

PRP Section 20,700 Employee Benefit Plan Audit Engagement Checklist

ENGAGEMENT PROFILE

Review No. _____
 Engagement Code No. _____ Office _____
 Owner or Partner _____ Date of Financial Statements¹ _____
 Manager _____ Date of Report _____
 Engagement Quality Control Reviewer² _____ Date Report Released _____

This engagement involves reporting on a

- defined benefit plan
- defined contribution plan
- health and welfare plan

If applicable, indicate any further specialization of the plan type noted above:

- 403(b) plan
- Employee stock ownership plan (ESOP)
- Multiemployer plan
- Multiple employer plan
- Other material components

Did client management elect to have the audit performed pursuant to ERISA Section 103(a)(3)(C)? Yes No

Type of report issued:

- unmodified disclaimer
- qualified adverse

Were other auditors involved in this engagement? Yes No

At the time the report or financial statement(s) on the client's current year was issued or released, were there fees, billed or unbilled, or note(s) receivable arising from such fees that remained unpaid for any professional services provided more than one year prior to the date of the report? Yes No

Key data reported on by this office for this engagement:

Total assets	\$ _____
Net assets available for benefits	\$ _____
Total additions — income and contributions	\$ _____
Net increase (decrease) in net assets available for benefits	\$ _____
For a defined benefit plan:	
Total benefit obligations	\$ _____
Changes in benefit obligations	\$ _____
For a health and welfare plan:	
Total benefit obligations	\$ _____
Changes in benefit obligations	\$ _____
Total claims paid	\$ _____

¹ To determine the applicability of all cross-referenced pronouncements, consider their effective dates.

² Not applicable unless required by firm policy.

What independence standards or regulations apply for this client? (Check all that apply.)

- AICPA
- DOL
- GAGAS
- Other (please list here): _____

What types of nonattest services will be performed for this client? (Check all that apply.)³

- Activities such as financial statement preparation, cash-to-accrual conversions, and reconciliations⁴ [ET sec. 1.295.010.06]
- Bookkeeping, payroll, and other disbursements [ET sec. 1.295.120]
- Tax preparation services [ET sec. 1.295.160]
- Other, which may include advisory services [ET sec. 1.295.105], appraisal, valuation, and actuarial services [ET sec. 1.295.110], benefit plan administration [ET sec. 1.295.115], business risk consulting [ET sec. 1.295.125], corporate finance consulting [ET sec. 1.295.130], executive or employee recruiting [ET sec. 1.295.135], forensic accounting [ET sec. 1.295.140], hosting services [ET sec. 1.295.143], information systems services [ET sec. 1.295.145], internal audit [ET sec. 1.295.150], investment advisory or management [ET sec. 1.295.155]

For each nonattest service type previously identified, identify the following (attach additional sheets, if necessary):

- Specific nonattest service: _____
- Individual in your firm responsible: _____
- Name(s) and title of client personnel overseeing this service: _____

- Please describe your assessment and factors leading to your satisfaction that the client personnel overseeing the service had sufficient skills, knowledge, and experience to do so: _____

Did any of the nonattest service(s) involve leading and directing the entity, including making significant decisions or assuming management responsibilities?

Examples of such services include, but are not limited to, the following: (Check all that apply.)

- Accepting responsibility for the preparation and fair presentation of the client’s financial statements
- Having check signing authority or power of attorney, whether used or not

³ To determine the applicability of all cross-referenced Code of Professional Conduct sections, consider their effective dates.

⁴ Activities such as financial statement preparation, cash-to-accrual conversions, and reconciliations are considered outside the scope of the attest engagement and, therefore, constitute a nonattest service.

- Preparing invoices, receipts, or other documents that evidence the occurrence of a transaction (including data entry)
- Authorizing or executing transactions, or making decisions on behalf of the client
- Supervising, hiring, or terminating client employees
- Serving on the client's board of directors
- Serving as a client's stock transfer or escrow agent, registrar, general counsel, or equivalent
- Accepting responsibility for the management of a client's project
- Performing ongoing evaluations of the client's internal control as part of its monitoring activities
- Other: _____

If any of the preceding boxes are checked, please provide a description: _____

	<i>Owner or Partner</i>	<i>Manager (or equivalent)</i>
Personnel Continuity:		
Number of years assigned to this engagement	_____	_____
Number of years in current position on this engagement	_____	_____

Audit hours on this engagement:

	<i>Total</i>	<i>Planning (Risk Assessment)</i>	<i>Test Work (Substantive Procedures)</i>	<i>Engagement Wrap-up</i>
Owner or Partner.....	_____	_____	_____	_____
Engagement Quality Control Reviewer ⁵	_____	_____	_____	_____
Manager (or equivalent).....	_____	_____	_____	_____
Senior or Other Professionals	_____	_____	_____	_____
Total hours.....	_____	_____	_____	_____
Total budgeted.....	_____	_____	_____	_____

Describe the engagement team's EBP-specific experience relevant to this engagement. _____

⁵ See footnote 2.

List EBP-specific training for all engagement personnel for the last three years (include names of courses, provider, date, and CPE credits). _____

Audit Engagement Risk Assessment

The engagement partner or manager (or the reviewer based on an interview of the engagement team) completes this section of the engagement profile.

- 1. Summarize key risk factors the engagement team considered regarding the entity, its environment, fraud, entity level controls, and specific accounts. (“No risks were identified” is not an appropriate response.)

- 2. What were the audit responses to those key risk factors, and where is that documented in the working papers?

REVIEWER CONCLUSIONS ON ENGAGEMENT PROFILE:

- 1. Is the reviewer in agreement with the information provided in the engagement profile? If not, note any corrections.

Date Engagement Review Performed _____ Date Checklist Reviewed _____
by Team Captain _____
Reviewer Signature _____ Team Captain Signature _____

Instructions for Use of This Checklist

.01 This checklist was developed for peer reviewers of audits of employee benefit plans and is to be used in conjunction with other appropriate guidance when performing peer reviews according to the AICPA Standards for Performing and Reporting on Peer Reviews, Effective for Peer Reviews Commencing on or After May 1, 2022⁶ (the standards). Reviewers may wish to refer to relevant requirements and application and other explanatory material in the following PR-C sections of the standards:

- a. Section 100, *Concepts Common to All Peer Reviews*
- b. Section 200, *General Principles and Responsibilities for Reviewers*
- c. Section 210, *General Principles and Responsibilities for Reviewers — System Reviews*
- d. Section 310, *General Principles and Responsibilities for Reviewed Firms — System Reviews*

.02 Completion of this checklist is required by the standards in paragraph .38 of section 210 to determine whether

- a. the financial statements are fairly presented in accordance with generally accepted accounting principles (GAAP) in all material respects (or when applicable, with a special purpose framework) and
- b. the firm has performed and reported on the engagement in accordance with the requirements of the applicable professional standards in all material respects.

.03 Reviewers are expected to read and understand the instructions throughout this checklist. This checklist is highly summarized, and it is expected that all audit areas will be evaluated. Reviewers may wish to consult the professional standards cited for detailed information about the requirements. If there is insufficient space to fully describe any matters, additional information may be attached to this checklist.

.04 **Bullet points are generally batched into one question on this checklist. Each bullet point is to be considered separately, and in the aggregate, when concluding whether the requirement of professional standards was met in all material respects.** Thoroughly explain all “No” answers in section V.

.05 This checklist is not intended to be an all-inclusive document; it contains commonly addressed audit procedures and reporting requirements related to employee benefit plans subject to Employee Retirement Income Security Act of 1974 (ERISA). Therefore, to sufficiently evaluate an employee benefit plan audit engagement, it should be used in conjunction with the plan instrument as necessary, and various related reference materials dealing with reporting, disclosure, and audit procedures. Additional materials are primarily contained within AICPA Audit and Accounting Guide *Employee Benefit Plans* (as of August 1, 2022).

.06 The Peer Review Board has identified certain questions that are **bolded** for additional emphasis:

- a. “No” answers by themselves are usually indicative of an engagement that has not been performed or reported on in accordance with professional standards in all material respects (nonconforming). This does not preclude application of professional judgment, which may be necessary to determine if there is adequate support for testing relevant assertions and compliance with plan provisions or regulatory matters.
- b. When a “No” answer has been identified and the conclusion is reached that an engagement is not nonconforming, a thorough explanation should be provided in section V, Explanation of “No” Answers and Other Comments.
- c. Focus is placed on relevant assertions when applicable, for areas that may present particular risks of material misstatement in an employee benefit plan audit engagement as described in AICPA Audit and Accounting Guide *Employee Benefit Plans* (as of August 1, 2022).
- d. In accordance with paragraph .18 of AU-C section 330, *Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained*, irrespective of the assessed risks of material misstatement, the auditor should design and perform substantive procedures for all relevant assertions related to each material class of transactions, account balances and disclosure.

.07 This checklist contains additional *italicized considerations* that highlight information that may assist the reviewer with determining whether sufficient procedures were performed:

- a. Italicized considerations following bolded questions represent example procedures to consider when answering such questions.
- b. The lists of example procedures are not all-inclusive, nor is it required for *all* example procedures to have been performed to answer the question “Yes.”
- c. Carefully consider other procedures for the audit area to determine whether the auditor designed and performed procedures to address each relevant assertion when included in the bold question.

⁶ Updated through issuance of Peer Review Standards Update No. 1, *Omnibus Enhancements and Technical Corrections*, effective for peer reviews commencing on or after June 1, 2023.

Guidance

.08 This checklist has been updated considering guidance issued up to and including the following publications, as applicable:

- Statement on Auditing Standards (SAS) No. 144, *Amendments to AU-C Sections 501, 540, and 620 Related to the Use of Specialists and the Use of Pricing Information Obtained From External Information Sources*
- FASB Accounting Standards Update (ASU) No. 2023-05, *Business Combinations — Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement*
- Statement on Quality Control Standards No. 8, *A Firm's System of Quality Control* (QM sec. 10A)⁷
- AICPA Code of Professional Conduct, revised effective December 15, 2014 (including interpretations on nonattest services through 1.295.160)

.09 Other standards that have been issued but are yet not effective may allow for early implementation. While this checklist will not have been updated for those standards, peer reviewers are still responsible for the evaluation of the reviewed firm's application of those standards if the firm has elected to early implement.

.10 References containing an "A" suffix (for example, "AU-C 315A" or "QM sec. 10A") denote guidance that was effective as of the date of this checklist.

References to Application Material

.11 AU-C sections contain application materials that follow the requirements and are numbered using an A- prefix. Application materials contain guidance that is not in itself required but is relevant to the proper application of the requirements. If a reviewed firm does not perform the procedures outlined in the application materials, the reviewer may need to exercise judgement to determine whether the procedures that were performed are sufficient to meet the requirements. Citations from application materials in this checklist are noted with an **.

References to AAGs

.12 AICPA Audit Guides, containing auditing guidance related to generally accepted auditing standards (GAAS), are recognized as interpretive publications as defined in AU-C section 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance With Generally Accepted Auditing Standards*. Interpretive publications are recommendations on the application of GAAS in specific circumstances, including engagements for entities in specialized industries.

.13 Although interpretive publications are not auditing standards, AU-C section 200 requires the auditor to consider applicable interpretive publications in planning and performing the audit because interpretive publications are relevant to the proper application of GAAS in specific circumstances. If the auditor does not apply the auditing guidance in an applicable interpretive publication, the auditor should document how the requirements of GAAS were complied with in the circumstances addressed by such auditing guidance.

Other Resources

.14 Additionally, reviewers may wish to consult nonauthoritative guidance, particularly for new or emerging industries or topics. For example, certain questions herein may apply to digital assets, a topic for which auditors apply existing standards. The AICPA has published a practice aid titled "*Accounting for and auditing of digital assets*" that may be a helpful resource to reviewers that have selected engagements where the entity under audit has material holdings, transactions, or involvement in the digital assets ecosystem. The digital assets ecosystem is an evolving area which may present practitioners with unique risks and more complex audit challenges ranging from obtaining sufficient appropriate evidence to understanding the complex IT environment of entities within the ecosystem. In addition to the many relevant accounting topics, the practice aid covers many auditing relevant topics such as:

- Client acceptance and continuance
- Risk assessment and processes and controls
- Related parties and laws and regulations

.15 The practice aid is updated regularly to address the application of accounting and auditing standards to the digital assets ecosystem. Reviewers are encouraged to consult the latest version of the practice aid to supplement peer reviews of relevant engagements.

⁷ Prior to the release of Statement on Quality Management Standards (SQMS) Nos. 1–2, AICPA *Professional Standards* used a "QC" identifier to refer to *A Firm's System of Quality Control*. Upon the issuance of SQMS Nos. 1–2, which supersede *A Firm's System of Quality Control*, the title "Quality Control" was changed to "Quality Management," and the section identifiers were changed to "QM." Continue to select "QC – Quality Control" for MFC form professional standard references.

Explanation of References**.16**

AAG-EBP	AICPA Audit and Accounting Guide <i>Employee Benefit Plans</i> (as of August 1, 2022)
ASU	FASB Accounting Standards Update
AU-C	Reference to section number for clarified SASs in AICPA <i>Professional Standards</i>
CFR	U.S. <i>Code of Federal Regulations</i>
DOL	Department of Labor
EBP	Employee Benefit Plan
ET	Reference to section number in AICPA Code of Professional Conduct in AICPA <i>Professional Standards</i>
FASB ASC	FASB <i>Accounting Standards Codification</i> [®]
FinREC	Financial Reporting Executive Committee
GAAP	Generally Accepted Accounting Principles
QM	Reference to section number for Statements on Quality Control Standards in AICPA <i>Professional Standards</i> ⁸
SAS	AICPA Statement on Auditing Standards

Questions

.17 Questions regarding this checklist, other peer review materials, or the peer review in general may be directed to the administering entity (AE) or AICPA peer review staff at 919.402.4502.

⁸ See footnote 7.

Checklist for Review of Audits of Employee Benefit Plans
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I. GENERAL AUDIT PLANNING PROCEDURES

	<u>Ques.</u>	<u>N/A</u> ⁹	<u>Yes</u>	<u>No</u> ¹⁰	<u>Ref.</u>
Client and Engagement Acceptance and Continuance:					
[AAG-EBP 2.11–.18]					
Did the engagement partner perform procedures regarding the acceptance of the client relationship and the specific audit engagement? [AU-C sec. 220A.14–.15]	A101	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
If a scope limitation that would lead to a disclaimer was imposed by management, was the audit required by law or regulation? [AU-C sec. 210A.07]	A102	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
If the auditor succeeded another auditor, did the auditor request management to authorize the predecessor to respond fully to the successor auditor’s inquiries regarding matters that might assist the auditor in determining whether to accept the initial audit engagement, including a reaudit? [AU-C sec. 210A.11; AAG-EBP 2.163]	A103	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<i>Consider the following matters subject to the auditor’s inquiry of a predecessor auditor and refer to AAG-EBP 2.163 for more detail regarding such communications:</i>					
a. <i>Information that might bear on the integrity of management</i>					
b. <i>Disagreements with management about accounting policies, auditing procedures, or other similarly significant matters</i>					
c. <i>Communications to those charged with governance regarding fraud and noncompliance with laws or regulations by the entity</i>					
d. <i>Communications to management and those charged with governance regarding significant deficiencies and material weaknesses in internal control</i>					
e. <i>The predecessor auditor’s understanding about the reasons for the change of auditors (The DOL also requires that auditor changes and the reason for the change be reported on Form 5500, Schedule C, Service Provider Information.)</i>					
f. <i>The predecessor auditor’s understanding of the nature of the entity’s relationships and transactions with related parties and significant unusual transactions</i>					
Did the auditor evaluate the predecessor auditor’s response, and if necessary, consider the implications if the predecessor auditor provided no response, or limited responses in determining whether to accept the engagement? [AU-C sec. 210A.12]	A104	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<i>Consider, as described in AAG-EBP 2.163, the auditor should evaluate the predecessor auditor’s response or consider the implications if the predecessor auditor provides no response or a limited response, in determining whether to accept the engagement.</i>					
Does it appear the firm’s guidelines for acceptance and continuance of client relationships, including performing specific engagements for the client, were complied with, based on inquiry of the accountant or review of engagement files, if any? [QM sec. 10A.27–.30]	A105	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Were scheduling and staffing requirements identified on a timely basis and approved by appropriate personnel? [QM sec. 10A.31–.34 and 10A.A17–.A31]	A106	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Relevant Ethical Requirements:					
Did the auditor determine compliance with independence and ethics requirements? [ET sec. 1.200; AU-C sec. 200.24]	A107	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

⁹ Select “N/A” when the item either does not exist or is not material.

¹⁰ All “No” answers are handled in either of the following ways: (1) discussed on a Matter for Further Consideration (MFC) form with the MFC form number noted in the “Ref.” column or (2) discussed on the pages provided at the end of this checklist if no MFC form was generated.

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<p>If anything has been noted that may indicate a lack of independence, integrity, and objectivity, or other relevant ethical requirements, was the matter identified and appropriately resolved by the firm and its effects appropriately considered? [ET sec. 1.200 and 1.100; QM sec. 10A.21–.26]</p>	A108	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>Have engagement personnel (including leased and per diem employees) been appropriately advised of the need to observe applicable independence, integrity, and objectivity requirements concerning the client and any affiliates of the client? [QM sec. 10A.21–.26; ET sec. 1.224]</p>	A109	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>Were all unpaid fees, billed or unbilled, or note(s) receivable arising from such fees for any professional services provided more than one year prior to the date of the report evaluated for threats to independence prior to the issuance of the report for the current engagement? [ET sec. 1.230.010; QM sec. 10A.21–.26]</p>	A110	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>Is the auditor independent pursuant to ERISA and DOL regulations? [29 CFR 2509.75-9; AAG-EBP A.87]</p>	A111	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Nonattest Services

Examples of activities that are outside of the scope of the attest engagement and, therefore constitute nonattest services include but are not limited to: financial statement preparation, bookkeeping services, payroll and other disbursement services, tax services, hosting services, and information system design, implementation, or integration services.

Where the auditor has performed nonattest services for this attest client, self-review, management participation, and/or advocacy threats to compliance with the “Independence Rule” [ET sec. 1.200.001] may exist. Independence will be impaired if the firm fails to satisfy the requirements included in the interpretations of the “Nonattest Services” subtopic under the “Independence Rule” [ET sec. 1.295].

The following questions address the requirements included in interpretations of the “Nonattest Services” subtopic under the “Independence Rule” (Interpretations) [ET sec. 1.295] that should be considered when identifying and evaluating potential independence impairments.

Has the auditor identified all nonattest services provided to the client within the “Scope and Applicability of the Nonattest Services” interpretation of “Nonattest Services” [ET sec. 1.295.010] and therefore subject to the “General Requirements for Performing Nonattest Services” (General Requirements) [ET sec. 1.295.040] and “Documentation Requirements When Providing Nonattest Services” (Documentation Requirements) [ET sec. 1.295.050] interpretations? (Review the engagement profile and compare services listed to the identified services in the audit documentation.) [ET sec. 1.295]

A112	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
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Has the auditor evaluated whether the performance of multiple nonattest services that individually would not impair independence, but in the aggregate could create a significant threat to independence that could not be reduced to an acceptable level by application of the safeguards in the General Requirements in compliances with the “Cumulative Effect on Independence When Providing Multiple Nonattest Services” interpretation? [ET sec. 1.295.020]

A113	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
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	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<p>Prior to performing the nonattest services, did the auditor comply with the General Requirements and Documentation Requirements? [ET sec. 1.295.040–.050] This includes</p> <ul style="list-style-type: none"> • establishing and documenting in writing the auditor’s understanding with the attest client with respect to nonattest services: <ul style="list-style-type: none"> — objectives of the nonattest service engagement; — nonattest services to be performed; — attest client’s acceptance of its responsibilities; — the auditor’s responsibilities; and — any limitations of the nonattest service engagement. 	A114	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>For any nonattest services provided to the client, does the audit documentation support the following? [ET sec. 1.295.050]</p> <ul style="list-style-type: none"> • The auditor did not assume management responsibilities for the attest client as defined in the Interpretations. [ET sec. 1.295.030] (Examples of activities that would be considered management responsibilities are included at ET sec. 1.295.030.02) • The auditor determined that the attest client and its management agreed to [ET sec. 1.295.040.01] <ul style="list-style-type: none"> — assume all management responsibilities as described in the “Management Responsibilities” interpretation [ET sec. 1.295.030] (consider any evidence in the audit documentation that the attest client was unwilling or unable to assume these responsibilities and therefore the performance of such nonattest services impaired independence). — oversee the services, by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience. The auditor should assess and be satisfied that such individual understands the services to be performed sufficiently to oversee them. However, the individual is not required to possess the expertise to perform or re-perform the services. — evaluate the adequacy and results of the services performed. — accept responsibility for the results of the services. <p>If the auditor was not in compliance with Documentation Requirements, was the auditor able to otherwise provide convincing evidence to the reviewer to conclude that an independence impairment does not exist with respect to the nonattest services provided?</p>	A115	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p><i>Note: When the auditor was not able to provide such convincing evidence, this should be considered a violation of the “Compliance with Standards Rule” [ET sec. 1.310.001]. However, the failure to prepare required documentation does not impair independence provided that the auditor did establish the understanding with the attest client.</i></p> <hr/> <p>Breach of an Independence Interpretation:</p> <p>In the event of a breach of an Independence Interpretation, did the auditor consider the “Breach of an Independence Interpretation” [ET sec. 1.298] to evaluate and address the significance of the breach and its effect on the attest engagement team’s integrity, objectivity and professional skepticism, and to determine if the consequences of the breach can be satisfactorily addressed? [ET sec. 1.298.010]</p>	A116	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>Client Understanding: [AAG-EBP 2.25]</p> <p>Did the auditor establish the agreed-upon terms of the audit engagement, which should be documented in an engagement letter or other suitable form of written agreement? The agreement should include the following: [AU-C sec. 210A.10; AAG-EBP 2.57–.58]</p>	A117	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>Did the auditor establish the agreed-upon terms of the audit engagement, which should be documented in an engagement letter or other suitable form of written agreement? The agreement should include the following: [AU-C sec. 210A.10; AAG-EBP 2.57–.58]</p>	A118	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

- | | <u>Ques.</u> | <u>N/A</u> | <u>Yes</u> | <u>No</u> | <u>Ref.</u> |
|---|--------------|------------|------------|-----------|-------------|
| <ul style="list-style-type: none"> • The objective and scope of the audit of the financial statements [AU-C sec. 210A.10a] • The responsibilities of the auditor [AU-C sec. 210A.10b] • The responsibilities of management, including management’s acknowledgement of [AU-C sec. 210A.10c] <ul style="list-style-type: none"> — the fair presentation of the financial statements in accordance with the applicable financial reporting framework. [AU-C sec. 210A.06bI] — the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. [AU-C sec. 210A.06bii] — providing access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters. [AU-C sec. 210A.06biii(1)] — providing the auditor with additional information that the auditor may request from management for the purpose of the audit. [AU-C sec. 210A.06biii(2)] — providing the auditor with unrestricted access to persons with the entity from whom the auditor determines it necessary to obtain audit evidence. [AU-C sec. 210A.06biii(3)] • A statement that because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with generally accepted auditing standards (GAAS) [AU-C sec. 210A.10d] • Identification of the applicable financial reporting framework for the preparation of the financial statements [AU-C sec. 210A.10e] • Reference to the expected form and content of any reports to be issued by the auditor and a statement that circumstances may arise in which a report may differ from its expected form and content [AU-C sec. 210A.10f] | | | | | |

In addition to the preconditions for an audit in AU-C section 210A, *Terms of Engagement*, did the auditor obtain agreement of management that it acknowledges and understands its responsibility for [AU-C sec. 703.15a–b; AAG-EBP 2.26]

A119 _____

- maintaining a current plan instrument, including all plan amendments?
- administering the plan and determining that the plan’s transactions that are presented and disclosed in the ERISA plan financial statements are in conformity with the plan’s provisions, including maintaining sufficient records with respect to each of the participants?

If management elected to have an ERISA Section 103(a)(3)(C) audit, did the auditor [AU-C sec. 703.15c and 703.16; AAG-EBP 2.27]

A120 _____

- inquire of management about how management determined that the entity preparing and certifying the investment information is a qualified institution?
- obtain agreement of management that it acknowledges and understands its responsibility for determining whether

Ques. N/A Yes No Ref.

- an ERISA Section 103(a)(3)(C) audit is permissible under the circumstances,
- the investment information is prepared and certified by a qualified institution under Title 29 U.S. Code of Federal Regulations (CFR) Part 2520.103-8,
- the certification meets the requirements of CFR 2520.103-5, and
- the certified investment information is appropriately measured, presented, and disclosed in accordance with the applicable financial reporting framework?

Did the auditor obtain the agreement of management or those charged with governance to provide the auditor, prior to the dating of the auditor's report, a draft of Form 5500 that is substantially complete (draft Form 5500)?

[AU-C sec. 703.17]

A121 _____

Audit Planning:

Did the auditor properly plan the audit, giving appropriate consideration of the following? [AU-C sec. 300] Specifically, did the auditor's documentation provide evidence of the following?

A122 _____

- Involvement of the engagement partner and other key members of the engagement team in planning the audit, including planning and participating in the discussion among engagement team members [AU-C sec. 300.05]
- Evaluation of compliance with relevant ethical requirements [AU-C 300.06*b*]
- Establishment of an overall audit strategy that sets the scope, timing, and direction of the audit and that guides the development of the audit plan [AU-C sec. 300.07]
- The development of the overall audit strategy; did the auditor [AU-C sec. 300.08]
 - identify the characteristics of the engagement that define its scope;
 - ascertain the reporting objectives of the engagement in order to plan the timing of the audit and the nature of the communications required;
 - consider the factors that, in the auditor's professional judgment, are significant in directing the engagement team's efforts;
 - consider the results of preliminary engagement activities and, when applicable, whether knowledge gained on other engagements performed by the engagement partner for the entity is relevant; and
 - ascertain the nature, timing, and extent of resources necessary to perform the engagement?
- Development of an audit plan that includes a description of [AU-C sec. 300.09]
 - the nature and extent of planned risk assessment procedures;
 - the nature, timing, and extent of planned further audit procedures at the relevant assertion level; and
 - other planned audit procedures that are required to be carried out so that the engagement complies with GAAS
- Planning the nature, timing, and extent of direction and supervision of engagement team members and review of their work [AU-C sec. 300.11]

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<p>Did the auditor document the overall audit strategy, the audit plan, and any significant changes made during the audit engagement to the overall audit strategy or the audit plan and the reasons for such changes? [AU-C sec. 300.14] Consider that</p> <ul style="list-style-type: none"> • documentation of the overall audit strategy is a record of the key decisions considered necessary to properly plan the audit and communicate significant issues to the engagement team. [AU-C sec. 300.A23]** • documentation of the audit plan is a record of the planned nature, timing, and extent of risk assessment procedures and further audit procedures at the relevant assertion level in response to the identified risks. [AU-C sec. 300.A24]** 	A123	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>Did the auditor consider, prior to the auditor's identification and assessment of the risks of material misstatement, such matters as the following? [AU-C sec. 300.A2]**</p> <ul style="list-style-type: none"> • Scope of the audit • The analytical procedures to be applied as risk assessment procedures • A general understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework • The determination of materiality [AU-C sec. 320; AAG-EBP 3.07-.11] • The involvement of specialists, if applicable [AU-C sec. 300.12] • The performance of other risk assessment procedures • Related party and party in interest transactions 	A124	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Risk Assessment Procedures and Related Activities:					
<p>Did the auditor perform risk assessment procedures to provide a basis for the identification and assessment of risks of material misstatement at the financial statement and relevant assertion levels? [AU-C sec. 315A.05-.06; AAG-EBP 3.12 and 3.24-.31] This includes</p> <ul style="list-style-type: none"> • inquiries of management and others within the entity. • analytical procedures. • observation and inspection. 	A125	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>Did the auditor obtain an understanding of the entity and its environment in order to identify and assess the risks of material misstatements at the financial statement and relevant assertion levels? This includes an understanding of [AU-C sec. 315A.12, 703.18-.20; AAG-EBP 3.15 and 3.34]</p> <ul style="list-style-type: none"> • the most current plan instrument for the audit period, including effective amendments. • the relevant industry, regulatory, and other external factors, including the applicable financial reporting framework. • where plan transactions (for example, contributions or benefit payments) are based on employee compensation, obtaining an understanding of how the plan operates and how information from the payroll, time reporting and human resources systems is relevant to the plan's financial statement assertions. • determining services provided by a service organization that are relevant to the plan audit; services and controls over them that affect the plan's information systems and related business process relevant to plan financial reporting. 	A126	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Ques. N/A Yes No Ref.

Consider, as described in AAG-EBP 3.15, the auditor should obtain and read the most current plan instrument for the audit period, including effective amendments (plan instrument), as a part of obtaining an understanding of the entity sufficient to perform risk assessment procedures in accordance with paragraph .19 of AU-C section 703, Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA.

Did the auditor consider relevant plan provisions that affect the risk of material misstatement at the relevant assertion level for classes of transactions, account balances, and disclosures, when designing and performing audit procedures? [AU-C sec. 703.20 and 230; AAG-EBP 3.22–.23]

A127 _____

Did the auditor consider whether management has performed the relevant IRC compliance tests, including but not limited to, discrimination testing, and has corrected or intends to correct the failures as applicable? [AU-C sec. 703.21]

A128 _____

Did the auditor obtain an understanding of internal control relevant to the audit? [AU-C sec. 315A.13; AAG-EBP 3.37, 3.43, and 4.06–4.09] **This includes**

A129 _____

- **considering identified risks of material misstatement (what could go wrong) at the relevant assertion level;**
- **identifying the controls meant to mitigate those financial reporting risks;**
- **evaluating whether controls relevant to the audit were properly designed to prevent or detect and correct misstatements; and**
- **determining whether relevant controls were implemented by performing procedures in addition to inquiry of the entity's personnel.**

Consider the following related to the auditor's understanding of internal control and refer to AAG-EBP 4.06–.07 and 4.09 as the following examples are not all-inclusive:

- *Examples of activities that may include controls (both manual and automated IT) relevant to the audit. The internal control process of an employee benefit plan may be affected by activities at the plan sponsor and services provided by service organizations, such as bank trust departments, insurance companies, and recordkeeping companies. Specific activities of the plan sponsor that may be part of the internal control relevant to the audit of an employee benefit plan include payroll, human resources and benefits, treasury, and financial reporting, as well as IT controls.*
- *Risk assessment procedures to obtain audit evidence about the design and implementation of relevant controls may include inquiring of entity personnel, observing the application of specific controls, inspecting documents and reports, and tracing transactions through the information system relevant to financial reporting. Inquiry alone, however, is not sufficient for such purposes.*

Did the working papers provide documentation of risks identified and audit procedures planned in response to identified risks, including

A130 _____

- **assessment of the risks of material misstatement at the financial statement level?**
- **assessment of the risks of material misstatement at the relevant assertion level for classes of transactions, account balances and disclosures?**
- **determination of significant risks (including fraud risks)?**
- **consideration of the likelihood of misstatements, individually or in the aggregate, that could result in a material misstatement?**
- **documentation of an audit plan that includes responses to address the identified risks (linkage), and substantive procedures for all relevant assertions related to each material class of transactions, account balance, and disclosure?** [AU-C sec. 330.18]

Ques. N/A Yes No Ref.

- updates and changes to overall audit strategy and audit plan, as necessary, in response to risks identified during the course of the audit; including documentation regarding any significant changes and reasons for such changes?

Note: Effective audit procedures are designed and performed in a manner that is not biased towards obtaining audit evidence that may be corroborative or towards excluding audit evidence that may be contradictory. When evaluating audit evidence with respect to the assessed risks of material misstatement, the auditor should maintain professional skepticism, including when considering information that may be used as audit evidence and what procedures would be appropriate in the circumstances.

Consider the following potential pervasive risks at the financial statement level and refer to AAG-EBP chapter 3, "Audit Risk Assessment," for more examples as this list is not all-inclusive):

- Lack of oversight and monitoring of plan operations and service providers
- Lack of financial reporting expertise
- Lack of communication regarding plan events to financial statement preparer and others in the plan sponsor organization
- Changes in plan service providers
- Changes in human resource information system or payroll system
- Changes in plan personnel
- Decision to terminate or curtail the plan
- Plan amendments
- Others included at AAG-EBP 3.04

Consider all accounts such as the following that are generally material to employee benefit plan financial statements and refer to AAG-EBP 3.06 for more examples as this list is not all-inclusive:

- Investments, investment income, contributions received and receivable, and benefits paid
- Benefit obligations in a defined benefit or health & welfare plan
- Claims incurred but not reported, administrative expenses and noninterest-bearing cash in a health & welfare plan

Using the Work of a Specialist: [AAG-EBP 2.84–.113]

When a management’s specialist was used (for example, an actuary in a defined benefit or health and welfare plan, an appraiser for an ESOP, an investment valuation specialist, or a health claims specialist), did the auditor perform required audit procedures, including

A131 _____

- evaluating the competence, capabilities and objectivity of the specialist? [for financial statement periods ending before December 15, 2023, AU-C sec. 500A.08a; for financial statement periods ending after December 15, 2023, AU-C sec. 501.27a and .A73–.A79; AAG-EBP 2.88]
- obtaining an understanding of the specialist’s work? [for financial statement periods ending before December 15, 2023, AU-C sec. 500A.08b and .A45; for financial statement periods ending after December 15, 2023, AU-C sec. 501.27b and .A80–.A83; AAG-EBP 2.95]
- evaluating the appropriateness of the specialist’s work? [for financial statements ending before December 15, 2023, AU-C sec. 500A.08; for financial statement periods ending after December 15, 2023, AU-C sec. 501.27c and .A84–.A88; AAG-EBP 2.106]

Ques. N/A Yes No Ref.

Consider the following related to use of a management's specialist and refer to AAG-EBP 2.88, 2.95, and 2.106 as the following list is not all inclusive:

- When evaluating the objectivity of a management's specialist, it may be relevant to discuss with management and that specialist any interests and relationships that may create threats to the specialist's objectivity and any applicable safeguards, including any professional requirements that apply to the specialist, and to evaluate whether the safeguards are adequate.
- An understanding of the work of a management's specialist includes an understanding of the relevant field of expertise, which may be obtained in conjunction with the auditor's determination of whether the auditor has the expertise to evaluate the work of the management's specialist, or whether the auditor needs an auditor's specialist for this purpose.
- Considerations when evaluating the appropriateness of the management's specialist's work as audit evidence for the relevant assertion may include
 - the relevance and reasonableness of a management's specialist's findings or conclusions, their consistency with other audit evidence, and whether they have been appropriately reflected in the financial statements.
 - if a management's specialist's work involves the use of significant assumptions and methods, the relevance and reasonableness of those assumptions and methods.
 - if a management's specialist's work involves significant use of source data, the relevance, completeness, and accuracy of that source data.

If consideration was given to the work of internal auditors in determining the scope of the audit (for example, payroll compliance auditors in a multiemployer plan), was it done in accordance with professional standards? [AU-C sec. 610.01–.35]

A132 _____

Fraud Considerations: [AAG-EBP 3.77–.92]

Did the auditor properly document compliance with fraud risk considerations? [AU-C sec. 240.44] Documentation should summarize

A133 _____

- discussion among engagement personnel in planning the audit regarding the susceptibility of the entity's financial statements to material misstatement due to fraud, how management could perpetrate and conceal fraudulent financial reporting, and how assets of the entity could be misappropriated. [AU-C sec. 240.15]
- documentation of inquiries of management, those charged with governance, and others within the entity about the risks of fraud. [AU-C sec. 240.17–.21]

Did the auditor properly identify and consider the likelihood of material misstatement due to fraud at the financial statement level and at the assertion level for classes of transactions, account balances, and disclosures? [AU-C sec. 240.22] Documentation should include

A134 _____

- consideration of preliminary analytical procedures, including procedures specifically related to revenue. [AU-C sec. 240.22]
- other information obtained that indicates risks of material misstatement due to fraud. [AU-C sec. 240.23]
- the identification and the assessment of material misstatement due to fraud at the financial statement level, and at the assertion level for classes of transactions, account balances, and disclosures. [AU-C sec. 240.25]
- the identified risks of material misstatements due to fraud as significant risks and, accordingly, to the extent not already done so, the auditor's understanding of the entity's related controls, including control activities, relevant to such risks, including the evaluation of whether such controls have been suitably designed and implemented to mitigate such fraud risks. [AU-C sec. 240.27]

Ques. N/A Yes No Ref.

- the auditor’s overall responses to address the identified risks of material misstatement due to fraud at the financial statement assertion level. The auditor should incorporate an element of unpredictability in the selection of the nature, timing, and extent of audit procedures. [AU-C sec. 240.28–.30]
- the auditor’s identification of management’s override of controls as a significant risk. The risks of management override of controls should be addressed apart from any conclusions regarding the existence of more specifically identifiable risks. Appropriate procedures should be performed, including testing the appropriateness of journal entries and other adjustments made in preparation of the financial statements, review of accounting estimates for bias, and evaluation of significant unusual transactions. [AU-C sec. 240.31–.32]
- evaluation of the accumulated results of auditing procedures and whether they affect the assessment of risks of material misstatement due to fraud made earlier in the audit or indicate a previously unrecognized risk of material misstatement due to fraud. [AU-C sec. 240.34]
- the evaluation of misstatements, whether material or not, and whether they are indicative of fraud and whether management was involved. [AU-C sec. 240.34–.37]
- the nature of the communications about fraud made to management, and those charged with governance. [AU-C sec. 240.39–.41]
- the nature of the communications about fraud made to regulatory and enforcement authorities. [AU-C sec. 240.42]

Information Technology Considerations:

Did the auditor properly identify risks and controls associated with the role of IT (at both the plan sponsor and service organizations) and automated IT controls that are relevant to the audit?

[AU-C sec. 315A.01–.33; AAG-EBP 4.06–.07]

A135 _____

Consider the following examples of activities that may include controls (both manual and automated IT) that may be relevant to the audit. Refer to AAG-EBP 4.07 for more examples, as this list is not all-inclusive:

- Activities, including IT activities, within payroll and human resources or benefits (human resources information systems [HRISs]) that include information such as salary; hours worked; demographics (for example, sex and date of birth); and date of hire and termination
- Authorization and information processing for certain plan activities, such as eligibility and enrollment, employer and employee contributions, and payment of distributions
- Transmitting information between the plan sponsor’s systems and service organizations
- Monitoring information provided by service organizations and monitoring activities outsourced to service organizations

Examples of Controls are included in AAG-EBP, appendix B:

- Exhibit B-1 — Examples of Selected Controls for Employee Benefit Plans
- Exhibit B-2 — Examples of User Controls When a Service Organization is Utilized
- Exhibit B-3 — Examples of Controls Related to Health and Welfare Claims

Did the auditor evaluate the appropriateness of audit evidence obtained from IT Systems? [AU-C sec. 500.07–.08] This could include the following/consider:

A136 _____

- When information has been transformed from its original medium, considering the reliability of that information and controls over the information’s transformation and maintenance [AU-C sec. 500.A28]
- When information is electronically initiated, recorded, processed, or reported, considering the controls over the accuracy and completeness of that information [AU-C sec. 500.A29]

<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>	
<p>Did the auditor properly identify and document the linkage between further audit procedures (test of controls, substantive procedures, or both) and the IT risk assessment? [AU-C sec. 330.30–.33] This could include the following:</p>	A137	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

- The auditor documented the understanding of the entity and its environment [AU-C sec. 315A.33]
- The auditor, using a professional with specialized IT skills if necessary, determined the effect of IT on the audit, understood the IT controls, or designed and performed tests of IT controls or substantive procedures [AU-C sec. 300.A21]**

Note: All relevant IT audit procedures should be documented in the plan audit working papers. Where the plan auditor also performs the financial statement audit of the plan sponsor, consider whether plan audit documentation includes audit evidence (for example, copies of plan sponsor audit working papers) to support reliance on IT procedures performed during that audit (for example, working papers prepared during the plan sponsor audit to support procedures performed and conclusions reached), if applicable.

Service Auditor Reports: [AU-C sec. 330 and 402; AAG-EBP 4]

When using a type 2 SOC 1® report as audit evidence to support an understanding about the design and implementation of controls at the service organization, did the auditor [AU-C sec. 402.09–.12 and 402.14; AAG-EBP 4.14 and 4.26]

A138	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
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- obtain an understanding of how the user entity uses the services of the service organization in the user entity's operations?
- evaluate the design and implementation of relevant controls at the user entity that relate to the services provided by the service organization?
- determine whether a sufficient understanding of the nature and significance of the services provided by the service organization and their effect on the user entity's internal control relevant to the audit has been obtained to provide a basis for the identification and assessment of risks of material misstatement?
- evaluate whether the SOC 1 report is for a period that is appropriate for the user auditor's purposes?
- evaluate the sufficiency and appropriateness of the evidence provided by the report for the understanding of the user entity's internal control relevant to the audit?
- determine whether complementary user entity controls identified by the service organization are relevant in addressing the risks of material misstatement relating to the relevant assertions in the user entity's financial statements and, if so, obtain an understanding of whether the user entity has designed and implemented such controls?

When using a type 2 SOC 1 report as audit evidence that controls at the service organization are operating effectively, were procedures performed and documented to evaluate the sufficiency and appropriateness of the SOC 1 report to support the auditor's responses to assessed risks, including [AU-C sec. 330.10, 330.18, and 402.16-.18; AAG-EBP 4.27]	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<p>A139</p> <ul style="list-style-type: none"> • determining whether complementary user entity controls identified by the service organization are relevant in addressing the risks of material misstatement relating to the relevant assertions in the user entity's financial statements and, if so, obtaining an understanding of whether the user entity has designed and implemented such controls and, if so, testing their operating effectiveness? • designing and performing substantive procedures for all relevant assertions related to each material class of transactions, account balance, and disclosure? • applying the requirements of AU-C section 402, <i>Audit Considerations Relating to an Entity Using a Service Organization</i>, to the services provided by subservice organizations if these services are excluded (for example, carved out) from the report, and are relevant to the audit of the plan's financial statements? 	A139	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

II. AUDIT AREAS

Consideration of the Risk Assessment Standards: When evaluating a “no” answer to the following questions, consider if the error or omission was related to noncompliance with the risk assessment standards or improper testing procedures.

Ques. *N/A*¹¹ *Yes* *No*¹² *Ref.*

Other Audit Areas

If material, were appropriate procedures specified in the audit plan (generally, an audit program) for the following audit areas performed and documented for all relevant assertions in response to the assessed risk of material misstatement? [AU-C sec. 330.06–.33] See relevant assertions and example audit procedures to consider in the “Auditing Considerations” section in AAG-EBP chapters 5 and 7–8 for each respective plan type.

A201 _____

- Noninterest Bearing Cash [AAG-EBP 5.216–.219, 7.147–.151, and 8.182–.185]
- Other Receivables [AAG-EBP 5.251–.253, 7.169–.171, and 8.198–.200]
- Operating Assets [AAG-EBP 5.257–.258, 7.172–.174, and 8.204]
- Accrued Liabilities [AAG-EBP 5.259–.261, 7.175–.177, and 8.205–.207]

Participant Accounts and Allocations (see contributions for other participant data testing):

For defined contribution plans, did the auditor apply appropriate procedures related to individual participant accounts? Consider for example, items such as the nature of the individual plan, its relative provisions, and any reliance on a type 2 SOC 1 report:

A202 _____

- Allocation of income or loss, appreciation or depreciation in value of investments, administrative expenses, and forfeitures [AAG-EBP 5.214a]
- For plans with participant directed contributions, determining whether individual contributions are being credited to the proper participant accounts and to the investment medium selected by the participant, if applicable [AAG-EBP 5.214c–e]

For defined contribution plans, does the sum of the participant accounts reconcile with the total net assets available for plan benefits? [AAG-EBP 5.214f]

A203 _____

Related Party and Party in Interest Transactions:

Were specific procedures applied for related parties and parties in interest and related transactions, including the following? [AU-C sec. 550]

A204 _____

- sharing the identity of related parties and parties in interest and other relevant information among the engagement team? [AU-C sec. 550.19; AAG-EBP 2.135]
- obtaining sufficient appropriate audit evidence about whether related party relationships and parties in interest and related transactions have been appropriately identified, accounted for, and disclosed in the financial statements? [AU-C sec. 550.09b]

Did the auditor appropriately test the accuracy and completeness of material transactions with related parties and parties in interest to the plan? [AAG-EBP 2.136–.137]

A205 _____

¹¹ See footnote 9.

¹² See footnote 10.

Ques. **N/A** **Yes** **No** **Ref.**

If the auditor concluded that a party in interest transaction resulted in a prohibited transaction (for example, violation of laws and regulations), did the audit procedures adequately consider the effect on the financial statements, as well as other aspects of the audit? [AU-C sec. 703.23–.24; AAG-EBP 2.138–.146]

A206 _____

Investments and Investment Income (Including Interest-Bearing Cash) Subject to Non-Section 103(a)(3)(C) Audit Procedures:

Did the auditor perform and document adequate substantive audit procedures to test the following assertions relevant to investments and investment income? [AAG-EBP 11.128–.130]

A207 _____

- **Investments and investment transactions were initiated in accordance with established investment policies and comply with applicable plan provisions.**
- **All investments are recorded and exist.**
- **All investments are owned by the plan free of liens, pledges, and other security interests or, if not, whether the security interests are identified and properly disclosed.**
- **All investments are valued as of the plan’s year-end in accordance with the applicable financial reporting framework.**
- **Investment principal and income transactions (including net appreciation) are recorded and properly valued in accordance with the applicable financial reporting framework.**
- **Whether the plan has any intention of seeking to dispose of or terminate any investment agreements or contracts.**
- **Derivatives are properly recorded as assets or liabilities.**
- **Information about investments is properly presented and disclosed (which includes appropriate hierarchy leveling).**

Consider the following example audit procedures related to investments and investment income and refer to AAG-EBP 11.130 for more examples, as this list is not all-inclusive:

- *Obtaining and testing an analysis of changes in investments during the period*
- *Obtaining evidence regarding the existence and ownership of investments and information about any liens, pledges, or other security interests, either by direct confirmation from the trustee or custodian or by physical count (typically by confirmation with the trustee or custodian; obtaining a certification is not acceptable to confirm existence).*
- *Testing investment transactions by*
 - *determining proper authorization*
 - *examining documentation for the cost, selling price, quantity, identification, and dates of acquisition and disposal*
 - *comparing prices at which purchases and sales were recorded with published market prices and trade dates*
 - *recalculating net appreciation*
- *Testing investment income, which may include testing a sample of dividends and interest earned during the period; apply analytical procedures; or a combination of both.*
- *Testing the fair value of investments by reference to market quotations or other evidence of fair value, in accordance with AU-C sections 501A, Audit Evidence — Specific Considerations for Selected Items, or 540A, Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures, as applicable.*
- *Obtaining sufficient appropriate audit evidence about whether the disclosures in the financial statements related to accounting estimates are in accordance with the applicable financial reporting framework.*

Did the auditor perform and document additional substantive procedures, if applicable and necessary to respond to the risk assessment for material shares or units of the following types of investments or other investment activities:

A208 _____

Ques. N/A Yes No Ref.

- Registered Investment Companies (Mutual Funds) [AAG-EBP 11.135–.136]
- Common Collective Trusts (CCTs) [AAG-EBP 11.137–.138]
- Master Trust Arrangements [AAG-EBP 11.139–.142]
- Contracts with Insurance Companies [AAG-EBP 11.143–.147]
 - Separate or Pooled Separate Accounts (PSAs)
 - Deposit Administration (DA) & Immediate Participation Guarantee (IPG) Contracts
- Derivatives and Hedging Activities [AAG-EBP 11.148–.157]
- Securities Lending Arrangements [AAG-EBP 11.79–.83]
- Alternative Investments such as Limited Partnerships, Hedge Funds, Offshore Partnerships, Private Equity, or Venture Capital Funds [AAG-EBP 11.158–.163]

For investments and investment activities, consider the following audit procedures and refer to chapters 5, “Defined Contribution Retirement Plans,” and 11, “Investments,” in AAG-EBP for more examples and detailed considerations:

- *Reading contracts between the contract holder and the insurance company [AAG-EBP 11.144a]*
- *Determining whether contracts are fully benefit responsive for defined contribution plans [AAG-EBP 5.231a]*
- *Assessing the credit worthiness of the insurance company [AAG-EBP 11.144b]*
- *Directly confirming the existence and ownership of the contract, contributions, premium payments, income credits, and the fair value of the funds in the general account with the insurance company [AAG-EBP 11.144c]*
- *Evaluating whether the characteristics of the contract that restrict the use of assets requires disclosure in the financial statements of the plan such as termination clauses and other restrictions [AAG-EBP 11.144d]*
- *Confirming existence of derivatives with the counterparty [AAG-EBP 11.152]*
- *Reviewing the plan document and investment policies for a description of securities lending activities [AAG-EBP 11.164]*
- *Examining closing and other documents supporting the cost of the real estate alternative investments [AAG-EBP 11.162]*

Investments and Investment Income in an ERISA

Section 103(a)(3)(C) Audit:

When management elects to have an ERISA Section 103(a)(3) (C) audit and has instructed the auditor not to extend testing on investment information (plan level investments, income and purchases or sales) prepared and certified by a qualified institution, did the auditor fulfill its responsibilities for such investment information, including the following: [AU-C sec. 703; AAG-EBP 2.30–.34]

A209 _____

- **Evaluating management’s assessment of whether the entity issuing the certification is a qualified institution under DOL rules and regulations; [AU-C sec. 703.29; AAG-EBP 11.203]**
 - **concerns about whether the entity preparing and certifying the investment information is a qualified institution should be discussed with management and if sufficient information is not provided, the auditor should discuss such concerns with those charged with governance and determine implications on the audit [AU-C sec. 703.30]**
- **Identifying which investment information is certified [AU-C sec. 703.31; AAG-EBP 11.204]**
- **Performing procedures on the certified investment information including the following: [AU-C sec. 703.32; AAG-EBP 11.204]**
 - **Obtaining from management and reading the certification as it relates to investment information prepared and certified by a qualified institution**

Ques. N/A Yes No Ref.

- Comparing certified investment information with the related information presented and disclosed in the ERISA plan financial statements and ERISA-required supplemental schedules
- Reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of the applicable financial reporting framework
- Discussing with management and performing additional procedures to determine appropriate action if the auditor becomes aware that the certified investment information in the financial statements and related disclosures is incomplete, inaccurate, or otherwise unsatisfactory [AU-C sec. 703.33; AAG-EBP 11.210–11.213]
- Performing audit procedures on the financial statement information, including disclosures, not covered by the certification [AU-C sec. 703.34; AAG-EBP 11.214]

Consider example procedures in AAG-EBP 11.205 regarding the certification and when reading the certification as it relates to the certified investment information, the auditor may consider whether the certification and certified investment information

- are prepared and certified by a qualified institution;
- are on behalf of the plan’s trustee or custodian (as agent for), and if so, whether an appropriate legal arrangement (agency agreement) exists;
- certify as to the completeness and accuracy of the investment information provided;
- are signed by an authorized signer;
- include the title of the individual signing the certification;
- apply to and identify the plan and period under audit;
- are provided at the plan level rather than trust level when the plan is funded under a master trust arrangement or other similar vehicle;
- are consistent with the applicable financial reporting framework and are as of the plan year-end;
- include all investments held by the qualified institution; and
- includes any exclusions.

Contributions Received and Related Receivables (see A237–A243 for procedures related to multiemployer benefit plans):

For defined contribution plans, did the auditor perform and document sufficient procedures to test the following relevant assertions for employee and employer contributions received and receivable? [AAG-EBP 5.239]

A210 _____

- Amounts received or due have been appropriately determined, recorded and disclosed in the financial statements, in the proper period, in accordance with the plan’s provisions and applicable financial reporting framework.
- An appropriate allowance has been made for uncollectible plan contributions receivable. (Generally significant in a multiemployer benefit plan — see questions in the “Multiemployer Benefit Plans” section)
- Participant’s contributions are authorized and have been properly executed at the proper amount, in the proper period, and in accordance with the plan’s provisions and at the participant’s direction.
- All active participants (those contributing and eligible for employer contributions) have been properly included in the employee eligibility reports and contributions records.

Ques. N/A Yes No Ref.

- **Appropriate and accurate participant data, including payroll information, is being utilized in determining amounts contributed to the plan.**

For the preceding relevant assertions, consider the following example audit procedures for a sample of participants and refer to AAG-EBP 5.241–.243 for more examples, as this list is not all-inclusive:

- *Obtaining a list of employees to determine whether participants are appropriately included or excluded from the plan*
- *Agreeing demographic data maintained by the recordkeeper to personnel files or other supporting evidence maintained by the plan sponsor*
- *If the plan is contributory (including auto-enrollment, auto-escalation, and other features such as Roth contributions), reviewing the enrollment form or other evidence of enrollment and determining whether the participant authorized the deferral rate or amount*
- *Verifying that contributions were in accordance with plan provisions and participant elections if applicable, including the proper definitions of compensation, type of contribution, and automatic deferral rates*
- *Obtaining compensation or hours worked from the payroll records and recalculating contributions based on compensation or hours worked, including matching contributions based on amounts deferred by participants*
- *Testing that employer contributions are arithmetically correct and the contribution rate or formula specified in the plan document was used*
- *Determining whether contributions were recorded in the proper participant’s account and in the proper investment option selected by the participant*
- *Determining whether contributions were properly included in amounts remitted to the trustee or custodian*

For employer and employee contributions for *all types of plans*, did the auditor apply adequate procedures, as applicable? Consider whether procedures include the following:

A211 _____

- Reconciling contributions received from the trustee or custodian reports to the contributions per the plan sponsor’s payroll or other records and the contributions per the recordkeeper’s reports. [AAG-EBP 5.241b, 6.239b, 7.163d, and 8.196c, and 9.264c]
- Testing postings from the employer contribution reports to the participant, employee or employer records, and from participant records to contribution reports. [AAG-EBP 5.243j, 6.239i, 7.163b, 8.196b, and 9.264m]
- Reviewing criteria used by the plan in accruing employer and employee contributions receivable and determining that the accruals have been recorded in accordance with GAAP. [AAG-EBP 5.241i, 6.239j, 7.163e, 8.196f, and 9.264e]
- Evaluating the reasonableness of the plan’s allowance for estimated uncollectible amounts based on testing of collections subsequent to the date of the financial statements and reviewing the status of unpaid amounts. [AAG-EBP 5.241k, 6.239l, 7.163h, 8.196h, and 9.264g]
- Comparing the amount of employer contributions recorded in the plan’s records to the amount approved by those governing the plan, if the plan instrument or other agreement requires approval of the employer contribution. [AAG-EBP 5.241d, 6.239c, 7.163b, 8.196b, and 9.264h]

For defined contribution plans, did the auditor apply appropriate procedures, as applicable? Consider the following:

A212 _____

- Considering whether forfeited nonvested participant accounts, if any, have been properly applied to reduce employer contributions, plan expenses, or allocated to participants, if appropriate, under provisions of the plan [AAG-EBP 5.241g and 6.239h]

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<ul style="list-style-type: none"> Considering, if applicable, the results of the auditing procedures for participants' data (including any contributions for salary reduction plans, and employees, retirees, and Consolidated Omnibus Budget Reconciliation Act [COBRA] participants for health and welfare plans). [AAG-EBP 5.241e, 6.239f, and 8.196a] 					
<p>Late remittances — For plans that include employee contributions, did the auditor perform and document sufficient procedures performed to identify employee salary deferrals that were not deposited in accordance with DOL regulations (see EB406). [AAG-EBP 5.241l, 7.163j, 8.196i, and 9.264n]</p>	A213	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>For a defined benefit pension plan or a defined benefit health and welfare plan, did the auditor apply appropriate procedures? Consider the following:</p> <ul style="list-style-type: none"> Determining that employer contributions are consistent with the report of the plan's actuary, if applicable [AAG-EBP 7.163c] Reviewing the amount contributed and, if applicable, determining that it meets the requirements of the funding standard account [AAG-EBP 7.163c] Considering the results of the auditing procedures for participants' data and using the work of an actuary when examining the amount recorded as contributions in the plan's financial statements [AAG-EBP 7.163c] Reconciling contributions to Schedule SB (single employer) or MB (multiemployer) in the Form 5500 or with the records of the plan sponsors [AAG-EBP 7.163d] Determining that contributions are reflected in the proper period in accordance with GAAP [AAG-EBP 7.163e] 	A214	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Notes Receivable from Participants (Participant Loans):

For non-Section 103(a)(3)(C) audits:

<p>Did the auditor apply appropriate procedures to participant loans receivable? Consider the following:</p> <ul style="list-style-type: none"> Examining documentation supporting the issuance of the participant loan in accordance with the plan's provisions [AAG-EBP 5.235a] Directly confirming participant loan balances and terms with plan participants [AAG-EBP 5.235b] Testing that loan repayments and interest income are properly calculated and recorded [AAG-EBP 5.235c] Obtaining a roll forward of participant loans from the recordkeeper. Testing the reconciliation of loan activity from the roll forward to the trustee (custodian) statement, including new loan disbursements, loan principal payments, loans deemed distributed, and ending balance [AAG-EBP 5.235d] For a sample of individuals who qualified for a loan from the plan, determining that each loan was made in accordance with the plan's loan policy and has been properly segregated in the individual's account [AAG-EBP 5.235e] Reviewing financial statement classification to ascertain that participant loans are properly reported as notes receivable from participants, not as an investment, and that interest income is not recorded as investment income but as other income, if material [AAG-EBP 5.235f] 	A215	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
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Ques. N/A Yes No Ref.

Note: Consider whether delinquent loan repayments and loans in default are identified and reported in accordance with GAAP, if material.

- Determining that notes receivable are included on the Schedule of Assets (Held at End of Year) as an investment [AAG-EBP 5.235f]

For ERISA Section 103(a)(3)(C) audits:

Did the auditor apply appropriate procedures to participant loans receivable for compliance with the plan’s provisions and reporting, if applicable? [AAG-EBP 5.49 and 5.235–.236] Consider the following:

A216 _____

- For a sample of individuals who qualified for a loan from the plan, determining that each loan was made in accordance with the plan’s loan policy and has been properly segregated in the individual’s accounts and is not delinquent [AAG-EBP 5.235e]
- Reviewing financial statement classification to ascertain that participant loans are properly reported as notes receivable from participants, not as an investment, and that interest income is not recorded as investment income but as other income, if material [AAG-EBP 5.235f; FASB ASC 962-310-45-2]
- Determining that notes receivable are included on the Schedule of Assets (Held at End of Year) as an investment [AAG-EBP 5.235f]

Consider the following regarding participant loan receivables and refer to AAG-EBP 5.236 for more examples as this list is not all-inclusive:

- *The auditor is not required to audit notes receivable from participants when management elects to have an ERISA Section 103(a)(3)(C) audit and the notes receivable from participants have been certified by a qualified institution.*
- *The auditor may need to perform audit procedures to become satisfied that any received or disbursed amounts were determined in accordance with the plan’s provisions*

Participant Benefit Payments, Withdrawals, and Claims Payments:

Did the auditor perform and document sufficient procedures to test the following relevant assertions for benefit payments, withdrawals and claims payments? [AAG-EBP 5.262, 6.260, 7.179, and 8.210]

A217 _____

- Payments are in accordance with the plan provisions and related documents, including as applicable and material — benefit payments, claim payments, hardship withdrawals, in-service withdrawals, and qualified domestic relation orders (QDROs)
- Payments are made to or on behalf of persons entitled to them and only to such persons (that is, that payments are not being made to deceased beneficiaries or persons other than eligible participants and beneficiaries)
- Transactions are recorded in the proper account, amount, and period
- Payments are presented and disclosed in accordance with the applicable financial reporting framework

Ques. **N/A** **Yes** **No** **Ref.**

Consider the following related to participants receiving distributions, withdrawals or claims payments and refer to AAG-EBP 5.264, 6.262, 7.181, and 8.212-.214] for more examples, as this list is not all-inclusive:

- Examining the participant’s file for type and amount of distribution and propriety of required approvals, including tracing approval of the distribution to the board of trustees or administrative committee minutes, if applicable
- Evaluating each participant’s or beneficiary’s eligibility (that is, whether the payee meets the plan’s eligibility requirements and is fully vested)
- Recomputing benefits based on the plan instrument and related documents, option elected, vesting provisions, forfeitures, and pertinent service or salary history
- For a distribution in the form of an annuity, tracing or reconciling the amount to the schedule of insurance contracts to determine that the annuity contract has been properly calculated and is consistent with the terms of the contract
- For distributions received directly by participants, testing receipt of the benefit payment
- For plans that allow distributions to be rolled over to another qualified plan or an IRA, reviewing the plan document to determine that the rollover was made in accordance with plan provisions and in the name of the participant
- For defined contribution plans that have hardship withdrawals, determining that appropriate documentation is obtained
- For defined benefit plans (and certain defined contribution plans) for retirees or beneficiaries receiving recurring benefits determining that new retirees and beneficiaries were properly classified by the actuary as retired
- For defined benefit cash balance plans and pension equity plans reviewing the accumulation of participants’ hypothetical accounts, including interest credited, determining if the accumulation and interest rate is in accordance with the terms of the plan document
- For health and welfare benefit plans, applying adequate procedures by examining service provider statements or other evidence of service rendered and application of stop-loss reimbursements

Administrative Expenses:

Are administrative expenses in accordance with the plan document and service provider agreements, properly authorized, classified, and recorded in appropriate amounts and periods? [AAG-EBP 5.266a, 6.267a, 7.182a, and 8.220a]

A218 _____

Consider whether the auditor gained an understanding of the components of administrative expenses and, if material, then [AAG-EBP 5.266b-f, 6.267b-f, 7.182b-f, and 8.220b-f]

A219 _____

- review the terms of the plan instrument and the minutes to determine whether the expenses were properly authorized;
- perform analytical procedures for recurring types of expenses that are routinely paid out of the plan from year to year;
- analyze the account and examine supporting invoices, documents, and computations;
- when a contract administrator is employed, review and test the contract to determine whether the services contracted for were performed and that payments were in accordance with the terms of the contract;
- when expenses are allocated because they are not directly associated with a specific plan, review the allocation to determine that it was appropriate and that the method of allocation selected was approved by the board or committee; and
- determine that fees charged by trustees, investment advisers, and others are in accordance with the respective agreements.

Ques. N/A Yes No Ref.

Plan Obligations including Postretirement Obligations:

Were appropriate procedures performed to use the work of the actuary? (See A131, “Use of Management’s Specialist”)

A220 _____

Participant Census Data:

For defined benefit and health and welfare plans, did the auditor perform and document adequate substantive audit procedures to test the following assertion relevant to participant census data used by the actuary to compute accumulated plan benefits and other material benefit obligations (including postretirement obligations)? [AAG-EBP 7.186 and 8.229]

A221 _____

- **Participant census data is complete and accurate [AAG-EBP 7.186a and 8.229a]**

Consider the following audit procedures and refer to AAG-EBP 7.188e and 8.231e–f for more examples as this list is not all-inclusive:

- *Obtaining and reviewing reconciliation of aggregate census data*
- *Selecting a sample of participants from census data to determine that participants are eligible based upon provisions in the plan document and agreeing significant participant information with personnel files, and payroll information (if valuation inputs include compensation)*
- *Verifying proper inclusion of all eligible participants by agreeing totals to plan sponsor’s personnel and payroll records, or testing a sample of all potential participants for proper inclusion/exclusion*
- *Obtaining and reviewing rollforward of census data from one year to the next and determine whether changes are reasonable and consistent with other audit evidence*
- *Directly confirming aggregate participant data used in the actuarial valuation with the plan’s actuary*

For claims payable, claims incurred but not reported (IBNR), and premiums due to insurance entities in health and welfare benefit plans, did the auditor apply appropriate procedures? Consider the following:

A222 _____

- Claims information [AAG-EBP 8.224a]
- Claims IBNR [AAG-EBP 8.224b]
- Premiums paid to the insurance company were for the proper amount and any obligation for unpaid insurance premiums has been properly recorded [AAG-EBP 8.224c]
- Claims IBNR calculated by an actuary [AAG-EBP 8.225]
- Assets of more than one plan held in a 501(c)(9) voluntary employees’ beneficiary association trust [AAG-EBP 8.05–.07 and 8.163–.168]

For postretirement benefit obligations in health and welfare benefit plans, did the auditor apply appropriate procedures? (See the “Multiemployer Benefit Plans” section regarding accumulated eligibility credits.) Consider the following:

A223 _____

- Postretirement obligations information [AAG-EBP 8.228b]
- Postretirement obligations calculated by an actuary [AAG-EBP 8.231c]

ERISA-Required Supplementary Information:

Were appropriate procedures applied to accompanying ERISA-required supplementary information [AU-C sec. 703.77] and other supplementary information? [AU-C sec. 703.78–.79]

A224 _____

Commitments and Contingencies:

Does the audit documentation contain evidence that the auditor performed adequate procedures related to commitments and contingencies? Consider the following:

A225 _____

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<ul style="list-style-type: none"> • Reading minutes of relevant committees or boards [for financial statement periods ending before December 15, 2023, AU-C sec. 501A.16; for financial statement periods ending after December 15, 2023, AU-C sec. 501.17] • Reading contracts, loan agreements, leases, and correspondence from taxing and other governmental agencies, and similar documents [for financial statement periods ending before December 15, 2023, AU-C sec. 501A.16; for financial statement periods ending after December 15, 2023, AU-C sec. 501.17] • Inspecting other documents for contingent liabilities or possible guarantees [for financial statement periods ending before December 15, 2023, AU-C sec. 501A.16; for financial statement periods ending after December 15, 2023, AU-C sec. 501.17] 					
Have all material contingencies been properly considered, documented, and reported? [FASB ASC 450]	A226	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
403(b) Plans or Arrangements (additional procedures):					
Did the auditor perform procedures to determine whether the population is complete? [AAG-EBP 5.243a]	A227	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<i>Note: Consider regulatory guidance related to terminated participants with account balances in the plan, participant-directed transfers under Revenue Ruling 90-24, and inactive participant accounts with the current vendor(s) or prior vendor(s).</i>					
Did the auditor adequately test eligibility for the universal availability standard? [AAG-EBP 5.100]	A228	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<i>Note: Consider regulatory guidance related to certain employees that may be excluded from a 403(b) plan: Employees who will contribute \$200 or less annually; employees who participate in an eligible deferred compensation plan or another tax-sheltered annuity (401(k) or 457 plan); nonresident aliens; certain students and employees who work less than 20 hours per week.</i>					
Did the auditor apply appropriate procedures related to contributions? [AAG-EBP 5.241–.242] Consider the following:	A229	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • 5-year post-severance contributions • 15-year catch-up contributions 					
Are investments properly limited to annuity contracts or custodial accounts holding units of participation of regulated investment companies? [AAG-EBP 5.98]	A230	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Are participant loans made directly with the insurance company and not from the plan, not included in plan assets, and are these loans, and the collateral held by the plan, properly disclosed in the footnotes to the financial statements? [AAG-EBP 5.235]	A231	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Employee Stock Ownership Plans (ESOP):					
<i>Note: Questions A232–A236 address additional requirements for ESOPs which are defined contribution plans with specialized characteristics based upon certain regulatory requirements. The questions represent items necessary to evaluate an ESOP engagement, in addition to previous questions in this checklist. AAG-EBP chapter 6, “Employee Stock Ownership Plans,” provides accounting and auditing guidance for ESOPs.</i>					
Did the auditor perform and document sufficient procedures to test the following relevant assertions for Participant Accounts and Allocations, in a leveraged ESOP? [AAG-EBP 6.214]	A232	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Ques. N/A Yes No Ref.

- Allocation of net assets to individual participant accounts are determined in accordance with the plan document and ESOP loan agreement
- Assets, liabilities, additions and deductions have been properly presented as allocated to participant accounts or unallocated
- The total of allocated accounts, including forfeitures, and unallocated accounts are complete and properly valued
- Participant transactions (including participant elections for payment of distributions, diversification, and pass-through dividends) have been authorized and executed at the proper amount, in the proper period and in accordance with the plan document and participant's direction
- Dividends are properly allocated to participant accounts based on participant elections or the terms of the plan document, as applicable

Consider the following related to participant accounts in an ESOP and refer to AAG-EBP 6.216 for more examples, as this list is not all-inclusive:

- Testing the allocation of shares, contributions, income or loss (interest income, dividend income, and appreciation or depreciation in the fair value of investments), administrative expenses, and amounts forfeited for a sample of participants
- Based on the assessed level of control risk for completeness and accuracy relating to the transactions processed by the record keeper and what is covered by the type 2 SOC 1 report, selecting a sample of participant accounts to test the accuracy and proper documentation of transactions
- For leveraged ESOPs, testing the transfer of contributions allocated to participant accounts which are to be used for debt service
- Testing that the dividends were allocated in accordance with the plan document and participant elections, if applicable

Did the auditor perform and document sufficient procedures to test the following relevant assertions for investments in privately held employer stock, subject to non-Section 103(a)(3)(C) audit procedures? [AAG-EBP 6.229]

A233 _____

Note: Typically, an ESOP that holds non-publicly traded employer stock will be subject to a non-Section 103(a)(3)(C) audit (see A208). Refer to AAG-EBP 5.271 when performing an ERISA Section 103(a)(3)(C) audit (see A209).

- Investments are valued as of the plan's year-end in accordance with the applicable financial reporting framework
 - For non-publicly traded employer securities, see previous questions A131–A132 for use of a specialist, as applicable
- Dividends, including pass through dividends are recorded in accordance with the applicable financial reporting framework
- For leveraged ESOPs:
 - Shares of employer stock pledged as collateral are properly identified, recorded as unallocated and disclosed
 - Investment principal and income transactions are properly recorded as allocated or unallocated and properly valued in accordance with the applicable financial reporting framework
 - Information about investments is properly presented as allocated or unallocated and disclosed
 - Dividends receivable are recorded in the allocated column, except to the extent they are needed to pay accrued interest

Ques. N/A Yes No Ref.

Consider the following and refer to AAG-EBP 6.231 for more examples, as this list is not all-inclusive:

- *Inquiring whether the ESOP's trustee, administrative committee, or other ESOP fiduciaries have a process for the review of the fair value, including review and approval of the valuation of the employer securities*
- *Obtaining and testing an analysis of changes in employer securities during the period.*
- *Obtaining evidence regarding the existence and ownership of employer securities by direct confirmation from the trustee or custodian, by inspection of stock registers and physical count of stock certificates or other appropriate procedures.*
- *Testing employer stock transactions and income by determining proper authorization, examining supporting documentation for cost, selling price, quantity and date of acquisition of sale or disposal*

Did the auditor perform and document sufficient procedures to test the following relevant assertions for ESOP contributions?

[AAG-EBP 6.237]

A234 _____

- **Contributions have been properly classified as either allocated or unallocated. When the employer guarantees the ESOP's debt or has committed to make contributions or to pay dividends sufficient to amortize the ESOP debt, the employer's guarantee or commitment is properly disclosed in the notes to the financial statements.**
- **Contributions are properly authorized and determined in accordance with the deduction limits of the IRC and in accordance with the terms of the plan and debt agreements.**
- **All active participants (participants who are eligible for the employer contribution) have been properly included in the employee eligibility reports and contribution records.**

Consider the following and refer to AAG-EBP 6.239 for more examples, as this list is not all-inclusive:

- *Determining whether contributions are in accordance with the plan document, IRC limits, ESOP loan agreements or other contractual agreements, as applicable*
- *Obtaining and reviewing a three-way reconciliation of total contributions from the trustee or custodian reports*
- *Comparing the amount of employer contributions in excess of amounts needed for debt service as recorded in the ESOP's records with the amount approved by the board of directors of the employer if the plan document requires that the board of directors determines or approves the employer contributions*
- *Evaluating the reasonableness of the plan's allowance for estimated uncollectible amounts based on testing of collections subsequent to the date of the financial statements and reviewing the status of unpaid amounts*

Did the auditor perform and document sufficient procedures to test the following relevant assertions for notes payable and interest expense, in a leveraged ESOP? [AAG-EBP 6.248]

A235 _____

- **Notes payable exist and are valid obligations of the plan. To be a valid obligation of the plan, the nonexempt transaction provisions must be satisfied. See paragraph A-38 of AAG-EBP chapter 6 appendix.**
- **Notes payable are in accordance with the plan document and debt agreements and properly classified and disclosed as unallocated in accordance with the applicable financial reporting framework.**
- **Debt service, accrued interest and interest expense transactions are properly authorized, recorded in the appropriate account (unallocated column) and amounts and in the proper period.**
- **Shares are properly released to eligible participants in accordance with the ESOP debt agreements (for example, principal versus principal and interest method).**
- **Notes payable are properly presented and disclosed in the financial statements including fair value disclosures, if applicable.**

Ques. N/A Yes No Ref.

Consider the following and refer to AAG-EBP 6.250 for more examples, as this list is not all-inclusive:

- Obtaining an analysis of notes payable for the year and testing the loan activity including new loans, loan principal repayments and ending balance
- Agreeing the terms and other details of the notes payable with the underlying documents
- Confirming balances payable with third party creditors
- Recalculating the amount of interest expense recorded by the plan and agreeing to the interest rate stated in the debt agreement
- Reviewing notes payable for indications of guarantees and determining the nature of the guarantees and relationships, if any, of the guarantors to the plan

Did the auditor perform and document sufficient procedures to test the following relevant assertions for ESOP distributions? [AAG-EBP 6.260]

A236 _____

- Payments are made in accordance with the plan provisions and related documents for benefit payments, hardship withdrawals, in-service withdrawals (specifically pass through dividends and diversification), and qualified domestic relation orders (QDROs)
- Payments are made to or on behalf of persons entitled to them and only to such persons (that is, that payments are not being made to deceased beneficiaries or persons other than eligible participants and beneficiaries)
- Terms of the put option, if applicable, are applied and properly presented and disclosed
- Transactions have been authorized, recorded in the proper account, amount and period in accordance with the plan document and participant’s direction
- The payments are presented and disclosed in accordance with the applicable financial reporting framework

Consider the following and refer to AAG-EBP 6.262 for more examples, as this list is not all-inclusive:

- Determining that the distribution or withdrawal was authorized, whether through the participant’s withdrawal election form or a plan-initiated distribution event
- Recomputing benefit payments based on the plan provisions and related documents, option elected, age, and pertinent service history

Multiemployer Benefit Plans:

Note: Questions A237–A243 address additional requirements for multiemployer plans which can be either defined benefit, defined contribution, health and welfare or apprenticeship plans. In addition to the previous questions in this checklist, the following questions represent items necessary to evaluate a multiemployer engagement subject to a non-Section 103(a)(3)(C) audit. (AAG-EBP chapters 5, 7, “Defined Benefit Pension Plans,” and 8, “Health and Welfare Benefit Plans,” provide accounting and auditing guidance for single employer plans that would also apply to multiemployer plans).

For multiemployer plans, did the auditor apply adequate procedures for employee and employer contributions? Consider the following:

A237 _____

- Obtaining a list of participating employers and testing its completeness by examining appropriate plan records (for example, a record of contributing employers and delinquency records could be obtained from the plan administrator) [AAG-EBP 9.264b]
- Obtaining a schedule of contributions received or receivable by funding date and relating the contributions to the listing of participating employers for completeness [AAG-EBP 9.264c]

- | | <u>Ques.</u> | <u>N/A</u> | <u>Yes</u> | <u>No</u> | <u>Ref.</u> |
|--|--------------|--------------------------|--------------------------|--------------------------|-------------|
| <ul style="list-style-type: none"> • Testing contribution reports to see that the reports are arithmetically correct and that the contribution rate specified in the plan instrument, if applicable, was used [AAG-EBP 9.264<i>h-i</i>] • Directly confirming the amounts received and receivable with participating employers [AAG-EBP 9.264<i>j</i>] | | | | | |
| <p>Did the auditor perform and document sufficient procedures to test the relevant assertions for participant accounts and allocations in a multiemployer DC plan? [AAG-EBP 9.243–.244]</p> | A238 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | _____ |

- Allocation of net assets to individual participant accounts are determined in accordance with the plan document.
- The total of allocated accounts, including forfeitures, are complete and properly valued
- Participant transactions (including participant elections for payment of distributions, have been authorized and executed at the proper amount, in the proper period and in accordance with the plan document and participant's direction

Consider AAG-EBP 5.211–.214 for example audit procedures to address the preceding relevant assertions.

- | | | | | | |
|---|------|--------------------------|--------------------------|--------------------------|-------|
| <p>Did the auditor perform and document sufficient procedures to test the following relevant assertions for cash balances? [AAG-EBP 9.245–.248]</p> | A239 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | _____ |
|---|------|--------------------------|--------------------------|--------------------------|-------|

- All cash balances are recorded and exist.
- Cash balances are owned by the plan and free of any restrictions.
- Cash balances are properly presented and disclosed in the financial statements (for example, presented as an investment or non-interest-bearing cash, disclosure of amounts in excess of federally insured limits for multiemployer health and welfare plans.

Consider AAG-EBP 9.248 for example audit procedures to address the preceding relevant assertions.

- | | | | | | |
|--|------|--------------------------|--------------------------|--------------------------|-------|
| <p>Did the auditor perform and document sufficient additional procedures to test the following relevant assertions for investments in a multiemployer plan (see AAG-EBP chapter 11 for other potentially relevant assertions)? [AAG-EBP 9.251]</p> | A240 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | _____ |
|--|------|--------------------------|--------------------------|--------------------------|-------|

- Assets owned by the multiemployer plan which are considered dual-purpose assets (see AAG-EBP 9.74 for a definition of dual-purpose assets) are appropriately classified as either an operating asset or as an asset held for investment purposes based on management's intent at the time of the purchase.
- Investments in a business entity are properly recorded at fair value including investments held in a separate legal entity.

Consider example audit procedures to address the preceding relevant assertions for DC, DB, and H&W plans in AAG-EBP 5.222–.232, 7.152–.160, and 8.188–.193, respectively. For real estate or operating entities and securities lending, refer to AAG-EBP 11.162 and 11.164.

- | | | | | | |
|--|------|--------------------------|--------------------------|--------------------------|-------|
| <p>Did the auditor perform and document sufficient procedures related to payroll compliance audits? [AAG-EBP 9.259]</p> | A241 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | _____ |
|--|------|--------------------------|--------------------------|--------------------------|-------|

Consider the following and refer to AAG-EBP 9.223–.242 for more examples, as this list is not all-inclusive:

- *Consider the adequacy of the payroll compliance audit function*
 - *the work of the payroll compliance audit function was properly planned, performed, supervised, reviewed, and documented;*
 - *sufficient appropriate evidence was obtained to enable the payroll compliance audit function to draw reasonable conclusions; and*
 - *conclusions reached are appropriate in the circumstances, and the reports prepared by the payroll audit compliance function are consistent with the results of the work performed.*

Ques. N/A Yes No Ref.

- *When designing audit procedures on the body of work of the payroll compliance audit function determining whether the payroll compliance auditor has selected a representative group of participating employers to be tested each year as part of the payroll compliance audit.*
- *Determining whether sufficient testing has been performed for the current period under audit and the sufficiency of audit evidence for plan's audit period if there is any lag between the period the audit covers and the period the payroll compliance testing performed covers.*
- *Evaluating the adequacy of the payroll compliance audit function*
 - *the amount of judgment involved in planning and performing relevant audit procedures and evaluating the audit evidence obtained;*
 - *the assessed risk of material misstatement;*
 - *the extent to which the payroll compliance audit function's organizational status and relevant policies and procedures support the objectivity of the payroll compliance auditors; and*
 - *the level of competence of the payroll compliance audit function.*
- *Reperforming some of the body of work of the payroll compliance audit function that the plan auditor intends to use in obtaining audit evidence.*
 - *Review the summary of payroll audits selected and completed in the year being audited and compare the findings in the completed audits to the findings in previous years.*
 - *Judgmentally select a sample of payroll compliance audits and request the plan administrator to obtain copies of the payroll compliance auditor's workpapers.*
- *Based upon a review of the workpapers from the payroll compliance audits, consider whether the workpapers*
 - *demonstrate an understanding of the CBA and plan documents, including understanding the collection policy established by the plan.*
 - *demonstrate an understanding of the industry and the participating employer.*
 - *document the payroll compliance auditor's thought process in conducting the payroll audit.*
 - *demonstrate that the participating employer provided all requested records.*
 - *show an understanding of how the participating employer's payroll system operates.*
 - *identify covered and non-covered employees.*
 - *demonstrate that the procedures are designed to identify errors or deficiencies.*
 - *conclude on the adequacy of the employer's payroll records and on the remittance reports submitted.*
- *Select a sample of items already examined by the payroll compliance audit function or sufficient other similar items not actually examined by the payroll compliance function and examine them to validate the conclusions reached by the payroll compliance audit function.*

Did the auditor perform and document sufficient procedures to test the following relevant assertions for multiemployer contributions?
[AAG-EBP 9.259]

A242 _____

- Amounts received or due to the plan have been appropriately determined, recorded, and disclosed in the financial statements in the proper period, in accordance with the plan's provisions, the CBA, ERISA funding requirements (for multiemployer DB plans), IRS regulations, and the applicable financial reporting framework.
- An appropriate allowance has been made for uncollectible plan contributions receivable and amounts due from delinquent or withdrawing participating employers in accordance with the applicable financial reporting framework.
- All participating employers that have entered into a CBA or participation agreement with the plan have been identified.
- Amounts received or due to the plan include all required contributions from the participating employer pursuant to the definition of covered work provided by the CBA.
- Amounts are accurately recorded to the correct participant's account.
- Participant contributions, if applicable, are authorized and have been executed at the proper amount, in the proper period, and in accordance with the plan's provisions, and at the participant's direction.

Ques. N/A Yes No Ref.

- All participants and beneficiaries have been properly included in the eligibility reports, contribution records, and participant census data.
- Complete and accurate participant census data, including payroll and work history information, is being used in determining amounts contributed to the plan as well as amounts due from the participating employers as a result of findings from payroll compliance audits.

Consider example procedures to address the preceding relevant assertions related to contributions in AAG-EBP 9.264.

Did the auditor perform and document sufficient procedures to test the following relevant assertions for multiemployer obligations for accumulated eligibility credits and postemployment benefits?

[AAG-EBP 9.314]

A243 _____

- Participant census data used in the computed obligations is complete and accurate.
- Obligations for accumulated eligibility credits and postemployment benefits and amounts for changes in those obligations are appropriately determined, presented, and disclosed in the financial statements in accordance with the applicable financial reporting framework.

Consider example audit procedures to test the preceding relevant assertions related to accumulated eligibility credits and postemployment benefits as described in AAG-EBP 9.316.

Plan Transfers (Mergers, Spin-Offs, Other Transfers) and Terminations:

If the plan has undergone a transfer such as a merger, spin-off, or other transfer, did the auditor obtain an understanding of the transaction and test the following relevant assertions, as applicable to the type of plan? [AAG-EBP 5.270–.274, 6.268–.271, 7.193, 7.197, 8.235, 8.241, and 9.322]

A244 _____

- Plan transfers are recorded in accordance with plan provisions and other legal documentation and in the proper period.
- Assets, liabilities, and total accumulated benefits of individual participant accounts transferred between plans are complete and accurate.
- Plan transfers are fairly presented in the financial statements and properly disclosed.
- Amounts owed to and from plans are properly calculated and recorded in the proper period.

If the plan is terminating (termination must be imminent) or frozen, did the auditor test the following relevant assertions, as applicable to the type of plan? [See question EB408 and AAG-EBP 5.275–.277, 6.269–.274, 7.197–.200, 8.236–.238, and 9.323]

A245 _____

- Plan terminations are recorded in accordance with plan provisions and other legal or regulatory documents.
- Plan terminations are fairly presented in the financial statements in accordance with the applicable financial reporting framework, and all necessary disclosures are made and in the proper period.
- Participants are properly vested when a plan is terminated or if there is a partial plan termination, or for Health & Welfare plans, the participant’s claims have been properly accounted for (for example, only claims that are incurred prior to the termination date are included if that is what is provided for in the plan provisions).

Ques. N/A Yes No Ref.

If there is a change in service providers (trustee or custodian, recordkeeper, actuary, payroll), did the auditor test the following relevant assertions as applicable to the type of plan? [AAG-EBP 5.278–.280, 6.275–.277, 7.201–.203, 8.239 and 9.324]

A246 _____

- **Investment balances, other assets and liabilities, payroll information, and participant data transferred between service providers is complete and accurate**
- **Amounts owed to or from service providers are properly calculated and recorded in the proper period**

Consider the following and refer to applicable chapters 5–9 of AAG-EBP for more examples based on the type of plan that is terminating (this list is not all-inclusive):

- *Evaluating (by review of supporting documentation and discussion with plan management) whether there was proper authorization for the change in service provider*
- *Testing transaction processing for predecessor and successor service providers during the year to determine that transactions were processed in accordance with the terms of the plan at both service providers*
- *For change in trustee or custodian, obtaining and testing the reconciliation of*
 - *net assets per the trustee(s) or custodian(s) records to the total participant balances per the recordkeeper immediately prior and subsequent to the change in trustee(s) or custodian(s)*
 - *net assets transferred between the trustee(s) or custodian(s)*
- *For change in recordkeeper, obtaining and testing the reconciliation of*
 - *individual participant accounts (including the total of the participant accounts) transferred between the recordkeepers*
- *For change in payroll service provider, obtaining and testing the reconciliation of*
 - *payroll information transferred between service providers*

Other Considerations:

Did the auditor obtain and read the draft Form 5500 to identify material inconsistencies, if any, prior to dating the auditor’s report? [AU-C 703.47–.48; AAG-EBP 13.04–.23]

A247 _____

Did the auditor apply procedures applicable to other significant audit areas? Consider the following:

A248 _____

- Plan provision comparisons to the plan instrument and changes in provisions by the IRC in effect as of the plan year-end [AU-C sec. 703.18–.20; AAG-EBP 12.30]
- Inquiring of the plan management about the performance and results of required compliance testing for the specific type of plan and if the plan has failed the testing that appropriate corrective action has been taken. [AU-C sec. 703.21; AAG-EBP 12.30–.33]

For an initial audit, including a reaudit, of a plan’s financial statements, did the working papers provide documentation supporting the performance of the following audit procedures on the beginning balance of net assets available for benefits, and if applicable the participant accounts comprising the beginning balance? [AU-C sec. 510.06–.08]

A249 _____

- **Read the most recent financial statements and the predecessor auditor’s report, if any, for information relevant to beginning net assets and the consistency in application of accounting policies; evaluate the effect of a modification to the predecessor’s opinion**
- **Inquiries of the predecessor (if any) to provide information to assist in performing the engagement**

Ques. N/A Yes No Ref.

- **Obtain sufficient appropriate audit evidence about whether the opening balances contain misstatements that affect the current period's financial statements and accounting policies reflected in the beginning balance have been consistently applied in the current year**

Consider the following related to completeness and accuracy of plan participant data, prior year records, and opening balances and refer to AAG-EBP 2.165–.170 for more examples, as this list is not all-inclusive:

- *Contributions and eligibility*
- *The amounts and types of benefits*
- *The eligibility for benefits*
- *Participant account balances, if applicable*
- *Census data maintained by the actuary, if applicable*

III. GENERAL AUDIT PROCEDURES

	<u>Ques.</u>	<u>N/A</u> ¹³	<u>Yes</u>	<u>No</u> ¹⁴	<u>Ref.</u>
Audit Sampling (judgmental or statistical):					
Did the auditor consider and document the following, with regard to audit sampling?	A301	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Did the auditor document the purpose of the audit procedure and consider the characteristics of the population from which the sample would be drawn, when designing the audit sample for testing an account balance or for attribute testing? [AU-C sec. 530.06] <i>Note: If the purpose of the procedure is to test a balance in the financial statements, consider whether the auditor designed a sample that included all individually significant items, the untested population is below planning materiality in the aggregate and whether the stratification of the population was necessary.</i> • Did the auditor determine the sample size sufficient to reduce sampling risk to an acceptably low level and sufficiently document the sampling plan used and rational for the sample size? [AU-C sec. 530.07] • Did the auditor select items for the sample in such a way that the auditor can reasonably expect the sample to be representative of the relevant population and likely to provide the auditor with a reasonable basis for conclusions about the population? [AU-C sec. 530.08] • If the auditor was unable to apply the designed audit procedures, or suitable alternative procedures to a selected item, was the item treated as a deviation from the prescribed control (in the case of tests of controls) or a misstatement (in the case of tests of details)? [AU-C sec. 530.11] • Did the auditor project the results of audit sampling to the population? [AU-C sec. 530.13] • Did the auditor evaluate the results of the sample, including sampling risk, and whether the use of audit sampling has provided a reasonable basis for conclusions about the population that has been tested? [AU-C sec. 530.14] 					
Analytical Procedures:					
If the auditor used analytical procedures as substantive procedures, did the auditor properly consider professional guidelines regarding such procedures? [AU-C sec. 520] Did the auditor	A302	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • determine the suitability of particular substantive analytical procedures for given assertions, taking into account the assessed risks of material misstatement and test of details for these assertions? [AU-C sec. 520.05a] • evaluate the reliability of data from which the auditor's expectation of recorded amounts or ratios is developed? [AU-C sec. 520.05b] • develop an expectation of recorded amounts or ratios and evaluate whether the expectation is sufficiently precise to identify a misstatement that, individually or when aggregated with other misstatements, may cause the financial statements to be materially misstated? [AU-C sec. 520.05c] • determine the amount of any difference of recorded amounts from expected values that is acceptable without further investigation and compare the recorded amounts with expectations? [AU-C sec. 520.05d] 					

¹³ See footnote 9.¹⁴ See footnote 10.

Ques. N/A Yes No Ref.

- investigate differences, when the auditor identifies fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount, by [AU-C sec. 520.07]
 - inquiring of management and obtaining appropriate audit evidence relevant to management’s responses and
 - performing other audit procedures, as necessary?
- document the following? [AU-C sec. 520.08]
 - The expectation of recorded amounts or ratios and the factors considered in its development when not readily determinable from the audit documentation
 - The results of comparison of recorded amounts to expectations
 - Additional auditing procedures performed relating to the investigation of fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by a significant amount and the results of such additional procedures

Material Accounting Estimates: [AAG-EBP 2.152–.153]

Did the auditor properly consider and document the procedures applied to material accounting estimates, when applicable? Consider the following:

A303 _____

- The auditor should obtain an understanding of the following in order to provide a basis for the identification of the risks of material misstatement for accounting estimates: [for financial reporting periods ending before December 15, 2023, AU-C sec. 540A.08; for financial periods ending after December 15, 2023, AU-C sec. 540.12]
 - The transactions, events, and conditions that may give rise to the need for accounting estimates to be recognized or disclosed in the financial statements
 - The requirements of the applicable financial reporting framework relevant to accounting estimates, including recognition criteria, measurement bases, and the related presentation and disclosure requirements
 - Regulatory factors relevant to accounting estimates including regulatory frameworks
 - The nature of estimates and related disclosures expected to be included in the entity’s financial statements
- The auditor should review the outcome of previous accounting estimates or, when applicable, their subsequent re-estimation to assist in identifying and assessing risk of material misstatement in the current period. [AU-C sec. 540A.13]
- In responding to the assessed risks of material misstatement, the auditor should include one or more of the following: [AU-C sec. 540A.17]
 - obtain audit evidence from events occurring up to the date of the auditor’s report;
 - test how management made the accounting estimate and the data on which it is based; and
 - develop an auditor’s point estimate or range.
- If, in the auditor’s judgment based on the audit evidence obtained, management has not taken appropriate steps to understand or address estimation uncertainty, the auditor should: [AU-C sec. 540A.26]

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<ul style="list-style-type: none"> — request management to perform additional procedures to understand estimation uncertainty or address it by reconsidering the selection of management’s point estimate or considering providing additional disclosures relating to the estimation uncertainty, and evaluate management’s responses; — if the auditor determines that management’s response to the auditor’s request does not sufficiently address estimation uncertainty, develop an auditor’s point estimate or range; and — evaluate whether a deficiency in internal exists and, if so, communication in compliance with relevant professional standards. 					
Procedures for an ERISA Section 103(a)(3)(C) Audit					
Did the auditor evaluate management’s assessment of whether the entity issuing the certification is a qualified institution under DOL rules and regulations? [AU-C 703.29; AAG-EBP 11.203]	A304	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Did the auditor identify which investment information is certified and perform the following on certified investment information? [AAG-EBP 11.204–.210]	A305	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Obtain from management and read the certification • Compare the certified investment information with the related information presented and disclosed in the plan financial statements and supplemental schedules • Read and evaluate the disclosures for appropriate presentation and disclosure 					
If the certified investment information in the financial statements and related disclosures is incomplete, inaccurate, or otherwise unsatisfactory, did the auditor discuss the matter with management and perform additional procedures? [AAG-EBP 11.211]	A306	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Were appropriate audit procedures performed on the financial statement information, including the disclosures, not covered by the certification? [AU-C 703.34–.35; AAG-EBP 11.214]	A307	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Written Representations: [AAG-EBP 13.31–.40]					
Did the auditor obtain written representations from management with appropriate responsibility for the financial statements and knowledge of the matters concerned? [AU-C sec. 580] In addition to standard representations, consider the following:	A308	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • The representation letter was properly dated and covered all periods referred to in the auditor’s report. [AU-C sec. 580.20, 580.A23**, and 700.A56**] • If the auditor determines that it is necessary to obtain one or more written representations to support other audit evidence relevant to the financial statements or more specific assertions in the financial statements, the auditor should request such other representations. [AU-C sec. 580.19] 					
In addition, did the representation letter include, as applicable, representations regarding [AAG-EBP 13.37 and 13.40; AU-C sec. 703.36a–b and 725.07g]	A309	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • management has provided the most current plan instrument, including all plan amendments? 					

Ques. N/A Yes No Ref.

- acknowledgement of its responsibility for administering the plan and determining that the plan’s transactions that are presented and disclosed are in conformity with the plan’s provisions, including maintaining sufficient records with respect to each of the participants to determine the benefits due or which may become due to such participants?
- when substantial doubt exists about the entity’s ability to continue as a going concern, (a) a description of management’s plans to mitigate the adverse effects or conditions and (b) that the financial statements disclose all matters of which management is aware and relevant?
- whether the possibility exists that the value of specific significant long-lived assets may be impaired?
- whether the plan or plan sponsor has not utilized the services of a lawyer?
- whether the work of a specialist has been used by the plan?
- whether receivables have been recorded in the financial statements and the adequacy of allowances?
- whether plan management has apprised the auditor of all communications, whether oral or written, with regulatory agencies concerning the operation of the plan?
- whether management’s intention is not to terminate benefit-responsive investment contracts?
- the impact of new accounting standards?
- management’s responsibility for the presentation of the supplementary information?
- amendments made to the plan instrument, trust agreement, or insurance contracts during the year, including amendments to comply with applicable laws?
- whether the methods and significant assumptions used result in a measure of fair value appropriate for financial measurement and disclosure purposes?
- whether all required filings with the appropriate agencies have been made?
- whether the plan (and the trust established under the plan) is qualified under the appropriate IRC section and intends to continue as a qualified plan (and trust)?
- whether the plan has complied with the fidelity bonding requirements of the ERISA?
- whether the plan has complied with the DOL’s regulations concerning the timely remittance of participants’ contributions to trusts containing assets for the plan?
- whether plan management has obtained and reviewed a SOC 1 report (if available) and are performing the applicable user controls?

In addition to the items in A309 above, for ERISA Section 103(a)(3)(C) audits, did the representation letter include representations regarding [AU-C 703.36c and 703.131c; AAG-EBP 13.38–39]

A310 _____

- an ERISA section 103(a)(3)(C) audit is permissible under the circumstances,
- the investment information is prepared and certified by a qualified institution under 29 CFR 2520.103-8,
- the certification meets the requirements of CFR 2520.103-5, and
- the certified investment information is appropriately measured, presented, and disclosed?

If a representation made by management is contradicted by other audit evidence, did the auditor investigate the circumstances and consider the reliability of the representation made? [AAG-EBP 13.35–36]

A311 _____

Ques. N/A Yes No Ref.

Compliance With Laws and Regulations: [AAG-EBP 2.138–.151, 12.04–.05, 12.30]

If the auditor's procedures disclosed instances or indications of noncompliance with laws and regulations including prohibited party-in-interest transactions (for example, delinquent participant contributions), did the auditor apply procedures and evaluate the results of those procedures in accordance with professional standards? [AU-C sec. 250] Consider the requirements for the auditor to

A312 _____

- follow up in accordance with professional standards. [AU-C sec. 250.17–.20]
- report the noncompliance with laws and regulations to those charged with governance in accordance with professional standards. [AU-C sec. 250.21–.23]
- document a description of the identified or suspected noncompliance with laws and regulations and the results of discussions with management and, when applicable, those charged with governance and other parties inside or outside the entity. [AU-C sec. 250.28]

Going Concern Considerations: [AAG-EBP 2.154–.156, 14.104–.105]

Did the auditor perform and document procedures (including consideration of mitigating factors) to obtain sufficient appropriate audit evidence, evaluating in the aggregate, any conditions or events identified to determine whether such conditions or events, in the aggregate raised substantial doubt about the plan sponsor's ability to continue as a going concern for a reasonable period of time that impacted the plan's ability to do the same? [AU-C sec. 570.16]

A313 _____

Subsequent Events: [AAG-EBP 13.29]

Did the auditor document his or her review of subsequent events and apply appropriate professional guidance with respect to events occurring subsequent to the date of the audit report? [AU-C sec. 560] Consider the following:

A314 _____

- The auditor considered appropriate procedures regarding events subsequent to the balance sheet date, through the date of the auditor's report. [AU-C sec. 560.09–.10]
- The auditor gave appropriate consideration to additional evidence that became available prior to the issuance of the financial statements. [AU-C sec. 560.12–.14]
- If the auditor became aware, subsequent to the report date, of information that may have existed at the report date and that might have affected the audit report on the financial statements had the auditor been aware of such information at the time, the auditor considered the guidance in professional standards in determining an appropriate course of action and the matter appears to have been properly resolved. [AU-C sec. 560.15–.18]
- If there is an indication that the auditor concluded that one or more auditing procedures considered necessary at the time of the audit of the financial statements in the circumstances were omitted from the audit, the auditor considered the guidance in professional standards in determining an appropriate course of action and the matter appears to have been properly resolved. [AU-C sec. 585]

Communication of Internal Control Related Matters: [AAG-EBP 13.65–.69]

Did the auditor report matters relating to the internal control to management and those charged with governance? [AU-C sec. 265] In addition to the general requirements, consider whether

A315 _____

Ques. N/A Yes No Ref.

- they were communicated in writing to management and those charged with governance within 60 days following the audit report release date, if control deficiencies were determined to be significant deficiencies or material weaknesses. [AU-C sec. 265.11–.13]
Note: See question A318; instances identified by the auditor in which the plan is not operating in accordance with the plan’s provisions may be indicative of a deficiency in internal control at the plan. [AU-C sec. 703.A44–.A45; AAG-EBP 13.69]**
- the auditor complied with the requirement not to issue a written report stating that no significant deficiencies were identified during an audit. [AU-C sec. 265.16]

Did the written communication regarding significant deficiencies and material weaknesses include or state the following? [AU-C sec. 265.14] A316 _____

- The purpose of the audit was to express an opinion on the financial statements, but not to express an opinion on the effectiveness of the entity’s internal control over financial reporting.
- The auditor is not expressing an opinion on the effectiveness of internal control.
- The definition of the terms *material weakness* and, when relevant, *significant deficiency*.
- An explanation of potential effects of any significant deficiencies or material weaknesses.
- An appropriate alert restricting the use of the communication.

Communications With Those Charged With Governance:
[AAG-EBP 2.48–.56 and 13.41–.64]

Did the auditor substantively meet the professional standards regarding auditor communications with those charged with governance? In addition to the general requirements, consider the following: A317 _____

- Communicate, in a timely manner, and in writing, the significant audit findings when, in the auditor’s judgment, oral communication would not be adequate; include in the written communication that it is intended solely for the information and use of those charged with governance and management and is not intended to be, and should not be, used by anyone other than these specified parties. [AU-C sec. 260.16–.17]
- Consider whether the two-way communication between the auditor and those charged with governance was adequate, and if not, evaluate the effect, if any, on the auditor’s assessment of the risks of material misstatement and ability to obtain sufficient appropriate audit evidence and to take appropriate action. [AU-C sec. 260.19]
- Document whether the information was communicated and, if the communication was oral, include when and to whom it was communicated. [AU-C sec. 260.20]

If audit work performed resulted in the identification of items that are not in accordance with specified criteria, such as plan provisions, did the auditor evaluate whether the matters are reportable findings, which include one or more of the following: [AU-C sec. 703.25; AAG-EBP 13.41–.42] A318 _____

- An identified instance of noncompliance or suspected noncompliance with laws or regulations in accordance with AU-C section 250, *Consideration of Laws and Regulations in an Audit of Financial Statements*

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<ul style="list-style-type: none"> • A finding arising from the audit that is, in the auditor’s professional judgment, significant and relevant to those charged with governance regarding their responsibility to oversee the financial reporting process in accordance with AU-C section 260, <i>The Auditor’s Communication With Those Charged With Governance</i> • An indication of deficiencies in internal control identified during the audit that have not been communicated to management by other parties and that, in the auditor’s professional judgment, are of sufficient importance to merit management’s attention in accordance with AU-C section 265, <i>Communicating Internal Control Related Matters Identified in an Audit</i> <p>If the auditor identified reportable findings, were those reportable findings reported timely, in writing, to those charged with governance and did they include [AU-C sec. 703.27–.28; AAG-EBP 13.43–.45]</p> <ul style="list-style-type: none"> • a description of the reportable finding, • sufficient information to understand the context of the communication, and • an explanation of the potential effects of the reportable findings on the financial statements or to the plan.? Note: In accordance with paragraph .28 of AU-C section 703, the auditor should not issue a written communication that no reportable findings were identified. <p>Audit Documentation: [AAG-EBP 3.74–.76]</p> <p>Based on the results of documentation in preceding sections, has the auditor prepared and maintained audit documentation in accordance with professional standards? [AU-C sec. 230] Consider the following requirements:</p>	A319	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • The audit documentation provides evidence of the auditor’s basis for a conclusion about the achievement of the overall objectives of the auditor and evidence that the audit was planned and performed in accordance with GAAS and applicable legal and regulatory requirements. [AU-C sec. 230.02] • The audit documentation is sufficient to enable an experienced auditor having no previous connection to the audit to understand the nature, timing, and extent of procedures performed; results of the procedures performed; audit evidence obtained; and significant findings or issues arising during the audit, the conclusions reached thereon, and significant professional judgments made in reaching those conclusions. [AU-C sec. 230.08] • In documenting the nature, timing, and extent of audit procedures performed, the auditor should record [AU-C sec. 230.09] <ul style="list-style-type: none"> — the identifying characteristics of the specific items or matters tested, — who performed the audit work and the date such work was completed, and — who reviewed the audit work performed and the date and extent of such review. • For audit procedures related to the inspection of significant contracts or agreements, the auditor should include abstracts or copies of those contracts or agreements in the audit documentation. [AU-C sec. 230.10] • The auditor should document discussions of significant findings or issues with management, those charged with governance, and others, including the nature of significant findings or issues discussed, and when and with whom the discussions took place. [AU-C sec. 230.11] 	A320	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

- If the auditor departs from a presumptively mandatory GAAS requirement, the auditor documented the justification for the departure and how other procedures performed in the circumstances were sufficient to achieve the intent of that requirement. [AU-C sec. 230.13]
- If the auditor performs new or additional audit procedures or draws new conclusions after the date of the auditor’s report, the auditor should document the circumstances encountered; the new or additional procedures performed, audit evidence obtained, and conclusions reached, and their effect on the auditor’s report; and when and by whom the resulting changes to audit documentation were made and reviewed. [AU-C sec. 230.14]
- The auditor should document the report release date in the audit documentation. [AU-C sec. 230.15]
- The auditor’s documentation was consistent with the assembling of the engagement documentation file and completion of the administrative process of assembling the audit file on a timely basis, no later than 60 days following the report release date. [AU-C sec. 230.16]
- If the auditor finds it necessary to modify existing audit documentation or add new audit documentation after the documentation completion date, the auditor should document the specific reasons for making the change and when and by whom they were made and reviewed. [AU-C sec. 230.18]
- The auditor should adopt reasonable procedures to maintain the confidentiality of client information. [AU-C sec. 230.19]
- A record of the significant changes to the overall strategy and the audit plan and resulting changes to the planned nature, timing, and extent of audit procedures explain why the significant changes were made and why the overall strategy and audit plan were finally adopted for the audit. It also reflects the appropriate response to the significant changes occurring during the audit. [AU-C sec. 300.A25**]

Ques. N/A Yes No Ref.

For the engagement, did the personnel adequately complete all forms, checklists, or questionnaires, if applicable, required by firm policy for the following areas? [QM sec. 10A.35–.51 and 10A.A32–.A62]

A321 _____

- Work program
- Disclosure and reporting checklist
- Working paper and financial statement reviews

If standardized forms were not used for any of the previously mentioned areas, is there adequate documentation of these areas? [QM sec. 10A.35–.51 and 10A.A32–.A62]

A322 _____

Were the firm’s guidelines for the form and content of working papers complied with? [QM sec. 10A.35–.51 and 10A.A32–.A62]

A323 _____

Supervision and Review:

Did the engagement partner take responsibility for the following? [AU-C sec. 220A.17]

A324 _____

- The direction, supervision, and performance of the audit engagement in compliance with professional standards, applicable legal and regulatory requirements, and the firm’s policies and procedures
- The auditor’s report being appropriate in the circumstances

Did the engagement partner take responsibility for reviews being performed in accordance with the firm’s review policies and procedures? [AU-C sec. 220A.18]

A325 _____

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
Did the engagement partner, through review of the audit documentation and discussion with the engagement team, determine that sufficient appropriate audit evidence was obtained to support the auditor's report issued? [AU-C sec. 220A.19]	A326	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Did the auditor perform substantive procedures relating to the financial statement closing process, such as agreeing or reconciling the financial statements with the underlying accounting records and examining material journal entries and other adjustments made during the course of preparing the financial statements? [AU-C sec. 330.21]	A327	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Did the auditor determine whether uncorrected misstatements were material, either individually or in the aggregate? The auditor should consider the following: [AU-C sec. 450.11]	A328	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • The size and nature of the misstatements, both in relation to particular classes of transactions, account balances, or disclosures and the financial statements as a whole, and the particular circumstances of their occurrence • The effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances, or disclosures and the financial statement as a whole 					
Does it appear (based on a lack of contrary evidence) that the policies established by the firm to assign management responsibilities do not allow commercial considerations to override the quality of work performed; and that the established policies and procedures that address performance evaluation, compensation, and advancement (including incentive systems) with regard to its personnel demonstrate the firm's overarching commitment to quality? [QM sec. 10A.A5**]	A329	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Does it appear engagement personnel (including leased and per diem employees) possessed an appropriate mix of experience or expertise and technical training in relation to the complexity or other requirements of the engagement and the involvement of supervisory personnel? [QM sec. 10A.31–34 and 10A.A17–.A31**]	A330	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Did the personnel assigned to this engagement appear to be familiar with the applicable professional pronouncements (FASB, AICPA, or any other institutions)? [QM sec. 10A.31–34 and 10A.A17–.A31] <i>Note: Consider information provided in the engagement profile.</i>	A331	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Were the engagement team's audit hours reasonable for this engagement (including prior to commencement of field work and during and after completion of field work)? <i>Note: Consider information provided in the engagement profile.</i>	A332	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Does it appear that the practitioner in charge of the engagement possessed the knowledge, skills, and abilities (competencies) to fulfill their responsibilities on the engagement? [QM sec. 10A.A18–.A21 and 10A.A24–.A35**]	A333	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
If required by firm policy, was the staff on this engagement appropriately evaluated? [QM sec. 10A.32 and 10A.A22–.A23**]	A334	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Does it appear that involvement by the engagement partner and manager was adequate and appropriately timed to provide for planning and supervision as the job progressed? [QM sec. 10A.35–.51 and 10A.A32–.A62**]	A335	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Were the firm's guidelines for the performance of an engagement quality review complied with, including performance of the engagement quality review at appropriate points during the engagement? [QM sec. 10A.35–.51 and 10A.A32–.A62**]	A336	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<p>Were any circumstances noted in which the firm consulted or should have consulted regarding an engagement matter (that is, a complex, unusual, or technical issue) with individuals within the firm, an external party, or by researching in applicable professional literature based on the firm's policies and procedures or when the complexity or nature of the issue warranted consultation? [QM sec. 10A.35--51 and 10A.A32--A62**] Consider</p>	A337	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • if an individual was consulted (internally or externally), was the consultation done on a timely basis and does it appear he or she was aware of all relevant facts and circumstances? • if professional literature was researched, does it appear the research was thorough and the sources consulted were complete, correct, and up to date? • does it appear that the person(s) consulted (internally or externally) or the individual(s) performing the research, or both, had an appropriate level of knowledge, competence, judgment, and (if applicable) authority? • based on the facts and circumstances, were the firm's conclusions reasonable and consistent with professional standards? • is the firm's report, the financial statements, or other information affected by the matter consistent with the results of the consultation? • if the engagement records indicated a difference of opinion between the engagement personnel, specialist, or other consultant, was the difference resolved in accordance with firm policy and was the basis of the resolution appropriately documented? 					

IV. REPORT AND FINANCIAL STATEMENTS

Report and Financial Statements for All Employee Benefit Plans

Note: Complete the additional questions in the following subsections based on the type of plan being reviewed:

- A. Report and Financial Statements for a Defined Contribution Plan, including ESOP
- B. Report and Financial Statements for a Defined Benefit Pension Plan
- C. Report and Financial Statements for a Health and Welfare Plan
- D. Report and Financial Statements for a Multiemployer Benefit Plan

Ques. N/A¹⁵ Yes No¹⁶ Ref.

Auditor’s Report:

Does the auditor’s report conform to AU-C section 703, *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA*, including appropriate comparative financial statements? Consider whether [AU-C sec. 703; AAG-EBP 14 and appendix B]

EB401 _____

- the report refers to each period for which financial statements are presented and on which an audit opinion is expressed.
- the auditor updated the report on the financial statements of one or more prior periods presented on a comparative basis with those of the current period.

Is the report dated in conformity with the requirements of professional standards? The audit report should be dated no earlier than the date on which the auditor has obtained sufficient appropriate audit evidence on which to base the auditor’s opinion on the ERISA plan financial statements, including evidence of the following: [AU-C sec. 703.82 and 703.126]

EB402 _____

- All the statements and disclosures that the ERISA plan financial statements comprise have been prepared
- Management has asserted that it has taken responsibility for those ERISA plan financial statements
- The procedures relating to the draft Form 5500 have been performed

For an auditor’s report on ERISA plan financial statements, does the report appropriately include the basic elements required under professional standards, and is appropriate language used for modifying the report in the circumstances described in such standards?

[AU-C sec. 703.60–.81 or 703.98–.125; and 705] The report should

EB403 _____

- be in writing. [AU-C sec. 703.60 or 703.98]
- include a title clearly indicating the auditor is independent. [AU-C sec. 703.61 or 703.100]
- be addressed as required by the circumstances of the engagement. [AU-C sec. 703.62 or 703.101]
- include a section with the heading “Opinion” [AU-C sec. 703.63–.66 or 703.104–.106]
- include a section with the heading “Basis for Opinion” that [AU-C sec. 703.67 or 703.107]
- when applicable, report in accordance with AU-C section 570, *The Auditor’s Consideration of an Entity’s Ability to Continue as a Going Concern* [AU-C sec. 703.68 or .108]
- report on key audit matters in accordance with AU-C section 701, if the auditor is engaged to do so [AU-C sec. 703.69 or 703.109]

¹⁵ See footnote 9.

¹⁶ See footnote 10.

- include a section with the heading “Responsibilities of Management for the Financial Statements” that describes management’s responsibility for [AU-C sec. 703.70–.72 or 703.110–.112]
- include a section with the heading “Auditor’s Responsibilities for the Audit of the Financial Statements” [AU-C sec. 703.73–.76 or 703.113–.118]
- report on whether the ERISA-required supplemental schedules are fairly stated, in all material respects, in relation to the financial statements as a whole, in accordance with AU-C section 725, *Supplementary Information in Relation to the Financial Statements as a Whole*, and paragraphs .129–.130 of AU-C section 703, as applicable. [AU-C sec. 703.77]
- include a section with the heading “Report on Other Legal and Regulatory Requirements” or other appropriate heading when other responsibilities are identified in addition to those required by GAAS? [AU-C sec. 703.78–.79 or 703.122–.123]
- include the manual or printed signature of the auditor’s firm and name the city and state where the auditor’s report is issued [AU-C sec. 703.80–.81 or 703.124–.125]

Ques. N/A Yes No Ref.

For ERISA Section 103(a)(3)(C) audits, does the report appropriately include the applicable basic elements required under professional standards as described in EB403 and the following? [AU-C sec. 703.98–.125; AAG-EBP 14.69 and appendix A] The report should include

EB404 _____

- a section with the heading “Scope and Nature of the ERISA Section 103(a)(3)(C) Audit.” [AU-C sec. 703.102–.103]
- an other-matter paragraph with the heading “Other Matter — Supplemental Schedules Required by ERISA” and report on the ERISA-required supplemental schedules in accordance with paragraph .132 of AU-C section 703, as applicable. [AU-C sec. 703.120–.121 and 703.132]
- the names of the qualified certifying institutions and periods covered, if not disclosed in the notes to the financial statements. [AAG-EBP 14.68]

Does the report identify and include an appropriate opinion on applicable ERISA-required supplemental schedules and others, as applicable? [AU-C sec. 703.120–.121, 703.127–.135, and 725; AAG-EBP 14.20–.24 and 14.71–.72]

EB405 _____

- Schedule of Assets (Held at End of Year) [AAG-EBP A.52bv]
- Schedule of Assets (Acquired and Disposed of Within Year) [AAG-EBP A.52bvi]
- Schedule of Loans or Fixed Income Obligations in Default or Uncollectible, Schedule of Leases in Default or Uncollectible [AAG-EBP A.52bi–ii]
- Nonexempt Transactions [AAG-EBP A.52biii]
- Schedule of Delinquent Participant Contributions [AAG-EBP A.52biv]
- Schedule of Reportable Transactions [AAG-EBP A.52bvii]

Were prohibited transactions identified by management or as part of the audit, appropriately reported in the applicable ERISA-required supplemental schedules? Consider prohibited transactions between a plan and a party in interest, including [AU-C sec. 703.22; AAG-EBP 2.120–.122; AAG-EBP 2.147–.149]

EB406 _____

- a sale, exchange, or lease of property
- a loan or other extension of credit (including late deposits of employee deferrals to the trust)

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<ul style="list-style-type: none"> • furnishing of goods, services, or facilities (unless an exemption applies) • transfer of plan assets to a party in interest for the use or benefit of the party in interest • an acquisition of employer securities or real property in violation of the 10% limitation 					
<hr/> <p><i>Note: Employee salary deferrals not deposited in accordance with DOL regulations are common prohibited transactions required to be included in a supplemental schedule; see the “Contributions Received and Receivable” section for specific procedures (see A213).</i></p> <hr/> <p><i>Note: When an ERISA-Required Supplemental Schedule omits the disclosure of a prohibited transaction by the Plan, even if the effect of the prohibited transaction is not material to the financial statements, the auditor should include additional discussion in the other matter paragraph in the auditor’s report in the ERISA-required supplemental schedules describing the prohibited transaction. [AU-C sec. 702.23; AAG-EBP 14.61]</i></p> <hr/>					
<p>Has the report been appropriately modified for a GAAP departure, GAAS departure, or nondisclosure of material prohibited transactions? [AU-C sec. 703.119 and 705; AAG-EBP 14.70 and .85–.88]</p>	EB407	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>Is the report appropriately modified for financial statements presented on a basis other than GAAP that is acceptable under ERISA or DOL regulations? [AAG-EBP 14.30–.39]</p>	EB408	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>If the entity has made the decision to terminate a plan, has the auditor considered the implications of that decision for the auditor’s report? [See question A247 and AAG-EBP 14.101–.102]</p>	EB409	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>If the financial statements of a prior period are presented and have been audited by a predecessor auditor whose report is not presented, and the predecessor auditor’s report on the prior period’s financial statements is not reissued, has the successor auditor included the appropriate reference to the predecessor auditor in an other matter paragraph? [AU-C sec. 703.93; AAG-EBP 14.82 and 14.111]</p>	EB410	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>Financial Statements and Notes:</p> <p style="text-align: center;">General</p>					
<p>Are the financial statements suitably titled for the specific type of plan? [AU-C sec. 700.15f, 703.61, 703.100, 800.16 and 800.24]</p>	EB411	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>Is the accounting appropriate and are the disclosures adequate? Consider the following:</p> <ul style="list-style-type: none"> • Significant accounting policies [Paragraphs 3–6 of FASB ASC 235-10-50] • Accounting changes [FASB ASC 250] • Comparative financial statements [AAG-EBP 5.12, 6.14, and 7.27; FASB ASC 205-10-45] • Contingencies and commitments [FASB ASC 440 and FASB ASC 450] 	EB412	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>Is there a reconciliation between financial statements and the Form 5500 amounts, if applicable? [AAG-EBP 13.03–.23 and 13A.52cix in appendix A]</p>	EB413	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<p>Are the financial statements adjusted (when appropriate) for the effect of subsequent events and do they include disclosure of significant subsequent events, whether or not adjustments were made? [FASB ASC 450-20-25-2 and FASB ASC 855-10; AU-C sec. 560.01–.18]</p>	EB414	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
Are adjustments of financial statements for prior periods appropriate? [FASB ASC 250-10; Paragraphs 12–18 of FASB ASC 270-10-45]	EB415	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Did the plan properly present and disclose significant plan information? Consider the following:	EB416	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Description of the plan including its vesting and benefit provisions [FASB ASC 960-205-50-1a, FASB ASC 962-205-50-1, and FASB ASC 965-205-50-1] • Significant plan amendments adopted during the year [FASB ASC 960-205-50-1b, FASB ASC 962-205-50-1, and FASB ASC 965-205-50-1] • Funding policy (including changes to the policy, and for ERISA plans, their status with respect to meeting the minimum funding requirement) [FASB ASC 960-205-50-1d, FASB ASC 962-205-50-1, and FASB ASC 965-205-50-1] • Significant, unusual, or infrequent events or transactions occurring after the financial statement date but before issuance of the financial statements [FASB ASC 855-10, FASB ASC 960-205-50-1h, and FASB ASC 965-205-50-1] • For risks and uncertainties, disclosures regarding the nature of operations, the use of estimates, certain significant estimates, and current vulnerabilities due to certain concentrations [FASB ASC 275-10-50-1] • Description of the policy regarding the purchase of insurance contracts that are excluded from plan assets [FASB ASC 960-205-50-1e] • Material lease commitments, other commitments, or contingent liabilities [FASB ASC 965-205-50-1i] • Restrictions, if any, on plan assets (for example, legal restrictions on multiple trusts) [FASB ASC 965-205-50-1-1n] • Reported related party and party in interest transactions [AAG-EBP 5.77m, 6.75m, 7.94j, and 9.133f; FASB ASC 850-10-50-1] • The certified investment information, the names of the qualified certifying institutions, and periods covered [AAG-EBP 2.45] 					
Prohibited Transactions:					
Did the plan properly present and disclose significant plan information? Consider prohibited transactions between a plan and a party in interest, including [AAG-EBP 2.120–.122]	EB417	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • a sale, exchange, or lease of property • a loan or other extension of credit (including late deposits of employee deferrals to the trust) • furnishing of goods, services, or facilities (unless an exemption applies) • transfer of plan assets to a party in interest for the use or benefit of the party in interest • an acquisition of employer securities or real property in violation of the 10% limitation 					
Expenses:					
Did the plan properly present and disclose significant plan information? Consider the following:	EB418	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Disclosure of significant plan administration costs that are absorbed by the plan sponsor [FASB ASC 960-205-50-1d, FASB ASC 962-205-50-1, and FASB ASC 965-205-50-1] • Significant terms of expense offset arrangements with third parties whereby expenses are netted against income [FinREC recommendation; AAG-EBP 5.78d, 6.77d, and 8.134a] 					

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
Income Taxes:					
Did the plan properly present and disclose significant plan information? Consider the following:	EB419	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Federal income tax status of the plan, including IRS tax ruling or determination letter [AU-C sec. 703.21; FASB ASC 960-205-50-1f, FASB ASC 962-205-50-1, 965-205-50-1; AAG-EBP 12.12] • Compliance with the ERISA requirement that reports under its jurisdiction must include disclosure of “information concerning whether or not a tax ruling or determination letter has been obtained” (which is more than is required by FASB ASC 960, <i>Plan Accounting — Defined Benefit Pension Plans</i>) [FASB ASC 962-205-50-1g; AAG-EBP 5.77h, 6.75h, and 7.95h] • For positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the reporting date, [FASB ASC 740-10-50-15; AAG-EBP 12.25b] <ul style="list-style-type: none"> — the nature of the uncertainty — the nature of the event that could occur in the next 12 months that would cause the change — an estimate of the range of the reasonably possible change or a statement that an estimate of the range cannot be made — management’s evaluation that there are no uncertain tax positions • If the plan is subject to unrelated business income tax or could be subject to income tax because of operational errors or other issues that may affect its tax-exempt status, whether the accounting and reporting requirements have been met [FASB ASC 740; AAG-EBP 12.15–.20 and .30g–m] 					
Has the auditor considered the effect on the financial statements when the auditor becomes aware of possible violations of tax laws and regulations that could adversely affect the plan’s tax status (for example, a failure to adopt a plan amendment timely, the basis of compensation used to determine employee deferrals was incorrect, a population of participants was not included in the allocation of the discretionary contributions, or certain testing was not performed)? [AAG-EBP 12.31]	EB420	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Financial Instruments:					
Have financial instruments, except those covered by an exemption, been properly accounted for and reported? [FASB ASC 825-10-50-10; AAG-EBP 5.91, 6.85, 7.109, 8.142, 9.148, and 11.89]	EB421	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
For ESOPs, is the following properly disclosed? [FASB ASC 820-10-50-2(bbb); AAG-EBP 6.82–.84]	EB422	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • A description of the valuation technique(s) and the inputs used in the fair value measurement for recurring and nonrecurring fair value measurements categorized within level 2 and level 3 of the fair value hierarchy <i>Note: Plans not subject to SEC filing requirements are not required to provide quantitative disclosures about significant unobservable inputs used in fair value measurements of investments held by an employee benefit plan in their plan sponsor’s own nonpublic equity securities, including equity securities of the plan sponsor’s nonpublic affiliated entities</i> • A description of and reasons for changes in either or both a valuation approach and a valuation technique 					

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
Investments:					
Did the plan properly present and disclose significant plan information? Consider the following:	EB423	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Method and significant assumptions used to determine the fair value of investments and the reported value of insurance contracts [FASB ASC 960-325-50-1, FASB ASC 962-325, and FASB ASC 965-325] • Interest-bearing cash balances are included with investments [FinREC recommendation; AAG-EBP 5.16, 7.16, and 8.33] • Securities lending transactions [FASB ASC 860; AAG-EBP 11.80–.83] • Investment contracts as required by paragraphs 9–19 of FASB ASC 946-210-45 [FASB ASC 960-325, FASB ASC 962-325, and FASB ASC 965-325] • Information about derivative financial instruments — futures, forwards, swap and option contracts, and other financial instruments with similar characteristics [FASB ASC 815; AAG-EBP 11.68–.74] 					
Did the plan properly adopt the following reporting requirements for master trusts under the applicable FASB ASC topic, FASB ASC 960, <i>Plan Accounting — Defined Benefit Plans</i> , FASB ASC 962, <i>Plan Accounting — Defined Contribution Pension Plans</i> , or FASB ASC 965, <i>Plan Accounting — Health and Welfare Benefit Plans</i> ? [AAG-EBP 5.86–.90, 7.105–.108, 8.50–.54, 9.147, and 11.44–.47]	EB424	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Present its interest in each master trust in separate line items in the statement of net assets available for benefits and the statement of changes in net assets available for benefits, respectively. [FASB ASC 960-205-45-7, FASB ASC 962-205-45-10, and FASB ASC 965-205-45-11] • Disclose each general type of investment held by the master trust and the dollar amount of the plan’s interest in each of those general types of investments held by the master trust. [FASB ASC 960-325-50, FASB ASC 962-325-50, and FASB ASC 965-325-50] • Disclose the master trust’s other assets and liabilities and the dollar amount of its interest in each of those other assets and liabilities (FASB ASC 962-325-55-18 includes an example of this disclosure). [FASB ASC 960-325-50-11, FASB ASC 962-325-50-8C, and FASB ASC 965-325-50-9] • Disclose the net appreciation or depreciation in the fair value of investments in the master trust and investment income for each period that a statement of changes in net assets available for benefits is presented. [FASB ASC 960-325-50, FASB ASC 962-325-50, and FASB ASC 965-325-50] • Describe the basis used to allocate net assets and total investment income, and for plans with undivided interests, the plan’s percentage interest in the master trust as of the date of each statement of net assets available for benefits presented (FASB ASC 962-325-55-18 provides an example of this disclosure) 					
Fair Value Measurements:					
Are the quantitative fair value disclosures presented in tabular format? [FASB ASC 820-10-50-8]	EB425	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Have the following been separately disclosed for each annual period for each class of assets and liabilities measured at fair value in the statement of financial position after initial recognition? [Paragraphs 1–2 of FASB ASC 820-10-50]	EB426	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Ques. **N/A** **Yes** **No** **Ref.**

- For recurring and nonrecurring fair value measurements, the fair value measurement at the end of the reporting period, and for non-recurring fair value measurements, the reasons for the measurements.
- For recurring and nonrecurring fair value measurements, the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, Level 2, or Level 3)
- For recurring and nonrecurring fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation technique(s) and the inputs used in the fair value measurement. If there has been a change in the valuation technique, did the entity disclose the change and the reason for making the change?
- For fair value measurements categorized within Level 3, the quantitative information about the significant unobservable inputs used in the fair value measurement. *(The preceding disclosure is deferred indefinitely for investments held by the employee benefit plan in its plan sponsor's own nonpublic entity securities, including equity securities of its plan sponsor's nonpublic affiliated entities.)*
- For recurring fair value measurements categorized within Level 3, a reconciliation from the opening balances to the closing balances, separately disclosing changes attributable to the following (disclosures for derivative assets and liabilities may be presented net):
 - Total gains or losses for the period recognized in earnings (or changes in net assets) and the line item in which those gains or losses are reported
 - Total gains or losses for the period recognized in other comprehensive income in which those gains or losses are recognized
 - Purchases, sales, issues, and settlements (each type disclosed separately)
 - The amounts of any transfers in or out of Level 3, the reasons for those transfers, and the reporting entity's policy for determining when transfers between levels have occurred. Are transfers into Level 3 disclosed and discussed separately from transfers out of Level 3?
- For recurring fair value measurements categorized within Level 3, the total gains or losses for the period included in earnings due to the change in unrealized gains or losses that relate to assets and liabilities held at the end of the reporting period and the line item(s) in the statement of income (or activities) in which those unrealized gains or losses are recognized
- For recurring and nonrecurring fair value measurements categorized within Level 3, a description of the valuation processes used
- For recurring and nonrecurring fair value measurements, if the highest and best use of a nonfinancial asset differs from its current use, disclosure of that fact and why the nonfinancial asset is being used in a manner that differs from its highest and best use

For derivative assets and liabilities, if applicable, did the reporting entity present the fair value disclosures on a gross basis and the reconciliation disclosure on either a gross or net basis? [FASB ASC 820-10-50-3]

EB427 _____

If assets or liabilities have been measured at fair value pursuant to the fair value option, does the presentation separate those reported fair values from the carrying amounts of similar assets and liabilities measured using another measurement attribute? [Paragraphs 1–2 of FASB ASC 825-10-45]

EB428 _____

Ques. N/A Yes No Ref.

Investments in Entities That Calculate Net Asset Value per Share:

Note: For investments (such as CCTs, PSAs, or similar investments) that use net asset value (NAV) per share (or its equivalent) as a practical expedient to measure fair value as of the plan’s measurement date, an evaluation of whether or not such investments qualify for the practical expedient or have a readily determinable fair value needs to be documented in order for the investment to be removed from the fair value hierarchy table under FASB ASC 820, Fair Value Measurement.

Are the following separately disclosed, if applicable, for (a) investments that do not have a readily determinable fair value and (b) investments in investment companies or similar entities that report their investment assets at fair value? [FASB ASC 820-10-50-6A; AAG-EBP 11.35–.36]

EB429 _____

- Fair value measurement of the investments in the class at the reporting date
- For classes of investments that include investments that can never be redeemed with the investee(s), but the reporting entity receives distributions through the liquidation of the underlying assets of the investees, the reporting entity’s estimate of the period of time over which the underlying assets are expected to be liquidated by the investees
- Amount of the reporting entity’s unfunded commitments related to investments in the class
- A general description of the terms and conditions upon which the investor may redeem the investments in the class
- The circumstances in which an otherwise redeemable investment in the class might not be redeemable
- For those otherwise redeemable investments that are restricted from redemption as of the reporting entity’s measurement date, an estimate of when the restriction from redemption might lapse (or, if an estimate cannot be made, that fact and how long the restriction has been in effect)
- Any other significant restriction on the ability to sell investments in the class at the measurement date
- Although the investment is not categorized within the fair value hierarchy, a reporting entity should provide the amount measured using the NAV per share (or its equivalent) practical expedient to permit reconciliation of the fair value of investments included in the fair value hierarchy to the line items presented in the statement of net assets available for benefits.

A. REPORT AND FINANCIAL STATEMENTS FOR A DEFINED CONTRIBUTION PLAN, INCLUDING ESOP

Section not applicable

Ques. *N/A*¹⁷ *Yes* *No*¹⁸ *Ref.*

Financial Statements and Footnotes

General

Has the plan been properly accounted for and reported on the following items, as applicable? Consider the following:

DC401 _____

- Are investments pledged to secure debt disclosed? [FASB ASC 440-10-50-1c]
- Are guarantees by others of debt of the plan disclosed? [FASB ASC 962-205-50-1h]
- Is there a disclosure of amounts allocated to persons who have withdrawn from participation in the earnings and operations of the plan? Are such amounts excluded from liabilities on the financial statements? [FASB ASC 962-205-50-1i]
- If the plan provides for participant-directed and nonparticipant-directed investment programs, is information about the net assets and significant components of the changes in net assets relating to the nonparticipant-directed program disclosed, with such reasonable detail, in the financial statements or accompanying notes, as is necessary to identify the types of investments and changes therein? [FASB ASC 962-325-45-8]
- In a 403(b) plan, if some or all inactive contracts or accounts that met the conditions of DOL Field Assistance Bulletin No. 2009-02 were excluded from the plan, did the auditor consider the effect of the exclusions on the completeness of the financial statement presentation, restrictions on the scope of the audit and consider whether modification to the auditor’s report is necessary? [AAG-EBP 2.58]

Did the plan properly present and disclose the amount and disposition of forfeited nonvested accounts, specifically, identification of those amounts that are used to reduce future employer contributions or expenses or are reallocated to participants’ accounts, in accordance with plan documents? [FASB ASC 962-205-50-1j]

DC402 _____

Did the plan properly present and disclose investment contracts considered to be fully benefit-responsive when all criteria have been met for that contract? [FASB ASC glossary term *fully benefit-responsive investment contract*; FASB ASC 962-325-50-3]

DC403 _____

Did the plan properly present and disclose investments measured using NAV per share as a practical expedient? [AAG-EBP 11.26–.27 and 11.35–.36]

DC404 _____

- Restrictions on the ability to redeem investments at the measurement date
- Unfunded commitments
- Investment strategies of the investees
- Amount measured using NAV per share as a practical expedient to permit reconciliation of the fair value of investments included in the fair value hierarchy to the line items presented in the statement of net assets available for benefits

¹⁷ See footnote 9.

¹⁸ See footnote 10.

<i><u>Ques.</u></i>	<i><u>N/A</u></i>	<i><u>Yes</u></i>	<i><u>No</u></i>	<i><u>Ref.</u></i>
Did the plan properly present and disclose the nature of plan mergers or spin-offs? [AAG-EBP 5.101–.105]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Did the plan properly present and disclose the liquidation basis of accounting used for plan terminations? [FASB ASC 962-40]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
For an ESOP, have the following disclosures been made, if applicable? [FASB ASC 962-205-50-1; AAG-EBP 6.75–6.77; FinREC recommendation]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • A general description of the plan including appropriate items such as vesting and allocation provisions; disposition of forfeitures; voting rights; distribution policy, including diversification provisions; and the accounting policy for reinvested dividends and capital gain distributions • The amount of unallocated assets, as well as the basis used to allocate asset values to participants' accounts if that basis differs from the one used to record assets in the financial statements • The existence of the participant's right upon receipt of a stock distribution to put the shares back to the plan sponsor and the general terms of such put option • Details of advances (noncollateralized interest-free loans) made by the employer that are outstanding at year-end as well as any advances that may have been made and repaid or otherwise retired by the end of the plan year through employer contributions to meet distribution obligations • The general terms of the ESOP loan, collateral release methodology, interest rate, collateral or guarantees • Comparison of the current and prior year shares and value for the allocated and unallocated ESOP shares • The existence and general provision of any floor price protection 				

Statement of Net Assets Available for Benefits

As required by ERISA and DOL regulations, are comparative statements of net assets available for benefits presented? [AAG-EBP 5.12]	DC408	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Are the amounts included in the statement of net assets properly presented and are all disclosures included, as applicable? Consider the following:	DC409	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Participant-directed and nonparticipant-directed investments including those in master trust (identified by type and presented at fair value) [FASB ASC 962-325-45] • Investment contracts reported at fair value [FASB ASC 962-325] • Insurance contracts reported at fair value where such investments' fair value equals contract value [FASB ASC 962-325] • Investment contracts with fully benefit-responsive features reported at contract value as a separate line item [FASB ASC 962-325] • Unallocated insurance contracts reported on in accordance with ERISA and DOL [AAG-EBP 11.87] • Participant loans are classified as notes receivable from participants for reporting purposes and measured at their unpaid principal balance plus any accrued but unpaid interest [FASB ASC 962-310-45-2 and FASB ASC 962-310-35-2] • Loans made to participants outside of the plan that are secured by plan assets (such as 403(b) plans or arrangements) [FASB ASC 860-30-50-1A; AAG-EBP C.09] • Contributions receivable [FASB ASC 962-310] • Amounts due for securities sold [AAG-EBP 5.59] • Interest and dividends [AAG-EBP 5.59] 					

Ques. N/A Yes No Ref.

- Operating assets used in plan operations (for example, buildings, equipment, furniture, fixtures, and leasehold improvements) identified by type and presented at cost, less accumulated depreciation or amortization [FASB ASC 962-360-35-1]
- Property and equipment, including accounting for the impairment of long-lived assets to be held and used, long-lived assets to be disposed of, assets of discontinued operations, and capitalized interest [FASB ASC 360-10-50-2, FASB ASC 205-20-50, and FASB ASC 835-20]
- Notes payable and other debt [AAG-EBP 5.65; FASB ASC 470]
- Excess contributions payable [AAG-EBP 5.65]
- Amounts owed for securities purchased or other investment related payables [AAG-EBP 5.65]

Statement of Changes in Net Assets

Are the amounts included in the statement of changes in net assets properly presented, and are disclosures adequate? Consider the following:

DC410 _____

- The net appreciation or depreciation in fair value of investments. [FASB ASC 962-205-45-7a]
- Investment income, exclusive of changes in fair value (for example, interest and dividends) [FASB ASC 962-205-45-7b]
- Reinvested dividends presented as investment income and shown separately from changes in fair value [FinREC recommendation; AAG-EBP 5.69b]
- Reinvested capital gain distributions presented as investment income and shown separately from changes in fair value or included as part of the net change in fair value [FinREC recommendation; AAG-EBP 5.69b]
- Contributions from employer(s), employees, and other identified sources separately stated [Paragraph 7c–e of FASB ASC 962-205-45]
- Corrective contributions are presented as other employer contributions and any associated receivable presented as an other employer contribution receivable [FinREC recommendation; AAG-EBP 5.55]
- Significant rollover contributions, such as a plan sponsor acquisition or other plan amendments, presented as a separate line item [FinREC recommendation; AAG-EBP 5.57]
- Payments to insurance companies to purchase contracts excluded from plan assets [FASB ASC 962-205-45-7g]
- Benefits paid to participants [FASB ASC 962-205-45-7f]
- Administrative expenses [FASB ASC 962-205-45-7h]
- If material, the following items are separately presented:
 - Other income, including fee income from securities loaned and from miscellaneous sources, such as reimbursements for lost income and operational defects [FinREC recommendation; AAG-EBP 5.71a]
 - Interest earned on notes receivable from participants [FinREC recommendation; AAG-EBP 5.71b]
 - Income tax expense (for example, unrelated business income tax) [FinREC recommendation; AAG-EBP 5.71c]
 - Other expenses, such as interest expense on debt or short sales, bank borrowings, margin accounts, and reverse repurchase agreements [FinREC recommendation; AAG-EBP 5.71d]

B. REPORT AND FINANCIAL STATEMENTS FOR A DEFINED BENEFIT PENSION PLANSection not applicable Ques. N/A¹⁹ Yes No²⁰ Ref.**Auditor's Report**

Is the auditor's report on financial statements of plans in conformity with GAAS, appropriately worded assuming either an end-of-year benefit information date or beginning-of-year benefit information date? [AU-C sec. 703.22-.46; AAG-EBP 11.35-.36]

DB401 _____**Financial Statements and Notes****General**

Did the plan properly present and disclose significant plan information? Consider the following:

DB402 _____

- Method and significant assumptions used to determine the actuarial present value of accumulated plan benefits including any significant changes in the method of assumptions during the year [Paragraphs 8-9 of FASB ASC 960-20-50]
- Benefit priority and pension benefit guarantee coverage in the event of plan termination [FASB ASC 960-205-50-1c]

Did the plan properly present and disclose the nature of plan mergers or spin-offs? [AAG-EBP 7.116-.121]

DB403 _____

Did the plan properly present and disclose the liquidation basis of accounting used for plan terminations? [FASB ASC 960-40-25-2]

DB404 _____**Statement of Net Assets Available for Benefits**

As required by ERISA and DOL regulations, are comparative statements of net assets available for benefits presented? [AAG-EBP 7.14]

DB405 _____

Are the amounts included in the statement of net assets properly presented and are all disclosures included, as applicable? Consider the following:

DB406 _____

- Unallocated insurance contracts reported on in accordance with ERISA and DOL [AAG-EBP 11.56]
- Contributions receivable [FASB ASC 960-310-25]
- ERISA minimum required contribution determined by the actuary is recorded as a contribution receivable if not paid by year-end [FinREC recommendation; AAG-EBP 7.63]
- Amounts receivable from brokers for securities sold [AAG-EBP 7.65]
- Accrued interest and dividends [AAG-EBP 7.65]
- Has the plan properly accounted for and disclosed 401(h) accounts in accordance with paragraphs 4-10 of FASB ASC 960-30-45 and paragraphs 4-5 of FASB ASC 960-205-50
- Allowance for estimated uncollectible amounts [FASB ASC 960-310-25-3]
- Operating assets used in plan operations (for example, buildings, equipment, furniture, fixtures, and leasehold improvements) identified by type and presented at cost, less accumulated depreciation or amortization [FASB ASC 960-360-35-1]

¹⁹ See footnote 9.²⁰ See footnote 10.

Ques. N/A Yes No Ref.

- Property and equipment, including accounting for the impairment of long-lived assets to be held and used, long-lived assets to be disposed of, assets of discontinued operations, and capitalized interest [FASB ASC 360-10-50-2, FASB ASC 205-20-50, and FASB ASC 835-20]
- Notes payable and other debt [FASB ASC 470]
- Amounts due to brokers for securities purchased [AAG-EBP 7.68]

Statement of Changes in Net Assets

If the benefit information date is as of the beginning of the plan year, is the statement of changes in net assets available for benefits in comparative form? [FASB ASC 960-205-45]

DB407 _____

Are the amounts included in the statement of changes in net assets properly presented and disclosures adequate? Consider the following:

DB408 _____

- Contributions from employer(s), employees, and other identified sources separately stated [Paragraph 2c–e of FASB ASC 960-30-45]
- Payments to insurance companies to purchase contracts excluded from plan assets [FASB ASC 960-30-45-2g]
- Investment income separate from net appreciation (for example, interest and dividends) [FASB ASC 960-30-45-2b]
- Reinvested dividends presented as investment income and shown separately from changes in fair value. [FinREC recommendation; AAG-EBP 7.71b]
- Reinvested capital gain distributions presented as investment income and shown separately from changes in fair value or included as part of the net change in fair value. [FinREC recommendation; AAG-EBP 7.71b]
- Benefits paid to participants [FASB ASC 960-30-45-2f]
- Administrative expenses [FASB ASC 960-30-45-2h]

Statement of Accumulated Plan Benefits

Is information regarding the actuarial present value of accumulated plan benefits as of either the beginning or end of the plan year presented? [FASB ASC 960-205-45-1c; AAG-EBP 7.189] Consider the following:

DB409 _____

- Is information about the actuarial present value of accumulated plan benefits presented entirely in the same location, that is, entirely in a separate statement, on the face of another statement, or in the notes? [FASB ASC 960-20-45-2]
- If information about the actuarial present value of accumulated plan benefits is presented on the statement of net assets available for benefits, is the information as of the same date as the statement of net assets available for benefits? [FASB ASC 960-20-45-2]
- Is a prior-year statement of net assets and changes presented if beginning-of-year benefit information is used? [FASB ASC 960-205-45-4]

Is the total actuarial present value of accumulated plan benefits segmented into at least the following categories? [FASB ASC 960-20-45-3] Consider the following:

DB410 _____

- Vested benefits of participants currently receiving payments (including benefits due and payable as of the benefit information date)
- Other vested benefit
- Nonvested benefits

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
Statement of Changes in Accumulated Plan Benefits					
Is information about changes in the actuarial present value of accumulated plan benefits presented entirely in the same location, that is, entirely in a separate statement, on the face of another statement, or in the notes? [FASB ASC 960-20-45-2] Consider the following:	DB411	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • If information about changes in the actuarial present value of accumulated plan benefits is presented on the statement of changes in net assets available for benefits, is the information for the same period as the statement of changes in net assets available for benefits? [FASB ASC 960-20-45-2] 					
Did the entity report and properly disclose the changes in accumulated plan benefits? Consider the following:	DB412	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Are changes in the actuarial present value of accumulated plan benefits including amendments, changes in actuarial assumptions, and nature of the plan (mergers, terminations, or spin-offs) disclosed and accounted for? [FASB ASC 960-20-50-3; AAG-EBP 7.116-.121] 					

C. REPORT AND FINANCIAL STATEMENTS FOR A HEALTH AND WELFARE PLAN

Section not applicable

Ques. N/A²¹ Yes No²² Ref.

Financial Statements and Notes

General

Has the plan properly presented and disclosed significant plan information? Consider the following:

HW401 _____

- Method and significant assumptions used to determine claims IBNR and the actuarial present value of accumulated plan benefits including any significant changes in the method of assumptions during the year [FASB ASC 965-30-50-5]
- Appropriately considered fully benefit-responsive investment contracts when all criteria have been met for those contracts [FASB ASC 965-325-50-3]

For health and welfare benefit plans providing postretirement health care benefits, is reporting appropriate and are disclosures adequate? Consider the following:

HW402 _____

- Effect of a 1 percentage point increase in the assumed health care cost-trend rates for each future year on the postretirement benefit obligation [FASB ASC 965-205-50-1k]
- Any modification of the existing cost-sharing provisions that are encompassed by the substantive plan(s) and the existence and nature of any commitment to increase monetary benefits provided by the plan and their effect on the plan’s financial statements [FASB ASC 965-205-50-1l]
- Termination provisions of the plan and priorities for distribution of assets, if applicable [FASB ASC 965-205-50-1m]
- Assumed health care cost-trend rate(s) used to measure the expected cost of benefits covered by the plan for the next year, a general description of the direction and pattern of change in the assumed trend rates thereafter, the ultimate trend rate(s), and when that rate is expected to be achieved [FASB ASC 965-205-50-1j]

Did the plan follow guidance consistent with FASB ASC 965, *Plan Accounting — Health and Welfare Benefit Plans*? [AAG-EBP 8.20–.25] Consider the following:

HW403 _____

- Presentation of postretirement benefit obligations information [FASB ASC 965-30-35 and 715]
- Accounting and reporting of postemployment benefit obligations [FASB ASC 965-30-35 and 965-30-25-3]
- The measurement date of the plan’s benefit obligation [FASB ASC 965-30-35]
- Postretirement benefit obligations, including the disclosure of information about retirees’ relative share of the plan’s estimated cost of providing postretirement benefits [FASB 965-30]
- Disclosure of the discount rate used for measuring the health and welfare plan’s obligation for postemployment benefits [FASB ASC 965-30-50-5]
- Minimum disclosures regarding changes in benefit obligations including significant effects of plan amendments, changes in the nature of the plan, and changes in actuarial assumptions
- Reporting and disclosures on 401(h) accounts (if applicable) [Paragraphs 2–4 of FASB ASC 965-205-50]

²¹ See footnote 9.
²² See footnote 10.

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
Did the plan properly present and disclose the nature of plan mergers or spin-offs? [AAG-EBP 8.148–.149]	HW404	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Did the plan properly present and disclose the liquidation basis of accounting used for plan terminations? [FASB ASC 965-40]	HW405	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Statement of Net Assets Available for Benefits					
If subject to ERISA and DOL regulations, are comparative statements of net assets available for benefits presented? [AAG-EBP 8.27a and 8.30a]	HW406	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Are the amounts included in the statement of net assets properly presented and are all disclosures included, as applicable? Consider the following:	HW407	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Contracts with insurance companies or a bank that incorporate mortality or morbidity risks reported at contract value and other investment contracts reported at fair value [Paragraphs 3–5 of FASB ASC 965-325-35] • Insurance contracts presented in the same manner as specified in the annual report at fair value or at contract value [FASB ASC 965-325-35-3] • Investment contracts with fully benefit-responsive features are presented at contract value [FASB ASC 965-325-35-8] • Health benefits funded through 401(h) accounts in a defined benefit health and welfare plan [FASB ASC 965-205-45; AAG-EBP 8.58–.61] • Contributions receivable [FASB ASC 965-310] • Employer receivable equal to the liability for claims IBNR for participant claims if, as of the date of the financial statements, a legal or contractual requirement exists for the employer to fund the specific amount [FinREC recommendation; AAG-EBP 8.65] • Amounts due from brokers for securities sold [AAG-EBP 8.66] • Amounts receivable from service providers for rebates or refunds that are contractually due to the plan if collection is probable and the amount can be reasonably estimated [FinREC recommendation; AAG-EBP 8.67] • Accrued interest and dividends [AAG-EBP 8.66] • Properly accounted for and disclosed 401(h) accounts in accordance with FASB ASC 965-205 • Allowance for estimated uncollectible amounts [FASB ASC 965-310-35-1] • Operating assets used in plan operations (for example, buildings, equipment, furniture, fixtures, and leasehold improvements) identified by type and presented at cost, less accumulated depreciation or amortization [FASB ASC 965-360-35-1] • Property and equipment, including accounting for the impairment of long-lived assets to be held and used, long-lived assets to be disposed of, assets of discontinued operations, and capitalized interest [FASB ASC 360-10-50-2, 205-20-50, and 835-20] • Notes payable and other debt [FASB ASC 470-10-50-1] • Amounts due to brokers for securities purchased [AAG-EBP 8.76] 					
Are the disclosures adequate concerning the following, if significant?	HW408	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Accrued experience, including rating adjustments, insurance premiums payable, deposits with insurance companies, and accumulated eligibility credits [FASB ASC 965-310-50 and 965-30-35-1] 					

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
<ul style="list-style-type: none"> • Arrangements with insurance companies, the use of pharmacy benefit managers, or tax advantaged financial arrangements such as flexible spending arrangements, health savings accounts, or health reimbursement arrangements [AAG-EBP, appendix B] • The nature of the plan's obligation to provide benefits for defined benefit health and welfare plans. [FASB ASC 965-205-45-4; AAG-EBP 8.29-.31] <p><i>Note: For defined contribution health and welfare plans, information regarding benefit obligations is not applicable because the obligation to provide benefits is limited to the amounts accumulated in individual participant accounts.</i></p>					
For insured health and welfare plans, are claims payable and currently due and claims by eligible participants IBNR excluded from benefit obligations of the plan? [AAG-EBP 8.94]	HW409	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
For self-funded health and welfare plans, is the cost of claims IBNR measured at the present value, as applicable, of the estimated ultimate cost to the plan settling the claims? [AAG-EBP 8.97]	HW410	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Statement of Changes in Net Assets					
Are the amounts included in the statement of changes in net assets properly presented and are disclosures adequate? Consider the following:	HW411	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Contributions from employer(s), employees, and other identified sources separately stated [AAG-EBP 8.78a, c, and d] • Payments to insurance companies to purchase contracts [AAG-EBP 8.78j] • Investment income separate from net appreciation (for example, interest and dividends) [AAG-EBP 8.78f] • Reinvested dividends presented as investment income and shown separately from changes in fair value [FinREC recommendation; AAG-EBP 8.78f] • Reinvested capital gain distributions presented as investment income and shown separately from changes in fair value or included as part of the net change in fair value. [FinREC recommendation; AAG-EBP 8.78f] • Benefits and claims paid to participants [AAG-EBP 8.78h] • Premiums paid [AAG-EBP 8.78i] • Stop-loss premiums paid, whether by the plan or plan sponsor, recorded as an expense [FinREC recommendation; AAG-EBP 8.83] • Administrative expense [AAG-EBP 8.78j] 					
Statement of Benefit Obligations					
Is information regarding the plan's benefit obligations as of the end of the plan year presented in a statement of plan benefit obligations, a statement of benefit obligations and net assets available for benefits, or in the notes to the financial statements? (All of the information must be in one place.) [Paragraphs 1–2 of FASB ASC 965-205-45]	HW412	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Statement of Changes in Benefit Obligations					
Is information regarding changes in the plan's benefit obligations for the plan year presented in a statement of changes in plan benefit obligations, in a statement of changes in benefit obligations and net assets available for benefits, or in the notes to the financial statements? (All of the information must be in one place.) [FASB ASC 965-205-45-1]	HW413	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

	<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>
Do the changes in benefit obligations include, as a minimum, changes resulting from the following? [FASB ASC 965-30-45-6]	HW414	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
<ul style="list-style-type: none"> • Plan amendments • Changes in the nature of the plan (mergers and spin-offs) • Changes in actuarial assumptions 					

D. REPORT AND FINANCIAL STATEMENTS FOR A MULTIEmployer BENEFIT PLAN

Section not applicable

Note: For multiemployer benefit plans, complete the applicable section above based on the nature of the plan (defined contribution, defined benefit, or health and welfare). In addition, complete the following questions related to unique considerations for the report and financial statements of multiemployer benefit plans.

Ques. N/A²³ Yes No²⁴ Ref.

Financial Statements and Notes

General

Has the plan properly presented or disclosed significant plan information? [FASB ASC 960-205-50-1, FASB ASC 962-205-50-1, and FASB ASC 965-205-50-1; AAG-EBP 9.133] Consider the following:

ME401 _____

- The funding policy and any changes in such policy during the plan year, including the contribution rates in effect during the periods presented
- Significant real estate or other transactions in which the plan, employer(s), employee organization(s), or combination of these are jointly involved [FASB ASC 850]
- Amounts paid to affiliates or related parties such as administrative costs, advisory fees, brokerage commissions, and sales charges [FASB ASC 850]
- The general terms of any debt arrangements, interest rate, collateral, or guarantees
- Disclosure of depreciable assets
- For plans that employ staff, recognition and disclosure of postemployment benefits and retirement benefits [FASB ASC 715]
- Disclosure of consolidation policy when consolidated statements are presented according to FASB ASC 810-10-50-1

Are amounts resulting from reciprocity agreements appropriately presented or disclosed, if applicable? [AAG-EBP 9.60-.62; FinREC recommendation]

ME402 _____

For multiemployer defined benefit plans, has the plan properly presented or disclosed significant plan information? [AAG-EBP 9.134; FinREC recommendation] Consider the following:

ME403 _____

- Disclosure of financial assistance from PBGC
- For plans with endangered or critical status, disclosure as to the status of the plan and whether a funding improvement or rehabilitation plan has been adopted
- Disclosure of assessed withdrawal liability due to the plan

For multiemployer health and welfare plans, has the plan properly presented or disclosed significant plan information? [AAG-EBP 9.136] Consider the following:

ME404 _____

- Provisions of the Medicare subsidy
- Credit risk for demand deposits with a financial institution that exceeds the insurance limits (for H&W plans only)
- Valuation method for donations or contributions for materials, equipment, or tools used for training from third parties or participating employers

²³ See footnote 9.

²⁴ See footnote 10.

<u>Ques.</u>	<u>N/A</u>	<u>Yes</u>	<u>No</u>	<u>Ref.</u>	
<p>Are changes in benefit obligations appropriately presented or disclosed, if applicable? [FASB ASC 965-30-45; AAG-EBP 9.131] Consider changes in the following:</p> <ul style="list-style-type: none"> • Claims payable, claims IBNR, and premiums due to insurance entities • Accumulated eligibility credits and postemployment benefits, net of amounts currently payable • Postretirement benefits for retired plan participants, other eligible plan participants, and plan participants not yet fully eligible • Minimum disclosures regarding changes in benefit obligations including significant effects of plan amendments, changes in the nature of the plan, and changes in actuarial assumptions? 	ME405	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

VI. CONCLUSIONS

Any "YES" answers to the following questions result in a nonconforming engagement. Peer Review Standards define nonconforming as not performed or reported in conformity with applicable professional standards in all material respects.

1. Based on your review of the work performed, including other inquiries and observations, did anything come to your attention that caused you to believe that

- a.* There are errors or omissions, individually or in the aggregate, in the financial statements (including disclosures) related to requirements under the applicable financial reporting framework that exceed materiality established by the auditor, and the auditor's report was not appropriately modified. YES NO
- b.* The auditor failed to perform planning, including documentation and an appropriate risk assessment, in accordance with current professional standards. In coming to your conclusion, consider the adequacy of the collective work performed in the following areas;
- Assessed risk of material misstatement at the financial statement level
 - Assessed risk of material misstatement at the relevant assertion level for material classes of transactions, account balances and disclosures
 - Planned audit procedures responsive to the risk assessment
 - Risk assessment procedures, beyond inquiry, performed to evaluate the design and confirm implementation of key controls (manual and IT) relevant to the audit
- YES NO
- c.* The auditor's report is not presented in accordance with the most current applicable professional standards and regulatory requirements (does not contain the critical elements), including evidence of firm reliance on outdated standards. YES NO
- d.* The engagement team, collectively with the partner in charge of the engagement, did not have the knowledge, skills, and abilities (competencies) to perform the engagement in accordance with professional standards? YES NO
- e.* There are errors, omitted procedures or information identified that could reasonably represent material noncompliance with regulatory requirements, if applicable. YES NO
- f.* Although there is not a material error or omission in the performance, including documentation, of the engagement, there are numerous less significant issues that indicate the work was not thoroughly reviewed and the engagement was not properly supervised. YES NO
- g.* The auditor's opinion is not supported by sufficient and appropriate documented audit evidence. For example, if significant oral explanations were required from the firm to support its conclusions for significant areas, answer this question yes. YES NO

2. Other than the preceding matters, was (were) there any other matter(s) that led you to conclude the engagement was not performed or reported on in conformity with applicable professional standards in all material respects? If "Yes", explain the matter:

YES NO

3. If any of the preceding questions were answered "Yes", but you concluded that the firm performed or reported on this engagement in conformity with applicable professional standards in all material respects, explain why:

YES N/A
