



January 2024

This special edition of the Reviewer alert contains the following articles:

[Department of Labor Audit Quality Study Issued](#)
[Save the Dates for 2024 Reviewer Forums and PRB Open Session Meetings](#)
[Reminders for 2023 Customer Satisfaction Survey and Clarified Standards Exposure Draft](#)

U.S. Department of Labor (DOL) study issued

As you've probably heard, the U.S. Department of Labor (DOL) Employee Benefits Security Administration (EBSA) issued its report, [Audit Quality Study, November 2023](#), which found deficiencies in the quality of audit work performed by independent CPAs with respect to financial statement audits of ERISA employee benefit plans for the 2020 filing year. The 2020 form year was chosen because it was the last year before auditors were required to comply with the new audit standard SAS 136, *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA*, as amended, which allowed for the development of an audit quality baseline prior to the implementation of the new standard.

EBSA's assessment of audit quality included a statistical review of 307 plan audits performed by 222 CPA firms. EBSA found that 70% of the audits fully complied with professional auditing standards or had minor deficiencies, while 30% of the audits had one or more major deficiencies with respect to one or more relevant GAAS requirements. While the deficiency rate remains high, it is a statistically significant improvement over the 2015 results which showed a 39% deficiency rate. The results also show considerable improvement in the percentage of plans audits with multiple deficiencies (from 48% down to 8%). In addition, deficiency rates identified by peer review are comparable, so the issues are being detected and remediated.

EBSA found a clear link between the number of EBP audits performed by a CPA and the quality of the work performed. Specifically, firms that perform five or fewer EBP audits a year had a significantly higher deficiency rate than other auditors in the study. The number of firms in this category has shrunk from 5,207 in 2011 to 2,585 in 2020, driven in part by the AICPA through its Enhancing Audit Quality (EAQ) initiative and AICPA Peer Review Program. Another positive result noted in the report is that EBPAQC firm members had a significantly lower deficiency rate than non-member firms.

As in past studies, the audit areas with more frequent deficiencies were in areas unique to EBP auditing, including testing contributions, benefit payments, participant data, and party-in-interest/prohibited transactions.

The report noted that while the issuance of SAS No. 136, as amended, was not particularly relevant to this study, the DOL believes it is a pivotal change in auditing standards, and the DOL plans to assess its impact on audit quality in a future project.

In addition to the legislative recommendations that the DOL Office of Inspector General made in its 2004, 2012, and 2014 reports, EBSA's report contained seven recommendations focused on enforcement and outreach. These recommendations include:

- EBSA continuing to focus targeting strategies on CPAs with smaller EBP audit practices that audit plans with large amounts of plan assets and increasing the number of large benefit plan practice CPA firms that are reviewed,
- Working with state licensing boards to enhance the investigation and sanctioning process for CPAs performing significantly deficient work and encouraging them to accept the results of investigations performed by the AICPA's Professional Ethics team and use those results in disciplining CPAs,
- Encouraging changes to the AICPA's Peer Review program to make its reporting model more transparent to users with respect to the quality of a firm's EBP practice as well as to ensure a completeness of population of firms in the program,
- Working with the National Association of State Boards of Accountancy (NASBA) to encourage state licensing boards to require specific licensing requirements for CPAs who perform EBP audits, to include specific training and experience in auditing employee benefit plans,
- Expanding its outreach activities to include plan administrator organizations in order to explain the importance of hiring competent CPAs to plan administrators and those with responsibility for hiring plan auditors,
- Communicating with each of the state licensing boards regarding the audit study results and the need to ensure that only competent CPAs are performing employee benefit plan audits, and
- Encouraging state CPA societies to create EBP audit training programs.

SAVE THE DATES for 2024 Reviewer Forums and PRB Open Session Meetings

2024 Reviewer Forums

We've scheduled our Reviewer Forums through the end of calendar 2024. Join us to hear periodic updates and key recent developments in the AICPA Peer Review Program.

February 14, 2-3pm ET

May 22, 3-4pm ET

September 18, 2-3pm ET

November 13, 2-3pm ET

Once registration is available, we will post the link to the Peer Review [CPE and Events page](#). Interested in a deeper dive on a specific topic? Email prsupport@aicpa.org to suggest content.

2024 PRB Open Sessions

We've also scheduled our PRB open session meetings through the end of calendar 2024.

February 7, 11am-1pm ET

May 15, 11am-1pm ET
September 11, 11am-1pm ET
November 6, 11am-1pm ET

We're redesigning our registration form. Once it's complete, we will post the link to the PRB Meeting Observer Registration form [web page](#).

REMINDERS: Peer Review wants to hear from you!

Last call to respond to the 2023 Customer Satisfaction Survey

As our primary stakeholders, it is important to us to find out how well we meet your needs. As such, we wanted to remind you to take our annual survey that gauges your satisfaction with AICPA Peer Review responsiveness, services, products and materials. Please respond to the [survey](#) before the end of January!

Comment on the *Clarified Standards Exposure Draft*

The final version of the PRSU No. 2, *Reviewing A Firm's System of Quality Management and Omnibus Technical Enhancements* [exposure draft](#) has been approved and is available to view on the peer review website.

Templates for comments and suggestions have been made available to assist with responses:

- [Template for Comments and Suggestions \(PDF Version\)](#)
- [Template for Comments and Suggestions \(Word Version\)](#)

The PRB requests responses to the exposure draft be sent to PR_expdraft@aicpa.org by May 31, 2024.