

# BRIEFLY...

Highlights of Report Number: 09-04-005-12-121, a report to the Assistant Secretary for the Employee Benefits Security Administration. (EBSA)  
September 30, 2004

## WHY READ THE REPORT:

The Employee Retirement Income Security Act (ERISA) requires that most large employee benefit plans obtain an annual audit of their financial statements. This provision is an important part of ERISA's protection system for plan participants and beneficiaries. In Fiscal Year 2001, retirement plan administrators filed about 65,000 financial statements. DOL's Employee Benefits Security Administration (EBSA) is responsible to ensure that these audits meet ERISA requirements, including professional auditing standards. EBSA's Office of the Chief Accountant (OCA) administers an enforcement and compliance assistance effort to identify and correct substandard audits.

## WHY OIG DID THE AUDIT:

Prior reviews by the U. S. Department of Labor Office of Inspector General (OIG), the U.S. Government Accountability Office (GAO), and EBSA found that a number of plan audits had not met ERISA requirements. The overall objective of our audit was to evaluate the effectiveness of EBSA's process to identify and correct substandard audits. Our audit focused on EBSA's actions during the period October 1, 2000 through September 30, 2001.

## READ THE FULL REPORT:

The full report is available at:

<http://www.oig.dol.gov/public/reports/oa/2004/09-04-005-12-121.pdf>

SEPTEMBER 2004

# EBSA NEEDS MORE AUTHORITY TO IMPROVE THE QUALITY OF EMPLOYEE BENEFIT PLAN AUDITS

## WHAT OIG FOUND

We found that EBSA ineffectively identified and corrected substandard ERISA audits. EBSA:

- Lacked sufficient authority to prevent substandard work by plan auditors.
- Did not ensure timely correction of substandard audits.
- Operated a Case Tracking System (CTS) that was inaccurate and incomplete.
- Required better methods to target deficient plan audits.

## WHAT OIG RECOMMENDED

We recommended that the Assistant Secretary for Employee Benefits Security:

- propose changes to ERISA to give EBSA greater enforcement authority,
- require corrective actions related to substandard audit deficiencies (including those identified by OIG) and expand reviews to more recent audits,
- improve the accuracy of the CTS database and the completeness of the case file documentation and monitor the location of the case files within EBSA's offices, and
- develop better targeting methods.

EBSA generally agreed with our report. EBSA cited previous and ongoing efforts to improve audit quality. EBSA disagreed with our finding that it did not adequately ensure that plan auditors corrected some of the audit deficiencies we cited. With respect to EBSA's enforcement authority, EBSA recognizes deficiencies in the current law and is considering options for correcting those deficiencies.