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AICPA's Progress Toward Improving Employee Benefit Plan Audits

[AUDIT, ERISA](#)
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In 2014, the AICPA launched an initiative for improving the quality of audits by improving the overall audit process. The process for enhancing audit quality includes the following six steps: pre-licensure, standards and ethics, CPA learning and support, peer review, practice monitoring of the future and enforcement. The AICPA recently released a report detailing the highlights and progress of its initiative.

Employee benefit plan audits are one of the primary areas of focus for improving audit quality. An enhanced peer review program was created with subject matter experts specific to employee benefit plan audits to review these engagements. The enhanced peer review program identified the following two trends:

- 20% of engagements had material nonconformity related to improper utilization of SOC reports and certifications; and
- More than 50% of engagements had material nonconformity related to inadequate or no documentation.

Given the extensive discussion of audit quality since the Department of Labor's Audit Quality Study, these results may come as a surprise.

The AICPA has taken certain steps to further improve the quality of audits. First and foremost, the Accounting Standards Board issued a proposed auditing standard, 'Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA.' The goal of this standard is to assist auditors in better understanding their responsibility as it relates to employees and also to provide users of the financial statements with more information. The AICPA is also planning to develop free tools and education aids, raise awareness through targeted outreach and continue to reinforce detection through the peer review process. For more information on the AICPA's initiative, [contact us](#).

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