

BRIEFLY...

Highlights of Report Number: 09-05-002-12-121, to Ann L. Combs, Assistant Secretary for Employee Benefits Security

WHY READ THE REPORT

The primary goal of the EBSA ERISA Filing and Acceptance System (EFAST) is to process the Form 5500 series returns for the Department of Labor (DOL), the Pension Benefit Guaranty Corporation (PBGC), and the Internal Revenue Service (IRS), and to provide data from the Form 5500 filings that are comprehensive, accurate, and timely.

Annually, EFAST processes approximately 1.2 million Form 5500s. DOL, PBGC, and the IRS rely heavily on EFAST data to meet their agency missions.

To meet the goals of the program, EBSA has developed a variety of performance standards, including standards for data accuracy. This report discusses opportunities to improve EFAST data accuracy as EBSA develops the next generation of EFAST.

WHY OIG DID THE AUDIT

The OIG performed an audit of EFAST's data accuracy primarily because of the importance of data reliability to DOL, PBGC, and the IRS. These agencies use the EFAST data to meet their legislatively mandated missions to protect the pensions and other employee benefits of the American workforce. In addition, the Social Security Administration (SSA) and numerous legal, economic, and policy organizations throughout the United States use EFAST data to assist American workers and conduct analysis and research.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, go to: <http://www.oig.dol.gov/public/reports/oa/2005/09-05-002-12-121.pdf>

September 2005

EBSA Should Mandate Electronic Filing of the Form 5500 to Improve Data Accuracy

WHAT OIG FOUND

The OIG found that EBSA has not ensured that its contractor, NCS-Pearson, met the overall data accuracy standards specified in the EFAST contract.

Our audit did disclose, however, that data from *electronically filed* Form 5500s met the data accuracy standards. In fact, our statistical sample did not find any errors in *electronically filed* data.

Furthermore, electronic filings are much less expensive to process than paper filings. Using EFAST contract prices for the year ended June 30, 2005, we estimated EBSA could save over \$5 million annually in contract costs if all plans filed electronically. Therefore, we concluded that EBSA should mandate electronic filings of Form 5500s to improve accuracy and save money.

WHAT OIG RECOMMENDED

We recommended the Assistant Secretary for Employee Benefits Security:

- Mandate electronic filing of the Form 5500.
- Consider withholding payment to NCS-Pearson if accuracy standards are not met.
- Include in future system development contracts, specific remedies for noncompliance with data accuracy standards.

The Assistant Secretary for Employee Benefits Security concurred with the OIG's central recommendation and welcomed the OIG's support of EBSA's efforts to mandate electronic filing of the Form 5500. The Assistant Secretary also provided information about actions planned to address the remaining recommendations.