November 25, 2015.

Upon release of the final revisions to the Code of Professional Conduct, the CBA will determine if any changes may be required to CBA Regulations. If any regulatory changes are required, the approximate timeframe for implementation is 12 to 18 months.

The CBA currently requires written notification of commissions and fees to a licensee's clients. Title 16, California Code of Regulations (CBA Regulations) section 56(c) requires written disclosure on letter head of the licensed firm or signed by the licensee.

The CBA supports transparency and protection of confidential information. CBA Regulations section 54.1 prohibits disclosure of confidential information. CBA Regulation section 54.1(a)(4) provides an exception to prohibited disclosure of confidential information made by a licensee or licensee's duly authorized representative to another licensee in connection with a proposed sale or merger of the licensee's professional practice.

Lisa A. Snyder

DATE

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CBA Regulation section 58 requires licensees to comply with all applicable professional standards; should the proposed interpretations become final, licensees will be required to comply with the proposed professional standards, and current CBA Regulations, which may be in conflict with professional standards. Some of the areas of the Exposure Draft that may require expansion of exemptions in the CBA regulations are:

- Notification in writing of the sale or transfer of a licensee's practice
- Require arrangements are made to return any client records that the licensee is required to provide to the client
- In the case of a discontinuance of a licensee's practice without a sale or transfer of the practice to a successor firm, the licensee should:
 - Notify each client in writing
 - Make arrangements to return clients records
- Ensure the acquiring practice is satisfied the selling firm (predecessor firm) has notified all clients of the sale or transfer

As a result of the 12 to 18 month timeframe to implement new regulations, the CBA requests that the AICPA establish an effective date for the implementation of the proposed changes to the Professional Code of Conduct at least two years from the release of the final exposure draft in order to allow the CBA time to revise its regulations. If implementation is not delayed, a conflict may be created for California licensees between following the Professional Code of Conduct and CBA Regulations.

The CBA appreciates the opportunity to respond to this exposure draft and your continued efforts to refine professional standards while striving to enhance protection of consumers.

Sincerely,

Katrina L. Salazar, CPA
President

c: Members, California Board of Accountancy
Patti Bowers, Executive Officer



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CBA Item III.F.
March 17-18, 2016

Comments Regarding the American Institute of Certified Public Accountants and the National Association of State Boards of Accountancy Re-Issue Exposure Draft Regarding Statement on Standards for Continuing Professional Education Programs

Presented by: Gina Sanchez, Chief, Licensing Division

Consumer Protection Objectives

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with the joint American Institute of Certified Public Accountants (AICPA) and National Association of State Boards of Accountancy (NASBA) re-issue Exposure Draft regarding proposed revisions to the Statement on Standards for Continuing Professional Education Programs (*Standards*) (**Attachment 1**). The proposed revisions provide a range of learning options and increased flexibility in professional education which allows the licensee to maintain a currency of knowledge.

Action(s) Needed

No specific action is required on this agenda item.

Background

NASBA, jointly with the AICPA, issued proposed changes to the *Standards*, which provides a framework for the development, presentation, measurement and reporting of continuing education (CE)¹ programs. The *Standards* were last revised in 2012. In May 2015, NASBA and the AICPA released proposed changes for a public comment period ending on October 1, 2015. Among the most significant of the proposed changes was the addition of nano-learning and blended learning, two new delivery methods for CE programs. Nano-learning is defined as a tutorial program that focuses on a single learning subject in a 10-minute timeframe. Blended learning is a format that incorporates multiple learning platforms within the same program. Currently, CBA Regulations do not allow for these new formats.

At its July and September 2015 meetings, the CBA was presented with information regarding the proposed changes to the *Standards* and its comparison to CBA Regulations (**Attachments 2 and 3**). At its September 2015 meeting, the CBA

¹ The CBA refers to education received from providers as continuing education (CE). However, NASBA refers to education as continuing professional education (CPE).

Comments Regarding the American Institute of Certified Public Accountants and the National Association of State Boards of Accountancy Re-Issue Exposure Draft Regarding Statement on Standards for Continuing Professional Education Programs

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approved a comment letter supporting the exploration of new methodologies to enhance and expand the knowledge and competency of its licensees (**Attachment 4**).

Comments

In January 2016, the joint AICPA/NASBA CPE Standards Committee met to review the comments received and recommended additional changes to the April 2015 Exposure Draft. Due to the significance of the areas of comment, the final recommendation was submitted to request approval for re-exposure of the *Standards*.

The revised Exposure Draft contains minor revisions and adjustments to definitions and terms, modifications, and clarifications to many of the *Standards*. Outlined below are the relevant changes that address live programs, self-study, and the two new delivery methods, nano-learning and blended learning.

Article 1 – Definitions (page 2)

The definition for a nano-learning program was expanded to include specifics as to how nano-learning differs from a self-study program and to clarify what would not be considered nano-learning. The definition now clarifies that unlike a self-study program, a nano-learning program is typically focused on a single learning objective and is not paper-based. Additionally, a nano-learning program is not a live or group internet-based program and is not a substitute for comprehensive programs addressing complex issues.

Live Programs (Standard 7, page 7)

Standard 7 has been revised to clarify that a live program is determined by how the participant consumes the learning and not by the technology used in the delivery method. Examples of what constitutes a live setting have been added to the *Standards*.

Standard 7-01 was revised to clarify that a live program must include at least one element of engagement related to course content during each credit of CE.

CBA Regulations do not require participant engagement for live programs.

Group Internet Based Programs (Standard 8, page 8)

Standard 8 has been revised to clarify that a group internet-based program is determined by how the participant consumes the learning and not by the technology used in the delivery method. Examples of what constitutes a group internet-based setting have been added to the *Standards*.

Per CBA Regulations, a webcast program is a program that enables a licensee to participate from a computer in an interactive course presented by a live instructor at a distant location or participate in a group viewing of a webcast program where a live

Comments Regarding the American Institute of Certified Public Accountants and the National Association of State Boards of Accountancy Re-Issue Exposure Draft Regarding Statement on Standards for Continuing Professional Education Programs

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facilitator logs into the program to ask questions on behalf of the group. CBA Regulations do not provide additional setting examples.

Self-Study (Standard 9, page 9)

To conform to the revised CE program measurements, the self-study requirements regarding review and assessment questions have been revised. For the first full credit, the *Standards* require a minimum number of review and assessment questions for self-study programs. The *Standards* were revised to add additional review and assessment questions for credit earned after the first full credit (Standard No.9-02 and 9-04). For example, a program awarding 1.5 CE credits must add two additional review questions and three additional assessment questions to the program.

CBA Regulations require review and assessment questions for self-study programs but do not stipulate to the number of questions.

Nano-Learning (Standard 10, page 11)

Standard 10-04 was expanded to provide additional details for acceptable instructional materials and techniques used to develop nano-learning programs and the intent of nano-learning. This standard also clarifies that a nano-learning program must include learning objectives, instructions on how to navigate through the program, and a qualified assessment.

CBA Regulations do not allow for this type of learning format.

Program Measurement (Standard 16, page 14)

The revision allows for CE increments to be earned in one-fifth, one-half or whole credits for all instructional delivery methods with the exception of nano-learning which can only be earned in one-fifth increments. For live programs and blended learning, a minimum of one full credit must be awarded initially and then, after the first full credit is earned, CE credit may be awarded in one-fifth or one-half increments. For self-study, a minimum of one-half credit must be awarded initially and then, after the first full credit is earned, CE credit may be awarded in one-fifth or in one-half increments.

The revision also allows the program sponsor the discretion to round down CE credits to the nearest one-fifth, one-half or whole credit as appropriate for the instructional delivery method.

CBA Regulations do not allow for CE credit in one-fifth increments. CBA Regulations require CE credit be granted in 50-minute (one hour) increments with the exception of self-study programs which may be claimed in 25-minute (one-half hour) increments. After the first full credit is earned, CE credit may then be awarded in 25 minute (one-half hour) increments.

Comments Regarding the American Institute of Certified Public Accountants and the National Association of State Boards of Accountancy Re-Issue Exposure Draft Regarding Statement on Standards for Continuing Professional Education Programs

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Program Reporting (Standard No. 24-03, page 19; 24-04, page 20)

Standard 24-03 was added to require program sponsors to maintain documentation of an engagement for live programs.

CBA Regulations do not require participant engagement for live programs.

Standard 24-04 is specific to blended learning which is defined as an educational program incorporating multiple learning formats within the same program. This standard was added to require program sponsors to maintain documentation of instructions to participants regarding the program components. Program sponsors must also retain documentation of the course progression and what CE credits were earned by participants upon completion of the components.

CBA Regulations do not specify that programs can provide multiple learning formats within the program components.

The public comment period on the re-issue Exposure Draft concludes April 30, 2016. Final approval on the proposed revisions will be presented to the NASBA and AICPA Boards at their respective July and August 2016 meetings, with an anticipated effective date to the *Standards* of September 1, 2016.

Upon release of the final version of the *Standards*, the CBA will be afforded the opportunity to review and consider which changes may be appropriate to incorporate into the CBA Regulations.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Staff have no recommendation at this time. However, should the CBA wish to submit a new comment on the revised *Standards*, it is requested that the CBA provide guidance to staff regarding the topics it wishes to include in the letter. Staff recommend authority be delegated to the CBA President to approve the comment letter for submission by the conclusion of the comment period.

Attachments

1. Exposure Draft: Statement of Standards for CPE Programs (red-lined version) November 2015
2. CBA Agenda Item II.C. July 22-23, 2015 without attachments
3. CBA Agenda Item I.F. September 17-18, 2015 without attachments
4. CBA Comment Letter to NASBA Regarding April 1, 2015 Exposure Draft

Statement on Standards for Continuing Professional Education (CPE) Programs

Red-lined Draft of Recommended Changes
to the April 2015 Exposure Draft

November 2015

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Introduction

Continuing professional education is required for CPAs to maintain their professional competence and provide quality professional services. CPAs are responsible for complying with all applicable CPE requirements, rules and regulations of state boards of accountancy, as well as those of membership associations and other professional organizations.

The Statement on Standards for Continuing Professional Education (CPE) Programs (*Standards*) is published jointly by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA) to provide a framework for the development, presentation, measurement, and reporting of CPE programs. The *Standards* were last revised in 2012.

The *Standards* are periodically reviewed in their entirety by the CPE Standards Working Group (Working Group). The Working Group is comprised of 13 members representing the various stakeholders in the CPE arena, including state boards of accountancy, state societies, educators, CPE providers, and the AICPA. If the Working Group determines that revisions or modifications are required, then the Working Group will make its recommendations to NASBA's CPE Committee (CPE Committee), which in turn makes recommendations to the Joint AICPA/NASBA CPE Standards Committee (Joint Committee). The Joint Committee will then make its recommendation to the respective AICPA and NASBA Boards of Directors. Any revisions or modifications to the *Standards* will be posted to the AICPA and NASBA websites for comment.

The *Standards* are intended to be an "evergreen" document. As questions arise related to implementation and application of the *Standards*, the questions will be presented to the Working Group. The Working Group meets quarterly and scheduled meeting dates are posted on the NASBA website, LearningMarket.org NASBARegistry.org. NASBA will communicate the findings of the Working Group to the specific CPE program sponsor. Authoritative interpretations will only be issued by the CPE Committee in limited cases when the matter is not addressed in the *Standards*, cannot be addressed specifically with the CPE program sponsor, or cannot be addressed in the Best Practices web pages. All interpretations issued by the CPE Committee will be reviewed and considered by the Joint Committee upon the next revision of the *Standards*.

Preamble

1. The right to use the title "Certified Public Accountant" (CPA) is regulated by each state's board of accountancy in the public interest and imposes a duty to maintain public confidence by maintaining and current knowledge, skills, and abilities professional competence, as defined in the Standards, in all areas in which they provide services. CPAs must accept and fulfill their ethical responsibilities to the public and the profession regardless of their fields of employment.¹
2. The profession of accountancy is characterized by an explosion of relevant knowledge, ongoing changes and expansion, and increasing complexity. Advancing technology, globalization of commerce, increasing specialization, proliferating regulations, and the complex nature of business transactions have created a dynamic environment that requires CPAs to continuously maintain and enhance their knowledge, skills, and abilities professional competence.
3. The continuing development of professional competence involves a program of lifelong educational activities. Continuing Professional Education (CPE) is the term used in these *Standards* to describe the educational activities that assist CPAs in achieving and maintaining quality in professional services.
4. The following *Standards* have been broadly stated in recognition of the diversity of practice and experience among CPAs. They establish a framework for the development, presentation, measurement, and reporting of CPE programs and thereby help to ensure that CPAs receive the quality CPE necessary to satisfy their obligations to serve the public interest. The spirit of the Standards is to encourage high quality learning with measurable objectives by providing baseline requirements. These *Standards* may also apply to other professionals by virtue of employment or membership. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit.
5. Advances in technology, delivery and workplace arrangements may lead to innovative learning techniques. Learning theory is evolving to include more emphasis on outcome based learning. These *Standards* anticipate innovation in CPE in response to these advances. Sponsors must ensure innovative learning techniques are in compliance with the *Standards*. CPE program sponsors are encouraged to consult with NASBA regarding questions related to compliance with the *Standards* when utilizing innovative techniques.
6. These *Standards* create a basic foundation for sound educational programs. Sponsors may wish to provide enhanced educational and evaluative techniques to all programs.

¹ The term "CPAs" is used in these *Standards* to identify all persons who are licensed and/or regulated by boards of accountancy.

Article I - Definitions

Advanced. Program knowledge level most useful for individuals with mastery of the particular topic. This level focuses on the development of in-depth knowledge, a variety of skills, or a broader range of applications. Advanced level programs are often appropriate for seasoned professionals within organizations; however, they may also be beneficial for other professionals with specialized knowledge in a subject area.

Asynchronous. A learning activity in which the participant has control over time, place and/or pace of learning.

Basic. Program knowledge level most beneficial to CPAs new to a skill or an attribute. These individuals are often at the staff or entry level in organizations, although such programs may also benefit a seasoned professional with limited exposure to the area.

Blended learning program. An educational program incorporating multiple learning formats.

Continuing Professional Education (CPE). An integral part of the lifelong learning required to provide competent service to the public. The set of activities that enables CPAs to maintain and improve their professional competence.

CPE credit hour. Fifty minutes of participation in a program of learning.

CPE program sponsor. The individual or organization responsible for issuing the certificate of completion, and maintaining the documentation required by these *Standards*. The term CPE program sponsor may include associations of CPAs, whether formal or informal, as well as employers who offer in-house programs.

Evaluative feedback. Specific response to incorrect answers to questions in self-study programs.

Group Internet based program. Individual participation in Synchronous learning on an individual basis with real time interaction of an instructor or subject matter expert and built-in processes for attendance and interactivity.

Group live program. Synchronous learning in a group environment with real time interaction of an instructor or subject matter expert that provides the required elements of attendance monitoring and engagement.

Group program. Any group live or group Internet based programs.

Independent study. An educational process designed to permit a participant to learn a given subject under a learning contract with a CPE program sponsor.

Instructional methods. Delivery strategies such as case studies, computer-assisted learning, lectures, group participation, programmed instruction, use of audiovisual aids, or work groups employed in group, self-study, or independent study programs or other innovative programs.

Intermediate. Program knowledge level that builds on a basic program, most appropriate for CPAs with detailed knowledge in an area. Such persons are often at a mid-level within the organization, with operational and/or supervisory responsibilities.

Learning activity. An educational endeavor that maintains or improves professional competence.

Learning contract. A written contract signed by an independent study participant and a qualified CPE program sponsor prior to the commencement of the independent study.

Learning objectives. ~~Specifications on what~~Outcomes that participants should ~~accomplish in upon~~completion of a learning activity. Learning objectives are useful to program developers in deciding appropriate instructional methods and allocating time to various subjects.

Nano-learning program. A tutorial program designed to permit a participant to learn a given subject in a ten-minute timeframe through the use of electronic media (including technology applications and processes and computer-based or web-based technology) and without interaction with a real time instructor. A nano-learning program differs from a self study program in that it is typically focused on a single learning objective and is not paper-based. A nano-learning program is not a group program. Nano-learning is not a substitute for comprehensive programs addressing complex issues.

Overview. Program knowledge level that provides a general review of a subject area from a broad perspective. These programs may be appropriate for professionals at all organizational levels.

Pilot test. A method to determine the recommended CPE credit for self study programs which involves sampling of at least three individuals independent of the development team and representative of the intended participants to measure the representative completion time.

Pre-program assessment. ~~Assessment~~A method of measuring prior knowledge that is given before the participant has access to the ~~course~~ content of the program.

Professional competence. Having requisite ~~knowledge, skills, and abilities~~technical competence, professional skills, values, ethics and attitudes to provide quality services as defined by the technical and ethical standards of the profession. The expertise needed to undertake professional responsibilities and to serve the public interest.

Program of learning. A collection of learning activities that are designed and intended as continuing education and that comply with these *Standards*.

Qualified Assessment. ~~A M~~A method of measuring the achievement of a representative number of the learning objectives of the learning activity.

Reinforcement feedback. Specific responses to correct answers to questions in self-study programs.

Self study program. An educational program completed individually without the assistance or interaction of a real time instructor.

Social learning. Learning from one's peers in a community of practice through observation, modeling and application.

Synchronous. A group program in which Pparticipants engage simultaneously in learning activity(ies) ~~at the same time.~~

Tutorial. A tutorial is a method of transferring knowledge that is more interactive and specific than a book, lecture or article. A tutorial seeks to teach by example and supply the information to complete a certain task.

Word count formula. A method, detailed under S17-05 Method 2, to determine the recommended CPE credit for self study programs that uses a formula including word count of learning material, number of questions and exercises, and duration of audio and video segments.

Update. Program knowledge level that provides a general review of new developments. This level is for participants with a background in the subject area who desire to keep current.

Article II – General Guidelines for CPAs

2.1 Professional Competence. All CPAs should participate in learning activities that maintain and/or improve their professional competence.²

Selection of learning activities should be a thoughtful, reflective process addressing the individual CPA's current and future professional plans, current knowledge and skills level, and desired or needed additional competence to meet future opportunities and/or professional responsibilities.

CPAs fields of employment do not limit the need for CPE. CPAs performing professional services need to have a broad range of ~~knowledge, skills, and abilities~~professional competence. Thus, the concept of professional competence may be interpreted broadly. Accordingly, acceptable continuing education encompasses programs contributing to the development and maintenance of professional skills.

The fields of study as published on NASBA's website, www.learningmarketnasbaregistry.org, represent the primary knowledge and skill areas needed by CPAs to perform professional services in all fields of employment.

To help guide their professional development, CPAs may find it useful to develop a learning plan. Learning plans are structured processes that help CPAs guide their professional development. They are dynamic instruments used to evaluate and document learning and professional competence development. They may be reviewed regularly and modified as CPAs' professional competence needs change. Plans include: a self-assessment of the gap between current and needed ~~knowledge, skills, and abilities~~professional competence; a set of learning objectives arising from this assessment; and learning activities to be undertaken to fulfill the learning plan.

2.2 CPE Compliance. CPAs must comply with all applicable CPE requirements.

CPAs are responsible for compliance with all applicable CPE requirements, rules, and regulations of state licensing bodies, other governmental entities, membership associations, and other professional organizations or bodies. CPAs should contact each appropriate entity to which they report to determine its specific requirements or any exceptions it may have to the standards presented herein.

Periodically, CPAs participate in learning activities which do not comply with all applicable CPE requirements, for example specialized industry programs offered through industry sponsors. If CPAs propose to claim credit for such learning activities, they must retain all relevant information regarding the program to provide documentation to state licensing bodies and/or all other professional organizations or bodies that the learning activity is equivalent to one which meets all these standards.

2.3 CPE Credits Record Documentation. CPAs are responsible for accurate reporting of the appropriate number of CPE credits earned and must retain appropriate documentation of their participation in learning activities.

² The terms "should" and "must" are intended to convey specific meanings within the context of this *Joint AICPA/NASBA Statement on Standards for Continuing Professional Education Programs*. The term "must" is used in the *Standards* applying to CPAs and CPE program sponsors to convey that CPAs and CPE program sponsors are not permitted any departure from those specific *Standards*. The term "should" is used in the *Standards* applying to both CPAs and CPE program sponsors and is intended to convey that CPAs and CPE program sponsors are encouraged to follow such *Standards* as written. The term "may" is used in the *Standards* applying to both CPAs and CPE program sponsors and is intended to convey that CPAs and CPE program sponsors are permitted to follow such *Standards* as written.

To protect the public interest, regulators require CPAs to document maintenance and enhancement of professional competence through periodic reporting of CPE. For convenience, measurement is expressed in CPE credits. However, the objective of CPE must always be maintenance/enhancement of professional competence, not attainment of credits. Compliance with regulatory and other requirements mandates that CPAs keep documentation of their participation in activities designed to maintain and/or improve professional competence. In the absence of legal or other requirements, a reasonable policy is to retain documentation for a minimum of five years from the end of the year in which the learning activities were completed.

Participants must document their claims of CPE credit. Examples of acceptable evidence of completion include:

- For group, blended learning and independent study programs, a certificate or other verification supplied by the CPE program sponsor.
- For self-study and nano-learning programs, a certificate supplied by the CPE program sponsor after satisfactory completion of a qualified assessment.
- For instruction credit, appropriate supporting documentation that complies with the requirements of the respective state boards subject to the guidelines in Standard No. 20 in Standards for CPE Program Measurement.
- For a university or college course that is successfully completed for credit, a record or transcript of the grade the participant received.
- For university or college non-credit courses, a certificate of attendance issued by a representative of the university or college.
- For published articles, books, or CPE programs, (1) a copy of the publication (or in the case of a CPE program, course development documentation) that names the CPA as author or contributor, (2) a statement from the writer supporting the number of CPE hours claimed, and (3) the name and contact information of the independent reviewer(s) or publisher.

2.4 Reporting CPE Credits. CPAs who complete sponsored learning activities that maintain or improve their professional competence must claim no more than the CPE credits recommended by CPE program sponsors subject to the state board regulations.

CPAs may participate in a variety of sponsored learning activities. While CPE program sponsors determine credits, CPAs must claim credit only for activities through which they maintained or improved their professional competence. CPAs who participate in only part of a program must claim CPE credit only for the portion they attended or completed.

2.5 Independent Study. CPAs may engage in independent study under the direction of a CPE program sponsor who has met the applicable standards for CPE program sponsors when the subject matter and level of study maintain or improve the CPAs' professional competence.

Independent study is an educational process designed to permit a participant to learn a given subject under the guidance of a CPE program sponsor. Participants in an independent study program must:

- Enter into a written learning contract with a CPE program sponsor that must comply with the applicable standards for CPE program sponsors. A learning contract:
 1. Specifies the nature of the independent study program and the time frame over which it is to be completed, not to exceed 15 weeks.
 2. Specifies that the output must be in the form of (a) a written report that will be reviewed by the CPE program sponsor or a qualified person selected by the CPE program sponsor or (b) a written certification by the CPE program sponsor that the participant has demonstrated application of learning objectives through (i) successful completion of tasks or (ii) performance of a live demonstration, oral examination or presentation to a subject matter expert.
 3. Outlines the maximum CPE credit that will be awarded for the independent study program, but limits credit to actual time spent.
- Accept the written recommendation of the CPE program sponsor as to the number of credits to be earned upon successful completion of the proposed learning activities. CPE credits will be awarded

only if:

1. All the requirements of the independent study as outlined in the learning contract are met,
2. The CPE program sponsor reviews and signs the participant's report,
3. The CPE program sponsor reports to the participant the actual credits earned, and
4. The CPE program sponsor provides the participant with contact information.

The maximum credits to be recommended by an independent study CPE program sponsor must be agreed upon in advance and must be equated to the effort expended to improve professional competence. The credits cannot exceed the time devoted to the learning activities and may be less than the actual time involved.

- Retain the necessary documentation to satisfy regulatory requirements as to the content, inputs, and outcomes of the independent study.

Article III – Standards for CPE Program Sponsors

3.1 - General Standards

Standard -No. 1. CPE -program- sponsors -are responsible for compliance with all applicable Standards and other CPE requirements.

S1 - 01. CPE requirements of licensing bodies and others. CPE program sponsors may have to meet specific CPE requirements of state licensing bodies, other governmental entities, membership associations, and/or other professional organizations or bodies. Professional guidance for CPE program sponsors is available from NASBA; state-specific guidance is available from the state boards of accountancy. CPE program sponsors should contact the appropriate entity to determine requirements.

3.2 - Standards for CPE Program Development

Standard No. 2. Sponsored learning activities must be based on relevant learning objectives and outcomes that clearly articulate the ~~knowledge, skills, and abilities~~ professional competence that should be achieved by participants in the learning activities.

S2 - 01. Program knowledge level. Learning activities provided by CPE program sponsors for the benefit of CPAs must specify the knowledge level, content, and learning objectives so that potential participants can determine if the learning ~~activities-outcomes~~ are appropriate to their professional competence development needs. Knowledge levels consist of basic, intermediate, advanced, update, and overview.

Standard No. 3. CPE program sponsors must develop and execute learning activities in a manner consistent with the prerequisite education, experience, and/or advance preparation of participants.

S3 - 01. Prerequisite education and experience. To the extent it is possible to do so, CPE program sponsors should make every attempt to equate program content and level with the backgrounds of intended participants. All programs must clearly identify prerequisite education, experience, and/or advance preparation, if any, in precise language so that potential participants can readily ascertain whether they qualify for the program.

Standard No. 4. CPE program sponsors must use activities, materials, and delivery systems that are current, technically accurate, and effectively designed. Course documentation must contain the most recent publication, revision or review date. Courses must be revised as soon as feasible following changes to relative codes, laws, rulings, decisions, interpretations, etc. Courses in subjects that undergo frequent changes must be reviewed by an individual with subject matter expertise at least once a year to verify the currency of the content. Other courses must be reviewed at least every two years.

S4 - 01. Developed by a subject matter expert. Learning activities must be developed by individuals or teams having expertise in the subject matter. Expertise may be demonstrated through practical experience and/or education.

Standard No. 5. CPE program sponsors of group, self-study, nano-learning, and/or blended learning programs must ensure learning activities are reviewed by qualified persons other than those who developed the programs to assure that the program is technically accurate and current and addresses the stated learning objectives. These reviews must occur before the first presentation of these materials and again after each significant revision of the CPE programs.

The participation of at least one licensed CPA (in good standing and holding an active license or **its the equivalent of an active license**) is required in the development of every program in accounting and auditing. The participation of at least one licensed CPA, tax attorney, or IRS enrolled agent (in good standing and holding an active license or **its the equivalent of an active license**) is required in the development of each program in the field of study of taxes. As long as this requirement is met at some point during the development process, a program would be in compliance. Whether to have this individual involved during the development or the review process is at the CPE program sponsor's discretion.

S5 - 01. Qualifications of reviewers. Individuals or teams qualified in the subject matter must review programs. When it is impractical to review certain programs in advance, such as lectures given only once, greater reliance should be placed on the recognized professional competence of the instructors or presenters. Using independent reviewing organizations familiar with these *Standards* may enhance quality assurance.

S5 – 02. Review responsibilities if content purchased from another entity. CPE program sponsors may purchase course content from other entities and developers. The organization that issues the certificate of completion under its name to the participants of the program is responsible for compliance with all *Standards* and other CPE requirements.

If a CPE program sponsor plans to issue certificates of completion under its name, then the CPE program sponsor must first consider whether the content was purchased from an entity registered with NASBA on the National Registry of CPE Sponsors.

- If the content is purchased from a sponsor registered with NASBA on the National Registry of CPE Sponsors, then the CPE program sponsor may maintain the author/developer and reviewer documentation from that sponsor in order to satisfy the content development requirements of the *Standards*. The documentation should be maintained as prescribed in Standard No. 24.
- If the content is purchased from an entity not registered with NASBA on the National Registry of CPE Sponsors, then the CPE program sponsor must independently review the purchased content to ensure compliance with the *Standards*. If the CPE program sponsor does not have the subject matter expertise on staff, then the CPE program sponsor must contract with a qualified individual to conduct the review. The CPE program sponsor must maintain the appropriate documentation regarding the credentials and experience of both the course author/developer(s) and reviewer(s) as prescribed in Standard No. 24.

Standard No. 6. CPE program sponsors of independent study learning activities must be qualified in the subject matter.

S6 - 01. Requirements of independent study sponsor. A CPE program sponsor of independent study learning activities must have expertise in the specific subject area related to the independent study. The CPE program sponsor must also:

- Review, evaluate, approve, and sign the proposed independent study learning contract, including agreeing in advance on the number of credits to be recommended upon successful completion.
- Evidence program completion by:
 - Reviewing and signing the written report developed by the participant in independent study.
 - Certifying in writing that the applicant has demonstrated application of learning objectives through successful completion of tasks.
 - Certifying in writing that the applicant has performed a live demonstration, oral examination or presentation to a subject matter expert.
- Retain the necessary documentation to satisfy regulatory requirements as to the content, inputs, and outcomes of the independent study.

Standard No. 7. Group live programs must employ instructional methods that clearly define learning objectives, guide the participant through a program of learning and include elements of

engagement within the program.

Whether a program is classified as group live or group internet based is determined by how the participant consumes the learning (in a group setting or on an individual basis) and not by the technology used in program delivery. Group live examples include but are not limited to: classroom setting with a real time instructor; participants in a group setting calling in to a teleconference; and participants in a group setting watching a rebroadcast of a program with a real time subject matter expert facilitator.

S7 – 01. Required elements of engagement. ~~Each credit of CPE in a~~ group live program must include at least one element of engagement related to course content during each credit of CPE (for example: group discussion; polling questions; instructor-posed question with time for participant reflection; and/or use of a case study with different engagement elements throughout the program).

S7 – 02. Real time instructor during program presentation. Group live programs must have a real time instructor while the program is being presented. Program participants must be able to interact with the real time instructor while the course is in progress (including the opportunity to ask questions and receive answers during the presentation). Once a group live program is recorded for future presentation, it will continue to be considered a group live program only where a real time subject matter expert facilitates the recorded presentation. CPE credit for a recorded group live program facilitated by a real time subject matter expert will be equal to the CPE credit awarded to the original presentation.

S7-03. No real time instructor during recorded program presentation. A group live program that is recorded for future presentation that does not include a real time subject matter facilitator is no longer a group live program and will only be classified as a self study program if it meets all self study delivery method requirements with the exception of the basis for CPE credit. CPE credit for a recorded group live program not facilitated by a real time subject matter expert will be equal to the CPE credit awarded to the original presentation or it may be determined by either of the two self study credit determination methodologies described in Standard No. 17: pilot testing or the prescribed word count formula, at the sponsor's discretion.

Standard No. 8. Group Internet based programs must employ instructional methods that clearly define learning objectives, guide the participant through a program of learning, and provide evidence of a participant's satisfactory completion of the program.

Whether a program is classified as group live or group internet based is determined by how the participant consumes the learning (in a group setting or on an individual basis) and not by the technology used in program delivery. Group internet based examples include but are not limited to: participation in a webcast individually; participating in a broadcast of a group live presentation on an individual basis; and participants calling in to a conference call on an individual basis.

S8 - 01. Real time instructor during program presentation. Group Internet based programs must have a real time instructor while the program is being presented. Program participants must be able to interact with the real time instructor while the course is in progress (including the opportunity to ask questions and receive answers during the presentation). Once a group Internet based program is recorded for future presentation, it will continue to be considered a group Internet based program only where a real time subject matter expert facilitates the recorded presentation. . CPE credit for a recorded group Internet based program, facilitated by a real time subject matter expert, will be equal to the CPE credit awarded to the original presentation.

S8 – 02. No real time instructor during recorded program presentation. A group Internet based program that is recorded for future presentation that does not include a real time subject matter facilitator is no longer a group Internet based program and will only be classified as a self study program if it meets all self study delivery method requirements with the exception of the basis for CPE credit. CPE credit for a recorded group Internet based program not facilitated by a real time subject matter expert will be equal to the CPE credit awarded to the original presentation or it may be determined by either of the two self study credit determination methodologies described in Standard No. 17: pilot testing or the prescribed word count formula, at the sponsor's discretion.

Standard No. 9. Self study programs must use instructional methods that clearly define learning objectives, guide the participant through a program of learning, and provide evidence of a participant’s satisfactory completion of the program.

S9 - 01. Guide participant through a program of learning. To guide participants through a program of learning, CPE program sponsors of self-study programs must elicit participant responses to test for understanding of the material. Appropriate feedback must be provided. Satisfactory completion of the program must be confirmed during or after the program through a qualified assessment.

S9 – 02. Use of review questions or other content reinforcement tools. Review questions must be placed at the end of each learning activity throughout the program in sufficient intervals to allow the participant the opportunity to evaluate the material that needs to be re-studied. If objective type questions are used, at least three review questions per CPE credit must be included or two review questions if the program is marketed for one-half CPE credits. Simulations and other innovative tools that guide participants through structured decisions can be used in lieu of review questions.

After the first full credit and the minimum of three review questions, additional review questions are required based on the additional credit measurement amount of the program as follows:

<u>Additional Credit:</u>	<u>Additional Review Questions:</u>
<u>0.2</u>	<u>0</u>
<u>0.4</u>	<u>1</u>
<u>0.5</u>	<u>2</u>
<u>0.6</u>	<u>2</u>
<u>0.8</u>	<u>3</u>
<u>Next full credit or 1.0</u>	<u>3</u>

S9 – 03. Evaluative and reinforcement feedback on review questions. If the multiple choice method is used, evaluative feedback for each incorrect response must explain specifically why each response is wrong and reinforcement feedback must be provided for correct responses even when the minimum number of review questions requirement has otherwise been exceeded. If rank order or matching questions are used, then it is permissible to provide single feedback to explain the correct response. Simulations and other innovative tools that guide participants through structured decisions could provide feedback at irregular intervals or at the end of the learning experience. In those situations, single feedback would be permissible. True/false questions or ~~other~~ review questions that do not meet the evaluative and reinforcement feedback requirements are allowed as review questions other than when using the multiple choice method. ~~but~~ Noncompliant questions are not included in the number of review questions required per CPE credit. Forced choice questions, when used as part of an overall learning strategy, are allowed as review questions and can be counted in the number of review questions required per CPE credit. There is no minimum passing rate required for review questions.

S9 – 04. Qualified assessment requirements. To provide evidence of satisfactory completion of the course, CPE program sponsors of self-study programs must require participants to successfully complete a qualified assessment during or after the program with a cumulative minimum-passing grade of at least 70 percent before issuing CPE credit for the course. Assessments may contain questions of varying format (for example, multiple-choice, essay, and simulations). At least five questions/scored responses per CPE credit must be included on the qualified assessment or three assessment questions/scored responses if the program is marketed for one-half CPE credits. For example, the qualified assessment for a five-credit course must include at least 25 questions/scored responses. Alternatively, a five and one-half credit course must include at least 28 questions/scored responses. Except in courses where recall of information is the learning strategy, duplicate review and qualified assessment questions are not allowed. True/false questions are not permissible on the qualified assessment.

After the first full credit and the minimum of five questions/scored responses per CPE credit, additional qualified assessment questions/scored responses are required based on the additional credit measurement amount of the program as follows:

<u>Additional Credit:</u>	<u>Additional Questions/Scored Responses:</u>
<u>0.2</u>	<u>1</u>
<u>0.4</u>	<u>2</u>
<u>0.5</u>	<u>3</u>
<u>0.6</u>	<u>3</u>
<u>0.8</u>	<u>4</u>
<u>Next full credit or 1.0</u>	<u>5</u>

If a pre-program assessment is used in the course, then the pre-program assessment cannot be included in the determination of the recommended CPE credits for the course. If a pre-program assessment is used and feedback is provided, then duplicate pre-program assessment and qualified assessment questions are not permitted. If a pre-program assessment is used and feedback is not provided, then duplicate pre-program assessment and qualified assessment questions are permissible. Feedback may comply with the feedback for review questions as described in S9-03, or take the form of identifying correct and incorrect answers.

A qualified assessment must measure a representative number of the learning objectives for the program. A representative number of the learning objectives is 75 percent or more of the learning objectives for the program. The representative number of the learning objectives can be less than 75 percent of the learning objectives for the program only if a randomized question generator is used and the test bank used in the creation of the assessment includes at least 75 percent of the learning objectives for the program. Assessment items must be written to test the stated learning objectives of the course.

S9 – 05. Feedback on qualified assessment. Providing feedback on the qualified assessment is at the discretion of the CPE program sponsor. If the CPE program sponsor chooses to provide feedback and:

Utilizes a test bank, then the CPE program sponsor must ensure that the question test bank is of sufficient size to minimize overlap of questions on the qualified assessment for the typical repeat test-taker. Feedback may comply with the feedback for review questions as described in S9 – 03, or take the form of identifying correct and incorrect answers.

Does not utilize a test bank, whether or not feedback can be given depends on whether the participant passes the qualified assessment, then:

- on a failed assessment, the CPE program sponsor may not provide feedback to the test-taker.
- on assessments passed successfully, CPE program sponsors may choose to provide participants with feedback. This feedback may comply with the type of feedback for review questions as described in S9-03, or take the form of identifying correct and incorrect answers.

S9 – 06. Program/course expiration date. Course documentation must include an expiration date (the time by which the participant must complete the qualified assessment). For individual courses, the expiration date is no longer than one year from the date of purchase or enrollment. For a series of courses to achieve an integrated learning plan, the expiration date may be longer.

S9 – 07. Based on materials developed for instructional use. Self study programs must be based on materials specifically developed for instructional use and not on third party materials. Self study programs requiring only the reading of general professional literature, IRS publications, or reference manuals followed by a test will not be acceptable. However, the use of the publications and reference materials in self-study programs as supplements to the instructional materials could qualify if the self study program complies with each of the CPE standards.

Instructional materials for self study include teaching materials which are written for instructional educational purposes. These materials must demonstrate the expertise of the author(s). At a minimum,

instructional materials must include the following items:

1. An overview of topics;
2. The ability to find information quickly (for example, an index, a detailed menu or key word search function);
3. The definition of key terms (for example, a glossary or a search function that takes a participant to the definition of a key word);
4. Instructions to participants regarding navigation through the course, course components, and course completion;
5. Review questions with feedback; and
6. Qualified assessment.

Standard No. 10. Nano-learning programs must use instructional methods that clearly define a minimum of one learning objective, guide the participant through a program of learning and provide evidence of a participant's satisfactory completion of the program. Satisfactory completion of the program must be confirmed at the conclusion of the program through a qualified assessment.

S10 – 01. Qualified assessment requirements. To provide evidence of satisfactory completion of the course, CPE program sponsors of nano-learning programs must require participants to successfully complete a qualified assessment with a passing grade of 100 percent before issuing CPE credit for the course. Assessments may contain questions of varying format (for example, multiple choice, rank order, and matching). Only two questions must be included on the qualified assessment. True/false questions are not permissible on the qualified assessment. If the participant fails the qualified assessment, then the participant must re-take the nano-learning program. The number of re-takes permitted a participant is at the sponsor's discretion.

S10 – 02. Feedback on qualified assessment. Providing feedback on the qualified assessment is at the discretion of the CPE program sponsor. If the CPE program sponsor chooses to provide feedback and:

Utilizes a test bank, then the CPE program sponsor must ensure that the question test bank is of sufficient size for no overlap of questions on the qualified assessment for the typical repeat test-taker. If the multiple choice method is used, evaluative feedback for each incorrect response must explain specifically why each response is wrong and reinforcement feedback must be provided for correct responses. If rank order or matching questions are used, then it is permissible to provide single feedback to explain the correct response. Feedback may also take the form of identifying correct and incorrect answers.

Does not utilize a test bank, whether or not feedback can be given depends on whether the participant passes the qualified assessment, then:

- on a failed assessment, the CPE program sponsor may not provide feedback to the test-taker.
- on assessments passed successfully, CPE program sponsors may choose to provide participants with feedback. This feedback may comply with the type of feedback described in the preceding paragraph or take the form of identifying correct and incorrect answers.

S10 – 03. Program/course expiration date. Course documentation must include an expiration date. The expiration date is no longer than one year from the date of purchase or enrollment.

S10 – 04. Based on materials developed for instructional use. Nano-learning programs must be based on materials specifically developed for instructional use and not on third party materials. Nano-learning programs requiring only the reading of general professional literature, IRS publications or reference manuals followed by an assessment will not be acceptable.

Acceptable instructional materials for a nano-learning program include intentional, engaged learning activities developed for focused content delivery. Nano-learning programs may incorporate techniques such as visuals, slide reinforcements, role play, demonstrations, or use of a white board. The intent of a nano-learning program is to transfer knowledge that is interactive – seeking to teach by example, to supply information to complete a certain task or computation, or to problem-solve or make decisions through role play or demonstration. At a minimum, nano-learning programs must include the following items:

1. The learning objective(s) of the program;

2. Any instructions that participants need to navigate through the program; and
3. A qualified assessment.

Standard No. 11. Blended learning programs must use instructional methods that clearly define learning objectives and guide the participant through a program of learning. Pre-program, post-program and/or homework assignments should enhance the learning program experience and must relate to the defined learning objectives of the program.

S11 – 01. Guide participant through a program of learning. The blended learning program includes different learning or instructional methods (for example, lectures, discussion, guided practice, reading, games, case study, simulation); different delivery methods (group live, group Internet based, nano-learning or self study); different scheduling (synchronous or asynchronous); or different levels of guidance (for example, individual, instructor or subject matter expert led, or group/social learning). To guide participants through the learning process, CPE program sponsors must provide clear instructions/information to participants that summarize the different components of the program and what must be completed or achieved during each component in order to qualify for CPE credits. The CPE program sponsor must document the process/components of the course progression and completion of components by the participants.

S11 – 02. Primary component of blended learning program is a group program. If the primary component of the blended learning program is a group program, then CPE credits for pre-program, post-program and/or homework assignments cannot constitute more than 25 percent of the total CPE credits available for the blended learning program.

S11 – 03. Primary component of blended learning program is an asynchronous learning activity. If the primary component of the blended learning program is an asynchronous learning activity, then ~~the group program component of~~ the blended learning program must incorporate a qualified assessment in which participants demonstrate achievement of the learning objectives of the program.

S11 – 0403.1. Qualified assessment requirements. A qualified assessment must measure a representative number of learning objectives for the program. A representative number of the learning objectives is 75 percent or more of the learning objectives for the program.

3.3 - Standards for CPE Program Presentation

Standard No. 12. CPE program sponsors must provide descriptive materials that enable CPAs to assess the appropriateness of learning activities. For CPE program sponsors whose courses are developed for sale and/or for external audiences (i.e., not internal training), CPE program sponsors must make the following information available in advance:

- Learning objectives.
- Instructional delivery methods.
- Recommended CPE credit and recommended field of study.
- Prerequisites.
- Program level.
- Advance preparation.
- Program description.
- Course registration and, where applicable, attendance requirements.
- Refund policy for courses sold for a fee/cancellation policy.
- Complaint resolution policy.
- Official NASBA sponsor statement, if an approved NASBA sponsor (explaining final authority of acceptance of CPE credits).

For CPE program sponsors whose courses are purchased or developed for internal training only, CPE program sponsors must make the following information available in advance:

- Learning objectives.

- **Instructional delivery methods.**
- **Recommended CPE credit and recommended field of study.**
- **Prerequisites.**
- **Advance preparation.**
- **Program level (for optional internal courses only).**
- **Program description (for optional internal course only).**

S12 – 01. Disclose significant features of program in advance. For potential participants to effectively plan their CPE, the program sponsor must disclose the significant features of the program in advance (e.g., through the use of brochures, website, electronic notices, invitations, direct mail, or other announcements). When CPE programs are offered in conjunction with non-educational activities, or when several CPE programs are offered concurrently, participants must receive an appropriate schedule of events indicating those components that are recommended for CPE credit. The CPE program sponsor's registration and attendance policies and procedures must be formalized, published, and made available to participants and include refund/cancellation policies as well as complaint resolution policies.

S12 – 02. Disclose advance preparation and/or prerequisites. CPE program sponsors must distribute program materials in a timely manner and encourage participants to complete any advance preparation requirements. All programs must clearly identify prerequisite education, experience, and/or advance preparation requirements, if any, in the descriptive materials. Prerequisites, if any, must be written in precise language so that potential participants can readily ascertain whether they qualify for the program.

Standard No. 13. CPE program sponsors must ensure instructors are qualified with respect to both program content and instructional methods used.

S13 – 01. Qualifications of instructors. Instructors are key ingredients in the learning process for any group or blended learning program. Therefore, it is imperative that CPE program sponsors exercise great care in selecting qualified instructors for all group or blended learning programs. Qualified instructors are those who are capable, through training, education, or experience of communicating effectively and providing an environment conducive to learning. They must be competent and current in the subject matter, skilled in the use of the appropriate instructional methods and technology, strive to engage participants and prepared in advance.

S13 - 02. Evaluation of instructor's performance. CPE program sponsors should evaluate the instructor's performance at the conclusion of each program to determine the instructor's suitability to serve in the future.

Standard No. 14. CPE program sponsors must employ an effective means for evaluating learning activity quality with respect to content and presentation, as well as provide a mechanism for participants to assess whether learning objectives were met.

S14 - 01. Required elements of evaluation. The objectives of evaluation are to assess participant and instructor satisfaction with specific programs and to increase subsequent program effectiveness. Evaluations, whether written or electronic, must be solicited from participants and instructors for each program session, including self study and nano-learning programs, to determine, among other things, whether:

- Stated learning objectives were met.
- Stated prerequisite requirements were appropriate and sufficient.
- Program materials, including the qualified assessment, if any, were relevant and contributed to the achievement of the learning objectives.
- Time allotted to the learning activity was appropriate.
- Individual instructors were effective. (Note: This topic does not need to be included in evaluations for self study and nano-learning programs.)

If the instructor is actively involved in the development of the program materials, then it is not necessary to solicit

an evaluation from the instructor.

S14 - 02. Evaluation results. CPE program sponsors must periodically review evaluation results to assess program effectiveness and should inform developers and instructors of evaluation results.

Standard No. 15. CPE program sponsors must ensure instructional methods employed are appropriate for the learning activities.

S15 - 01. Assess instructional method in context of program presentation. CPE program sponsors must assess the instructional methods employed for the learning activities to determine if the delivery is appropriate and effective.

S15 – 02. Facilities and technology appropriateness. Learning activities must be presented in a manner consistent with the descriptive and technical materials provided. Integral aspects in the learning environment that should be carefully monitored include the number of participants and the facilities and technologies employed in the delivery of the learning activity.

3.4 - Standards for CPE Program Measurement

Standard No. 16. Sponsored learning activities are measured by actual program length, with one 50-minute period equal to one CPE credit. Sponsors may recommend ~~one-fifth (0.20 credit equal to 10-minute period) and one-half (0.50 credit equal to 25-minute period)~~ CPE credits under the following scenarios:

- **Group programs, independent study and blended learning programs – A minimum of one full credit must be awarded initially, but after the first credit has been earned, credits may be awarded in one-fifth increments or in one-half increments (1.0, x.2, x.4, x.5, x.6, x.8, etc.).**
- **Self study – ~~one-half increments (equal to 25 minutes) are permitted~~ A minimum of one-half credit must be awarded initially but after the first full credit has been earned, credits may be awarded in one-fifth increments or in one-half increments (0.5, 1.0, x.2, x.4, x.5, x.6, x.8, etc.).**
- **Nano-learning – ~~one-fifth increments (equal to 10 minutes) are permitted~~ Credits must be awarded only as one-fifth credit (0.2 credit). A 20-minute program would have to be produced as two stand-alone nano-learning programs.**

Sponsors may round down CPE credits awarded to the nearest one-fifth, one-half, or whole credit, at their discretion and as appropriate for the instructional delivery method; however, the CPA claiming CPE credits should refer to respective state board requirements regarding acceptability of one-fifth and one-half CPE credits.

Only learning content portions of programs (including pre-program, post-program and/or homework assignments when incorporated into a blended learning program) qualify toward eligible credit amounts. Time for activities outside of actual learning content including, for example, excessive welcome and introductions, housekeeping instructions, and breaks is not accepted toward credit.

S16 – 01. Learning activities with individual segments. For learning activities in which individual segments are less than 50 minutes, the sum of the segments would be considered one total program. For example, five 30-minute presentations would equal 150 minutes and would be counted as three CPE credits. When the total minutes of a sponsored learning activity are greater than 50, but not equally divisible by 50, the CPE credits granted must be rounded down to the nearest ~~one-fifth credit, if one-fifth credits are awarded~~ credit basis depending on the instructional delivery method of the program. For example, a group live program must be rounded down to the nearest one-fifth, one-half or whole credit. Thus, learning activities with segments totaling 140 minutes would be granted two and four-fifths CPE credits if using one-fifth increments and two and one-half credits if using one-half increments.

For learning activities in which segments are classified in multiple fields of study, the CPE credits granted

should first be computed based on the content time of the total program. Next, the CPE credits granted should be allocated to the fields of study based on the field of study content time. If the sum of the individual segments by field of study content time does not equal the CPE credits computed based on the content time for the total program, then the difference (positive or negative) should be allocated to the primary field of study for the program.

S16 – 02. Responsibility to monitor attendance. While it is the participant's responsibility to report the appropriate number of credits earned, CPE program sponsors must maintain a process to monitor individual attendance at group programs to assign the correct number of CPE credits. A participant's self-certification of attendance alone is not sufficient.

S16 – 03. Monitoring mechanism for group Internet based programs. In addition to meeting all other applicable group program standards and requirements, group Internet based programs must employ some type of real time monitoring mechanism to verify that participants are participating during the duration of the course. The monitoring mechanism must be of sufficient frequency and lack predictability to provide assurance that participants have been engaged throughout the program. The monitoring mechanism must employ at least three instances of interactivity completed by the participant per CPE credit. CPE program sponsors should verify with respective state boards on specific interactivity requirements.

S16 – 04. Small group viewing of group Internet based programs. In situations where small groups view a group Internet based program such that one person logs into the program and asks questions on behalf of the group, documentation of attendance is required in order to award CPE credits to the group of participants. Participation in the group must be documented and verified by the small group facilitator or administrator in order to authenticate attendance for program duration.

S16 – 05. University or college credit course. For university or college credit courses that meet these CPE Standards, each unit of college credit shall equal the following CPE credits:

- Semester System 15 credits
- Quarter System 10 credits

S16 – 06. University or college non-credit course. For university or college non-credit courses that meet these CPE standards, CPE credit shall be awarded only for the actual classroom time spent in the non-credit course.

S16 – 07. Participant preparation time. Credit is not granted to participants for preparation time, unless the program meets the criteria for blended learning in Standard No. 11.

S16 – 08. Committee or staff meetings qualification for CPE credits. Only the portions of committee or staff meetings that are designed as programs of learning and comply with these *Standards* qualify for CPE credit.

Standard No. 17 CPE credit for self study learning activities must be based on one of the following educationally sound and defensible methods:

Method 1: Pilot test of the representative completion time.

Method 2: Computation using the prescribed word count formula.

If a pre-program assessment is used, the pre-program assessment is not included in the CPE credit computation.

S17 – 01. Method 1 - Sample group of pilot testers. A sample of intended professional participants must be selected to test program materials in an environment and manner similar to that in which the program is to be presented. The sample group must consist of at least three qualified individuals who are independent of the program development group.

- For those courses whose target audience includes CPAs, the sample group must be licensed CPAs

in good standing, holding an active license or ~~the~~ equivalent of an active license and possess the appropriate level of knowledge before taking the program.

- For those sponsors who are subject to various regulatory requirements that mandate a minimum number of CPE credits and offer courses to non-CPAs, those courses do not have to be pilot tested by licensed CPAs.
- For those courses whose target audience includes CPAs and non-CPAs, the sample group must be representative of the target audience and contain both CPAs, as defined above, and non-CPAs.

S17 – 02. Method 1 – CPE credit based on representative completion time. The sample does not have to ensure statistical validity; however, if the results of pilot testing are inconsistent, then the sample must be expanded or, if the inconsistent results are outliers, the inconsistent results must be eliminated. CPE credit must be recommended based on the representative completion time for the sample. Completion time includes the time spent taking the final examination and does not include the time spent completing the course evaluation or pre-program assessment. Pilot testers must not be informed about the length of time the program is expected to take to complete. If substantive changes are subsequently made to program materials whether in one year or over a period of years, further pilot tests of the revised program materials must be conducted to affirm or amend, as appropriate, the representative completion time.

S17 – 03. Method 1 – Requirement for re-pilot testing. If, subsequent to course release, actual participant completion time warrants a change in CPE credit hours, re-pilot testing is required to substantiate a change in CPE credit prospectively.

S17 – 04. Method 1 – Pilot testing when course is purchased from vendor or other developer. CPE program sponsors may purchase courses from other vendors or course developers. For purchased courses where pilot tests were conducted and provided, CPE program sponsors must review results of the course developer's pilot test results to ensure that the results are appropriate. For purchased courses where no pilot tests were conducted or provided, CPE program sponsors must conduct pilot testing or perform the word count formula as prescribed in Method 2.

S17 – 05. Method 2 – Basis for prescribed word count formula. The prescribed word count formula begins with a word count of the number of words contained in the text of the required reading of the self study program and should exclude any material not critical to the achievement of the stated learning objectives for the program. Examples of information material that are not critical and therefore excluded from the word count are: course introduction; instructions to the participant; author/course developer biographies; table of contents; glossary; pre-program assessment; and appendices containing supplementary reference materials.

Again, only course content text that is critical to the achievement of stated learning objectives should be included in the word count formula. If an author/course developer determines, for example, that including the entire accounting rule or tax regulation is beneficial to the participant, the accounting rule or tax regulation should be included as an appendix to the course as supplementary reference material and excluded from the word count formula. Only pertinent paragraphs or sections of the accounting rule or tax regulation required for the achievement of stated learning objectives should be included in the actual text of the course and therefore included in the word count formula.

Review questions, exercises and qualified assessment questions are considered separately in the calculation and should not be included in the word count.

S17 – 06. Method 2 – Calculation of CPE credit using the prescribed word count formula. The word count for the text of the required reading of the program is divided by 180, the average reading speed of adults. The total number of review questions (including those above the minimum requirements), exercises and qualified assessment questions is multiplied by 1.85, which is the estimated average completion time per question. These two numbers plus actual audio/video duration time (not narration of the text), if any, are then added together and the result divided by 50 to calculate the CPE credit for the self study program. When the total minutes of a self study program are not equally divisible by 50, the CPE credits granted must be rounded down to the nearest one-half credit, one-fifth credit or whole credit using the guidelines of

Standard 16.

$$[(\# \text{ of words}/180) + \text{actual audio/video duration time} + (\# \text{ of questions} * 1.85)] / 50 = \text{CPE credit}$$

S17 – 07. Method 2 – Consideration of audio and video segments in word count formula. If audio and video segments of a self study program constitute additional learning for the participant (i.e., not narration of the text), then the actual audio/video duration time may be added to the time calculation as provided in the prescribed word count formula. If the entire self study program constitutes a video, then the prescribed word count formula in S17 – 06 would consist of the actual video time plus the total number of review questions (including those above the minimum requirements), exercises and qualified assessment questions multiplied by 1.85 divided by 50 (i.e., there would be no word count for text used in the formula).

$$[\text{actual audio/video duration time} + (\# \text{ of questions} * 1.85)] / 50 = \text{CPE credit}$$

S17 – 08. Method 2 – Word count formula when course is purchased from vendor or other developer. CPE program sponsors may purchase courses from other vendors or course developers. For purchased courses where the word count formula was calculated, CPE program sponsors must review the results of the course developer's word count formula calculation to ensure that results are appropriate. For purchased courses where the word count formula calculation was not performed or provided, CPE program sponsors must perform the word count formula calculation or conduct pilot testing as described in Method 1.

Standard No. 18. CPE credit for nano-learning programs must be based on duration of the program plus the qualified assessment, which when combined should be a minimum of 10 minutes. However, one-fifth (0.20 credit) CPE credit is the maximum credit to be awarded for a single nano-learning program.

Standard No. 19. CPE credit for blended learning programs must equal the sum of the CPE credit determinations for the various completed components of the program. CPE credits could be determined by actual duration time (for example, audio/video duration time or learning content delivery time in a group program) or by a pilot test of the representative completion time as prescribed in S17-01 or word count formula as prescribed in S17-06 (for example, reading, games, case studies, simulations).

Standard No. 20. Instructors, discussion leaders or technical reviewers of learning activities may receive CPE credit for their preparation/review and presentation time to the extent the activities maintain or improve their professional competence and meet the requirements of these *Standards*.

S20 – 01. Instructor CPE credit parameters. Instructors, discussion leaders, or speakers who present a learning activity for the first time may receive CPE credit for actual preparation time up to two times the number of CPE credits to which participants would be entitled, in addition to the time for presentation, subject to regulations and maximums established by the state boards. For example, for learning activities in which participants could receive 8 CPE credits, instructors may receive up to 24 CPE credits (16 for preparation plus 8 for presentation). For repeat presentations, CPE credit can be claimed only if it can be demonstrated that the learning activity content was substantially changed and such change required significant additional study or research.

S20 – 02. Presenting a program. The CPA claiming CPE credits should refer to respective state board requirements.

S20 – 03. Technical reviewer CPE credit parameters. Technical reviewers who review a learning activity for the first time may receive CPE credit for actual review time up to the actual number of CPE credits for the program, subject to regulations and maximums established by state boards. For repeat technical reviews, CPE credit can be claimed only if it can be demonstrated that the learning activity content was substantially changed and such change required significant additional study or research.

Standard No. 21. Writers of published articles, books, or CPE programs may receive CPE credit for their research and writing time to the extent it maintains or improves their professional competence.

S21 – 01. Requirement for review from independent party. Writing articles, books, or CPE programs for publication is a structured activity that involves a process of learning. For the writer to receive CPE credit, the article, book, or CPE program must be formally reviewed by an independent party. CPE credits should be claimed only upon publication.

S21 – 02. Authoring a program. As a general rule, receiving CPE credits for authoring and presenting the same program should not be allowed. The CPA claiming CPE credits should refer to respective state board requirements.

Standard No. 22. CPE credits recommended by a CPE program sponsor of independent study must not exceed the time the participant devoted to complete the learning activities specified in the learning contract.

S22 – 01. CPE credits agreed to in advance. The maximum credits to be recommended by an independent study CPE program sponsor must be agreed upon in advance and must be equated to the effort expended to improve professional competence. The credits cannot exceed the time devoted to the learning activities and may be less than the actual time involved.

3.5 - Standards for CPE Program Reporting

Standard No. 23. CPE program sponsors must provide program participants at or within 30 days—after the conclusion of the program with documentation (electronic or paper) of their participation (certificate of completion), which includes the following:

- **CPE program sponsor name and contact information.**
- **Participant’s name.**
- **Course title.**
- **Course field of study.**
- **Date offered or completed.**
- **If applicable, location.**
- **Type of instructional/delivery method used.**
- **Amount of CPE credit recommended.**
- **Verification by CPE program sponsor representative.**
- **Sponsor identification number or registration number, if required by the state boards.**
- **NASBA time statement stating that CPE credits have been granted on a 50-minute hour.**
- **Any other statements required by state boards.**

S23 – 01. Entity to award CPE credits and acceptable documentation. The CPE program sponsor is the individual or organization responsible for issuing the certificate of completion and maintaining the documentation required by these *Standards*. The entity whose name appears on the certificate of completion is responsible for validating the CPE credits claimed by a participant. CPE program sponsors must provide participants with documentation (electronic or paper) to support their claims of CPE credit. Acceptable evidence of completion includes:

- For group, blended learning and independent study programs, a certificate or other verification supplied by the CPE program sponsor.
- For self-study and nano-learning programs, a certificate supplied by the CPE program sponsor after satisfactory completion of a qualified assessment.
- For instruction or technical review credit, appropriate supporting documentation that complies with the requirements of the respective state boards subject to the guidelines in Standard 20 in Standards for CPE Program Measurement.
- For a university or college course that is successfully completed for credit, a record or transcript of the grade the participant received.
- For university or college non-credit courses, a certificate of attendance issued by a representative of

the university or college.

- For published articles, books, or CPE programs, (1) a copy of the publication (or in the case of a CPE program, course development documentation) that names the CPA as author or contributor, (2) a statement from the writer supporting the number of CPE hours claimed, and (3) the name and contact information of the independent reviewer(s) or publisher.

S23-02. Certificate issuance for simultaneous delivery of a group live and group internet based program. In circumstances where the CPE program sponsor is providing simultaneous delivery of a group live and group Internet based program, the CPE program sponsor, at its discretion, may issue the certificate of completion to all program participants by awarding CPE credits under the instructional delivery method attended by the majority of the participants. The delivery and attendance monitoring requirements of the respective instructional delivery methods still apply.

Standard No. 24. CPE program sponsors must retain adequate documentation (electronic or paper) for a minimum of five years to support their compliance with these standards and the reports that may be required of participants.

S24 – 01. Required documentation elements. Evidence of compliance with responsibilities set forth under these standards which is to be retained by CPE program sponsors includes, but is not limited to:

- Records of participation.
- Dates and locations.
- Author/instructor, author/developer and reviewer, as applicable, names and credentials. For the CPA and tax attorney acting as an author/instructor, author/developer and reviewer for accounting, auditing or tax program(s), the state of licensure, license number and status of license should be maintained. For the enrolled agent acting in such capacity for tax program(s), information regarding the enrolled agent number should be maintained.
- Number of CPE credits earned by participants.
- Results of program evaluations.
- Program descriptive materials (course announcement information).

Information to be retained by CPE program sponsors includes copies of program materials, evidence that the program materials were developed and reviewed by qualified parties, and a record of how CPE credits were determined.

S24 – 02. Maintenance of documentation as basis for CPE credit for self study programs. For CPE program sponsors using Method 1 (pilot tests) as the basis for CPE credit for self study programs, appropriate pilot test records must be retained regarding the following:

- When the pilot test was conducted.
- The intended participant population.
- How the sample of pilot testers was selected.
- Names and credentials and relevant experience of sample pilot test participants.
- For CPA pilot testers, the state of licensure, license number and status of license should be maintained.
- A summary of pilot test participants' actual completion time.
- Statement from each pilot tester to confirm that the pilot tester is independent from the course development group and that the pilot tester was not informed in advance of the expected completion time.

For CPE program sponsors using Method 2 (word count formula) as the basis for CPE credit for self study programs, the word count formula calculation as well as the supporting documentation for the data used in the word count formula (e.g., word count; number of review questions, exercises and final examination questions; duration of audio and/or video segments, if applicable; and actual calculation) must be retained.

S24 – 03. Maintenance of documentation of element of engagement for group live programs. In addition to the requirements in S24-01, group live CPE program sponsors must retain the program outline, agenda or speaker notes that evidences the element of engagement related to course content during each credit of CPE planned for the group live program.

S24 – 04. Maintenance of documentation of instructions/information to participants regarding the components comprising a blended learning program. In addition to the requirements in S24-01, blended learning CPE program sponsors must retain clear instructions/information that summarizes the different components of the blended learning program and what must be completed or achieved during each component in order to qualify for CPE credits. The CPE program sponsor must also retain documentation of the course progression and what CPE credits were earned by participants upon the completion of the components.

Effective dates:

Unless otherwise established by state licensing bodies and/or other professional organizations, these Standards are to be effective upon Board approval ~~except~~ as follows:

- September 1, 2016 for all newly created programs
 - For all other current programs, the *Standards* must be implemented at the next CPE program review/revision date
- ~~1. For group live programs, instances of engagement per S7-01 must be incorporated during the next CPE program review/revision date.~~



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Attachment 2

CBA Item II.C.
July 22-23, 2015

Comments Regarding the American Institute of Certified Public Accountants and NASBA Exposure Draft Regarding Statement on Standards for Continuing Education (CPE) Programs

Presented by: Gina Sanchez, Chief, Licensing Division

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with the joint American Institute of Certified Public Accountants (AICPA) and National Association of State Boards of Accountancy (NASBA) Exposure Draft regarding proposed changes to the Statement on Standards for Continuing Professional Education Programs (*Standards*) (**Attachment 1**).

Action(s) Needed

The CBA will be asked to review and discuss the attached exposure draft and determine if a comment letter should be submitted on behalf of the CBA prior to the conclusion of the comment period on October 1, 2015.

Background

The AICPA and NASBA jointly issue the *Standards*, which is a national benchmark for the development of all accounting-related continuing education (CE) programs. The *Standards* were last revised in 2012. In February 2015, the AICPA and NASBA Joint Committee of Continuing Education Standards reviewed and finalized its recommendation of changes to the *Standards*. AICPA and NASBA Board of Directors approved the recommendation for the exposure draft at their April 2015 meetings. The Joint CPE Standards Committee will review and consider the comments submitted during the comment period and present the *Standards* to the AICPA and NASBA Boards of Directors for final approval at their meetings in late January 2016.

California is unique from most other states in that, rather than pre-approve CE¹ providers or programs, the CBA requires licensees to select appropriate programs from CE providers that conform to the minimum program requirements outlined in Article 12 of the CBA Regulations. The only exception is the two-hour Board-approved Regulatory Review course that licensees are required to complete once every six years.

¹ The CBA refers to education received from providers as continuing education (CE). However, NASBA refers to education as continuing professional education (CPE).

Comments Regarding the American Institute of Certified Public Accountants and NASBA Exposure Draft Regarding Statement on Standards for Continuing Education (CPE) Programs

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Although many of the CE program requirements outlined in Article 12 of the CBA Regulations mirror the *Standards*, the CBA maintains independence in the establishment of minimum program requirements for acceptable CE in California.

Comments

The overall recommended changes to the *Standards* pertain primarily to CE provider requirements; however, the exposure draft contains minor revisions, modifications, and clarifications to many of the *Standards*. Outlined below are the relevant changes that address live programs and self-study, which are minor language changes. Also identified below are two new categories of CE delivery methods called nano and blended learning which provide a more personalized and on-demand approach to CE. A comparison to CBA Regulations is also provided.

Live Programs (Standard No. 7-01, 7-02, 7-03, page 7)

Standard 7-01 has been added for program development with live programs requiring an element of participant engagement per CPE credit. For example, participant engagements can include a group discussion, polling questions, instructor-posed questions with time for participant reflection, or use of a case study with different engagement elements throughout the program.

Standard 7-02 was added to clarify the requirements of group live programs as it relates to a real time instructor. Group live programs must have a real time instructor while the program is being presented to allow the participants to interact with the instructor, to pose questions and receive feedback.

Standard 7-03 was added to clarify the requirements of recorded group live programs with no real time instructor. A group live program that has been recorded for future use that does not include a real time subject matter facilitator is no longer a considered a group live program and will be classified only as a self study program.

CBA comparison:

In relation to Standard 7-01, CBA Regulations section 88.2(a) does not require participant engagements for live programs (**Attachment 2**).

In relation to Standard 7-02, CBA Regulations section 88.1(a) does not specify a real time instructor is required for live programs (**Attachment 3**).

In relation to Standard 7-03, this requirement is addressed in CBA Regulations section 88.1(b)(3) as it pertains to webcast programs (**Attachment 3**). However, this requirement is not addressed in regulations pertaining to live programs.

Comments Regarding the American Institute of Certified Public Accountants and NASBA Exposure Draft Regarding Statement on Standards for Continuing Education (CPE) Programs

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Self-Study (Standard No. 9, page 7)

Additions and clarifications to self-study program requirements have been recommended. In lieu of review questions, simulations and other innovative tools that guide participants through structured decisions can be used (Standard No. 9-02). An innovative tool is not defined within the *Standards* and could encompass a variety of methods of learning.

Participants are required to complete a qualified assessment during or after the program with a cumulative minimum passing score of at least 70 percent before being issued CE credit (Standard No. 9-04). This Standard also requires a representative number of learning objectives be included in the qualified assessment.

CBA comparison:

CBA Regulation 88.2(c)(2) specifically requires frequent responses to test for the understanding of the material presented and feedback to questions during the course (**Attachment 2**). CBA Regulations do not address the ability to use simulation and other innovative tools. If innovative tools were to be incorporated into CBA Regulations, innovative tools would need to be clearly defined.

CBA Regulations section 88.2(c)(4) requires a qualified assessment (by way of a test) to be given at the conclusion of the course (**Attachment 2**).

Nano-learning (Standard No. 10, page 9)

Nano-learning is defined as a tutorial program designed to permit a participant to learn a given subject in a 10-minute timeframe through the use of electronic media (including technology applications and processes and computer-based or web-based technology) and without interaction with a real time instructor.

Standards summary:

- Education is allowed at 10-minute intervals with CE credit awarded at .2 hours
- A qualified assessment of two questions is required upon completion of all programs and included as part of the 10-minute interval
- No real time instructor is required throughout the program
- There are exclusions to acceptable nano-learning programs (programs only requiring the reading of general professional literature, IRS publications or reference manuals followed by an assessment will not be acceptable).
- A Certificate of Completion is issued

CBA comparison:

- CBA Regulations section 88.2 (**Attachment 2**) requires CE credit be granted in 50-minute (one hour) increments with the exception of self-study programs which may now be claimed in one-half hour increments. For programs longer than one 50-minute class hour, CE credit is allowed in half-hour or 25 minute increments.

Comments Regarding the American Institute of Certified Public Accountants and NASBA Exposure Draft Regarding Statement on Standards for Continuing Education (CPE) Programs

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- CBA Regulations section 88 (**Attachment 4**) allows for the following formats of CE programs:
 - Live presentations
 - University or college course
 - Group Internet-Based Programs (Webcast)
 - Formal correspondence or other individual study programs
 - Self-study modules
 - Credit as an instructor (maximum credit of 40 hours or 50% of required CE)
 - Credit may be allowed by the CBA on an hour-for-hour basis for the following activities (maximum credit of 20 hours or 25% of required CE):
 - Writing published articles and books provided the publisher is not under the control of the licensee
 - Writing instructional materials for any CE program
 - Writing questions for the Uniform Certified Public Accountant Examination
 - Performing a technical review of instructional materials for any CE program
- CBA Regulations section 87(b) (**Attachment 5**) requires ethics education courses must be a minimum of one hour.

If the CBA were to incorporate the nano-learning method, the CBA would need to re-evaluate its processes for the CE verification programs, which are in place to ensure licensees have completed 80 hours of CE in order to renew their license in an active status. Presently, the CBA performs 100 percent worksheet review, requiring staff to review each course completed and documented on the CE worksheet reporting form. Additionally, staff reviews certificates of completion when conducting audits to verify completion of 80 hours of CE. The CBA would incur increased timeframes in the review of these processes if nano-learning were to be implemented.

Blended learning (Standard No. 11, page 10)

Blended learning is defined as an educational program incorporating multiple learning formats within the same program. These programs must use instructional methods that clearly define learning objectives and guide the participant through a program of learning. Pre-program, post program and/or homework assignment should enhance the learning program experience and must relate to the defined learning objectives of the program. Blended learning is a type of instructional design providing a connection between online and off-line environments. Furthermore, blended learning allows increased student-to-student, and student-to-teacher collaboration that is personalized with control centered to the learner.

Standards summary:

- Components of a CE program may contain:

Comments Regarding the American Institute of Certified Public Accountants and NASBA Exposure Draft Regarding Statement on Standards for Continuing Education (CPE) Programs

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- Different learning or instructional methods (lectures, discussion, guided practice, reading games, case study, simulation)
- Different delivery methods (group live, group internet based, nano-learning, self-study)
- Different levels of guidance (individual, instructor or subject matter expert led, group/social learning)
- A qualified assessment is required if the primary component is an asynchronous learning activity (a learning activity in which the participant has control over time, place and/or pace of learning)
- Group live or group internet based assessments can be no more than 25% of the awarded CE credit

CBA Comparison:

- CBA Regulations section 88 (**Attachment 4**) allows for the aforementioned formats with the exception of nano-learning within the CE program
- CBA Regulations do not specify if the programs can provide multiple formats within the program components
- CBA Regulations do not limit the amount of CE credit to be awarded under a specific format

If the *Standards* are approved, it is anticipated they would be effective January 2016. If the CBA decides to incorporate any of the *Standards* into the CE requirements of California CPAs, amendments to the CBA Regulations would be required.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Staff have no recommendation at this time. However, should members wish to submit a comment on the *Standards*, it is requested that members provide guidance to staff regarding the topics it wishes to include in the letter. Members may want to consider the impact nano-learning will have on California and states that have a CE verification process as it deliberates the contents of any possible comment letter.

Staff will provide any proposed comment letter for consideration at the September 2015 meeting.

Attachments

1. Exposure Draft: Statement of Standards for CPE Programs (red-lined version)
2. CBA Regulations section 88.2
3. CBA Regulations section 88.1
4. CBA Regulations section 88
5. CBA Regulations section 87



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Attachment 3

CBA Item I.F.
September 17-18, 2015

Review and Possible Approval of the California Board of Accountancy's Comment Letter Regarding Statement on Standards for Continuing Professional Education Programs Exposure Draft

Presented by: Gina Sanchez, Licensing Chief

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with the opportunity to discuss the comment letter drafted in response to the National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA) *Statement on Standards for Continuing Professional Education Programs Exposure Draft (Standards)* (**Attachment 1**).

Action(s) Needed

The CBA will be asked to review and approve the attached comment letter (**Attachment 2**) for submission by the end of the comment period, which is October 1, 2015.

Background

NASBA, jointly with the AICPA, issued proposed changes to the *Standards*, which provide a framework for the development, presentation, measurement and reporting of continuing education (CE)¹ programs. Amongst the most significant of the proposed changes is the addition of nano-learning and blended learning, two new delivery methods for CE programs. On May 19, 2015, NASBA and the AICPA released the proposed changes for a public comment period ending on October 1, 2015. At its July 2015 meeting, the CBA heard comments regarding the proposed changes to the *Standards*.

Comments

While the CBA was in support of the exploration of all forms of learning and new methodologies to benefit its licensees, it requested additional information regarding the nano-learning and blended-learning methods. Subsequent to the July 2015 meeting, the CBA was provided with supplemental information on these methods. Further, staff confirmed the *Standards* require certificates of completion in accordance with CBA Regulations for all delivery methods.

¹ The CBA refers to education received from providers as continuing education (CE). However, NASBA refers to education as continuing professional education (CPE).

**Review and Possible Approval of the California Board of Accountancy's
Comment Letter Regarding Statement on Standards for Continuing Professional
Education Programs Exposure Draft**

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The CBA directed staff to prepare a comment letter indicating the support of the CBA for its review and approval at the September 2015 meeting. Should the CBA wish to make revisions to the attached comment letter for submission by the end of the comment period, the CBA may wish to delegate authority to the CBA President to approve the final letter.

Upon release of the final version of the *Standards*, the CBA will be afforded the opportunity to review and consider which changes may be appropriate to incorporate into the CBA Regulations.

Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

Recommendation

Staff recommends approval of the attached comment letter, which provides a time frame for implementing any necessary regulatory changes and indicates CBA support of exploring new methodologies to enhance and expand the knowledge and competency of its licensees. If the CBA decides any changes are necessary to the comment letter, staff recommends authority be delegated to the CBA President to approve the final letter for submission by the end of the comment period.

Attachment

1. Exposure Draft: Statement of Standards for CPE Programs (red-lined version)
2. CBA Comment Letter to NASBA

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September 30, 2015

Attachment 4

Jessica Luttrull
Associate Director – National Registry
National Association of State Boards of Accountancy
150 Fourth Avenue North, Suite 700
Nashville, TN 37219

RE: Statement on Standards for Continuing Professional Education Programs
Exposure Draft, April 1, 2015

Dear Ms. Luttrull:

On behalf of the California Board of Accountancy (CBA), I am pleased to submit our comments on the National Association of State Boards of Accountancy and the American Institute of Certified Public Accountants regarding the *Statement on Standards for Continuing Professional Education (CPE) Programs Exposure Draft (Standards)*.

The CBA supports full exploration of all new methodologies designed to enhance the knowledge and competency of its licensees. With new and ever-changing technology, licensees are afforded various opportunities to expand their knowledge base, which is consistent with the CBA's mission to protect consumers by ensuring only qualified licensees practice public accountancy.

The proposed changes in the *Standards* may necessitate changes to the CBA Regulations in the areas of continuing education requirements. Upon release of the final *Standards*, the CBA will review and consider what changes may be appropriate for incorporation into the CBA Regulations. If any regulatory changes are required, the time frame for implementation is approximately 12 to 18 months.

The CBA is grateful for the opportunity to comment on this exposure draft and your continued hard work in identifying new opportunities for its licensees.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jose A. Campos'.

Jose A. Campos, CPA
President

c: Members, California Board of Accountancy
Patti Bowers, Executive Officer