

Accountants: Regulatory Update

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International Foundation
OF EMPLOYEE BENEFIT PLANS 

Overview

- Reporting compliance activities
 - Deficient filings
 - Delinquent filings
- Auditor statistics
- Audit quality activities

Reporting Compliance Enforcement Process

- Electronic inquiry letter
- Notice of Rejection
 - 45 days to comply
- Notice of Intent to Assess a Penalty
 - 30 days to respond
- Notice of Determination
 - 30 days to respond
- Final order—Failure to timely respond

Am I a Delinquent or Deficient Filer?

- Deficient filers
 - Made a Form 5500 filing
 - Filing is incomplete or inaccurate
 - Missing IQPA report
 - Improperly completed
 - Amend filing as soon as possible
 - Subject to rejection and further enforcement action
- Delinquent filers
 - A Form 5500 filing has not been made
 - Non-filer
 - Late filer
 - Stop-filer
 - Can use the DFVC program to make the delinquent filing

Deficient Filings

Deficient Filers

- Condition
 - Missing required audit report
 - Form 5500 filing has been made
- How to Resolve
 - Submit required audit report in EFAST
 - Respond timely to enforcement correspondence received from the office of the chief accountant
 - Do not use the DFVC program to resolve deficiency

Deficient Filers

- Condition
 - GAAS and/or GAAP deficiencies in the audit report
- How to Resolve
 - Correct deficiencies in the audit report/submit evidence of additional audit work performed
 - File amended audit report in EFAST (if necessary)
 - Respond timely to enforcement correspondence received from the Office of the Chief Accountant
 - Do not use the DFVC program to resolve deficiency

Deficient Filers

- Condition
 - Inappropriate use of 29 CFR 2520.104.50
 - Can defer audit if plan year seven months or less
- How to Resolve
 - File audit report in EFAST
 - Respond timely to enforcement correspondence received from the Office of the Chief Accountant
 - Do not use the DFVC program to resolve deficiency

Deficient Filers

- Condition
 - Including PII in Form 5500 filing
- How to Resolve
 - Remove PII from Form 5500 filing
 - File amended filing in EFAST
 - Respond timely to enforcement correspondence received from the Office of the Chief Accountant
 - Do not use the DFVC program to resolve deficiency

Deficient Filers

- Condition
 - Improperly reporting delinquent contributions
- How to Resolve
 - Report total amount of delinquent contributions
 - For the year in which contributions were delinquent
 - Subsequent years until violation has been corrected
 - File amended filing in EFAST
 - Respond timely to enforcement correspondence received from the Office of the Chief Accountant
 - Do not use the DFVC program to resolve deficiency

Delinquent Filings

DFVC Program Participation

- Delinquent Filer Voluntary Compliance (DFVC) Program
 - Participation in the program requires two things:
 - Make required Form 5500 filing
 - Pay reduced penalty amount.
 - Failure to do these two things—You are deemed not to be participating in the DFVC Program
 - We send one reminder Inquiry letter
 - Subject to regular late filer and non-filer penalties

Delinquent Filers

- Condition
 - Have not made a timely Form 5500 filing
- How to Resolve
 - Make the required filing in EFAST
 - Use the DFVC program to resolve deficiency

Delinquent Filers

- Condition
 - Have not made a timely Form 5500 filing
 - Enforcement action has started
- How to Resolve
 - Make the required filing in EFAST
 - Respond timely to enforcement correspondence received from the Office of the Chief Accountant
 - Cannot use the DFVC program to resolve deficiency

Delinquent Filers

- Condition
 - “Stop-Filer”—Have not made a timely Form 5500 filing
 - Received an Inquiry Letter from EBSA
- How to Resolve
 - Make the required filing in EFAST
 - Respond timely to enforcement correspondence received from the Office of the Chief Accountant
 - Can use the DFVC program to resolve deficiency

Delinquent Filers

- Condition
 - “Stop-Filer”—Have not made a timely Form 5500 filing
 - Enforcement action has started
- How to Resolve
 - Make the required filing in EFAST
 - Respond timely to enforcement correspondence received from the Office of the Chief Accountant
 - Cannot use the DFVC program to resolve deficiency

Delinquent Filers

- Condition
 - Have not properly applied to the DFVC Program
 - EBSA letter notifying you of deficiency
- How to Resolve
 - Use the DFVC program to resolve deficiency
 - Make the required filing in EFAST
 - Pay the proper reduced penalty amount

Auditor Statistics

Audit Universe

(Based on 2022 Form 5500)

- 88,605 Plan audits
- 3,402 CPA firms performing audits
- \$10.15 trillion in plan assets subject to audit
- 167.62 million participants



Auditor Universe

(2022 Form 5500 Database)

Strata	Plans Audited	Assets Audited	Participants Audited	Number of CPA Firms
1-2 Plans	1,487	\$23.50 B	.710 M	1,103
3-5 Plans	2,706	\$59.67 B	1.96 M	692
6-24 Plans	12,538	\$386.37 B	9.08 M	1,053
25-99 Plans	19,992	\$836.83 B	17.30 M	420
100-749 Plans	27,632	\$5.42 T	85.89 M	118
749+ Plans	24,250	\$3.41 T	52.65 M	16
Total	88,605	\$10.15 T	167.62 M	3,402

Auditor Universe

(2022 vs. 2021 Form 5500 Database)

Strata	Number of CPA Firms 2022	Number of CPA Firms 2021	Increase (Decrease)
1-2 Plans	1,103	1,396	293
3-5 Plans	692	758	66
6-24 Plans	1,053	1,094	41
25-99 Plans	420	420	-
100-749 Plans	118	120	2
749+ Plans	16	16	-
Total	3,402	3,804	402

Auditor Universe—Multiemployer Audits

(2022 Form 5500 Database)

Strata	Plans Audited	Assets Audited	Participants Audited	Number of CPA Firms
1-2 Plans	188	\$18.07B	1.20 M	144
3-5 Plans	214	\$36.36B	0.684	54
6-24 Plans	960	\$167.11B	4.85 M	84
25-99 Plans	1,231	\$151.76B	3.75 M	31
100-749 Plans	1,654	\$660.47B	14.97 M	8
749+ Plans	-	-	-	-
Total	4,247	\$1.033 T	25.48 M	321

Audit Quality Statistics

2023 Audit Quality Study

- Shrinking plan auditor population
- Improvement in audit quality since 2015 study
- Audit quality correlates to size of benefit plan practice
- Peer review not a good indicator of audit quality
- Fewer audits with multiple deficiencies

2023 Audit Quality Study Results

Strata	2023 Quality Study Audits Reviewed	2023 Quality Study Audits With Deficiencies
1-2 Plans	20	70.0%
3-5 Plans	22	51.7%
6-24 Plans	54	50.1%
25-99 Plans	74	38.0%
100+ Plans	137	18.6%
Total	307	30%

2023 Audit Quality Study Results

Comparison of Audit Quality Results 2015 and 2023 Audit Quality Studies

Strata	Form Year 2020	Form Year 2011
1-2 Plans	70.0%	75.8%
3-5 Plans	51.7%	68.4%
6-24 Plans	50.1%	67.4%
25-99 Plans	38.0%	41.5%
100-749 Plans	18.6%	12.0%
750+ Plans	17.0%	12.0%
Total	30%	39%

2023 Audit Quality Study

Deficient Audit Areas

Strata	Participant Data	Contributions	Benefit Payments	Internal Controls	Investments	Planning
1-2	9	8	9	8	6	8
3-5	5	4	3	1	3	1
6-24	8	12	10	4	0	4
25-99	12	15	6	4	2	4
100+	14	8	1	1	0	1
Total	48	47	29	18	11	18

105 audits with Unacceptable–Major deficiencies

Audit Quality—Multiemployer Plans

Multiemployer Plan Audits 2016-2024

Strata	Unacceptable— Major	Five or More Deficiencies	Percentage
1-2 Plans	4	3	75%
3-5 Plans	6	3	50%
6-24 Plans	7	3	43%
25-99 Plans	8	6	75%
100-749 Plans	5	1	20%
750+ Plans	0	0	0%
Total	30	16	

Resources

- EBSA Office of the Chief Accountant
202-693-8360
 - For questions about Form 5500 components or audit requirements/issues
- EBSA Office of Regulations and Interpretations
202-693-8500
 - For questions about ERISA reporting, filing or other regulatory requirements
- EBSA regional offices
 - [Regional Offices | U.S. Department of Labor \(dol.gov\)](https://www.dol.gov/agencies/ebsa/about-ebsa/about-us/regional-offices)
 - For questions about operational issues, VFCP

<https://www.dol.gov/agencies/ebsa/about-ebsa/about-us/regional-offices>

Resources

- EBSA Website: <http://www.dol.gov/ebsa>
 - For DOL publications, FAQs, copies of the Form 5500, instructions and related schedules
- DOL EFAST Help Center
1-866-463-3278 (1-866-GOEFAST)
 - For questions regarding the Form 5500 or related schedules

Key Takeaways

- Pay attention to enforcement correspondence
- **Respond timely to all deadlines**
- Contact us if you have any questions
 - Analyst listed on the enforcement letter
 - General office number (202) 693-8360

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Session Evaluation

