## **TABLE OF CONTENTS**

Chapter		Paragraph
1	Introduction and Background	.0137
	Introduction	.0107
	Applicability to Governmental Entities	.0407
	Background	.0812
	Defined Contribution Retirement Plans	.09
	Employee Stock Ownership Plans	.10
	Defined Benefit Pension Plans	.11
	Health and Welfare Benefit Plans	.12
	Financial Accounting and Reporting for ERISA Plans	.1321
	Governmental Regulations	.15
	Reporting and Disclosure Requirements	.1619
	Plans Pursuant to the SEC Reporting Requirements	.2021
	Audit Requirements	.2224
	Operation and Administration	.2534
	Accounting Records	.3537
2	Planning and General Auditing Considerations	.01141
	Overview	.0110
	Categories of Professional Caquirements	.0809
	Interpretive Publications	.10
	Quality Control Standards, Including Client Acceptance and Continuance and Engagement Quality	
	Control Reviews	.1118
	Client Acceptance and Continuance	.1116
	Engagement Quality Control Review	.1 <i>7</i> 18
	Audit Scope	.1938
	Limited-Scope Audit Exemption	.2226
	Other Applicable Auditing Guidance	.2730
	Communication With Those Charged With	
	Governance	.3138
	Engagement Letter	.3943
	Audit Planning	.4462
	Coordination of Plan Sponsor and Plan Audits	.48
	Considerations for Payroll and Demographic Data	.4953
	Use of Internal Auditors	.5457
	Involvement of Professionals Possessing Specialized	
	Skills	.5859
	Financial Reporting Considerations	.6061
	Communication and Coordination	.62
	Audit Risk	.63
	Transactions Processed by Service Organizations	.64

Chapter		Paragraph
2	Planning and General Auditing Considerations—continued	
	Using the Work of a Specialist	.6594
	Background	
	Decision to Use the Work of a Specialist	.6694
	Related-Party and Party in Interest Transactions	.95114
	Audit Considerations	.105114
	Consideration of Laws and Regulations and Prohibited	115 10/
	Transactions	
	Communication With Responsible Parties	
	Effect on the Auditor's Report	
	Accounting Estimates	
	Going Concern Considerations	
	Initial Audits of the Plan	.133141
3	Audit Risk Assessment	.0171
	Overview	.01
	Audit Risk	.0206
	Planning Materiality	.0711
	Performance Materiality	.1011
	Understanding the Entity and Its Environment, Including Its	
	Internal Control	.1229
	Risk Assessment Procedures	.1522
	Discussion Among the Engagement Team	
	The Entity and Its Environment	.2527
	The Entity's Internal Control	.2829
	Risks Assessment and the Design of Further Audit Procedures	.3049
	Identifying and Assessing the Risks of Material Missignment	.30
	Use of Assertions in Assessment of Risks of Material	.50
	Misstatement	.3136
	Other Risk Assessment Considerations	.37
	Designing and Performing Further Audit Procedures	.3849
	Evaluation of Misstatements Identified During the Audit	.5053
	Audit Documentation	.5455
	Consideration of Fraud	.5671
	Risk Assessment Procedures and Related Activities	.5860
	Identification and Assessment of the Risks of Material	(1, (0,
	Misstatement Due to Fraud	.6168
	Evaluation of Audit Evidence	.6971
4	Internal Control	.0128
	Using a Service Organization and Related Audit	
	Considerations	.1128

	<b>Table of Contents</b>	xvii
Chapter		Paragraph
5	Defined Contribution Retirement Plans Including Employee Stock Ownership Plans	.01801
5A	Defined Contribution Retirement Plans	.01399
	Introduction and Background	0105
	Administration and Operation of a DC Plan	0608
	Accounting, Reporting, and Auditing DC Plans	0910
	Financial Statements	1112
	Net Assets Available for Benefits	1367
	Participant Allocations	1415
	Cash Balances	
	Investments	2048
	Participant Loans (Notes Receivable From Participants)	4951
	Contributions and Contributions Receivable	5256
	Rollover Contributions	5758
	Other Receivables	
	Forfeitures	6062
	Operating Assets	6364
	Accrued Liabilities	
	Changes in Net Assets Available for Benefits	6876
	Participant Benefits, Distributions, and Withdrawals	72
	Benefit Payments	
	Plan Expenses	
	Financial Siztement Disclosures	7794
	Fair Value Measurements	80
	Derivatives and Hedging	8185
	Master Trusts	
	Financial Instruments	
	Risks and Uncertainties	
	403(b) Plans or Arrangements	
	Plan Mergers, Spin-Offs, and Other Transfers of Assets	99102
	Plan Mergers	100
	Plan Spin-offs	101
	Plan Transfers	
	Terminating Plans (Full and Partial) (Full and Partial)	103110
	Going Concern	111
	Changes in Service Providers	2-[.113199]
	Auditing Considerations for DC Plans200	-[.284–.399]

©2016, AICPA Contents

Chapter		Paragraph
5A	Defined Contribution Retirement Plans—continued	
	Determining Audit Strategy	204207
	Participant Accounts and Allocations	208210
	Cash Balances	211215
	Investments and Related Income	216228
	Notes Receivable From Participants (Participant Loans)	229232
	Contributions and Certain Participant Data	233234
	Contributions and Contributions Receivable	235246
	Rollover Contributions	247248
	Other Receivables	249251
	Forfeitures	252254
	Operating Assets	255256
	Accrued Liabilities	
	Participant Benefits, Distributions and Withdrawals	
	Plan Expenses	
	Plan Mergers, Transfers, and Spin-offs	268271
	Terminating Plans	272274
	Changes in Service Providers	275-277
	SEC Reporting Requirements	[ 28 <b>4</b> – 399]
		[··= · · · · · · / ]
5B	Employee Stock Ownership Plans	.400801
	Introduction and Background	400421
	Participant Allocations	406408
	Valuation Terminology	
	Contributions	410
	Distributions	411
	Voling Rights	412
	Put Option	413
	Diversification	414416
	Financing Employer Stock Purchases	
	Suspense Account (Unallocated Shares)	
	Share Release Formula	
	Debt Service Payment	
	Administration and Operation of an ESOP	
	Regulatory Reporting Requirements	
	Accounting, Reporting, and Auditing ESOPs	
	Financial Statements	
	Net Assets Available for Benefits	430461
	Allocations	433436

Chapter		Paragraph
5B	Employee Stock Ownership Plans—continued	
	Cash Balances	.437
	Investments	.438442
	Valuation Techniques	
	Participant Loans	
	Contributions and Contributions Receivable	
	Rollover Contributions	
	Other Receivables	.454
	Forfeitures	
	Leveraged ESOP Debt	
	Accrued Liabilities	
	Other Liabilities	
	Changes in Net Assets Available for Benefits	
	· · · · · · · · · · · · · · · · · · ·	
	Participant Benefits, Distributions, and Withdrawais	
	Plan Expenses	.4/14/3
	Financial Statement Disclosures	.4/4492
	Fair Value Measurements	.478483
	Financial Instruments	.484485
	Risks and Uncertainties	.486490
	Subsequent Event Considerations for ESOPs	.491
	Prohibited Transactions and Party in Interest Transactions	.492
	Plan Mergers and Spin Offs	.493
	Terminating Plans (Full and Partial)	.494500
	Going Concern	.501
	Changes in Service Organization	
	Auditing Considerations for ESOPs	_
	Determining Audit Strategy	
	Valuation Terminology	
	Risk Assessment Considerations	
	Participant Accounts and Allocations	
	Cash Balances	
	Investments and Related Income	
	Limited-Scope Auditing Considerations	.629631
	Contributions and Certain Participant Data	.632
	Contributions and Contributions Receivable	.633638
	Rollover Contributions	.639
	Forfeitures	
	Leveraged ESOP Debt and Interest Expense	
	Accrued Liabilities	.647
	Other Liabilities – Employer Advances	
	Participant Benefits, Distributions and Withdrawals	
	Floor Price Protection	.659662

Chapter		Paragrap
5B	Employee Stock Ownership Plans—continued	
	Plan Expenses	.663
	Plan Mergers and Spin-offs	
	Terminating Plans (Full and Partial) or Frozen Plans	
	Changes in Service Providers	
	Appendix A—Defined Contribution Retirement Plan	
	Operations and Administration	.800
	Appendix B—Regulations, Administration, and Operation	
	of an ESOP	.801
6	Defined Benefit Pension Plans	.01200
	Introduction and Background	
	Administration and Operation of a DB Plan	
	Accounting, Reporting, and Auditing DB Plans	
	Financial Statements	.1215
	Net Assets Available for Benefits	.1671
	Cash Balances	.1620
	Investments	.2155
	Contributions and Contributions Receivable	.5665 66.
	Other Receivables	.6768
	Accrued Liabilities	.6971
	Changes in Net Assets Available for Benefits	
	Benefit Payments	.75
	Plan Expenses	.7678
	Accumulated Plan Benetiis	.7993
	Changes in Accumulated Plan Benefits	.94
	Financial Statement Disclosures	.95114
	Fair Value Measurements	
	Deriver and Hedging	
	Master Trusts	
	Financial Instruments	
	Risks and Uncertainties	
	Plan Mergers and Spin-Offs	
	· · · · · · · · · · · · · · · · · · ·	
	Terminating Plans (Full or Partial) and Frozen Plans	
	Terminating Plans	
	Frozen Plans	
	Going Concern	
	Changes in Service Providers	
	Auditing Considerations for DB Plans	
	Determining Audit Strategy	
	Cash Balances	
	Investments and Related Income	.144152
	Contributions and Contributions Receivable (Accounting	
	Ref: par. 6.55–.65)	.153164

xxi

## **Table of Contents**

Chapter		Paragrapl
6	Defined Benefit Pension Plans—continued	
	Other Receivables	.165167
	Operating Assets	.168170
	Accrued Liabilities	
	Benefit Payments	.174177
	Plan Expenses	.178181
	Accumulated Plan Benefits and Participant Census Data	.182188
	Plan Mergers and Spin-Offs	
	Terminating Plans (Full or Partial) or Frozen DB Plans	.193196
	Changes in Service Providers	.197199
	Appendix A—Defined Benefit Pension Plan	
	Operations and Administration	.200
7	Health and Welfare Benefit Plans	.01242
	Introduction and Scope	.0111
	Introduction and Scope  Trust Arrangements  Defining the Reporting Entity	.0507
	Defining the Reporting Entity	.0811
	Background	.1217
	Administration of a Health and Wellare Benefit Plan	.12
	HIPAA Considerations	
	Annual Health Care Process	.1617
	Health and Welfare Arrangements	.1825
	Accounting and Reporting for H&W Plans	.2025
	Financial Statements	.2631
	Defined Benefit H&W Plan	.2628
	Defined Contribution H&W Plan	.2931
	Net Assets Available for Benefits	.3274
	Cash	.3337
	Investments	.3854
	401(h) Accounts	.5558
	Contributions and Contributions Receivable	.5962
	Other Receivables	.6365
	Deposits With and Receivables From Insurance	
	Companies and Other Service Providers	.6670
	Operating Assets	.7172
	Accrued Liabilities	.7374
	Changes in Net Assets Available for Benefits	.7587
	Benefit Payments	.78
	Insurance Premiums	.7984
	Plan Expenses	.8487
	Benefit Obligations	.88124
	Claims	.9198
	Premiums Due Under Insurance Arrangements	.99101
	Accumulated Eligibility Credits	
	Postemployment Benefits	.104110

Chapter		Paragraph
7	Health and Welfare Benefit Plans—continued	
	Postretirement Benefit Obligations	.111124
	Changes in Benefit Obligations	
	Financial Statement Disclosures	
	Fair Value Measurements	
	Derivatives and Hedging	
	Financial Instruments	
	Risks and Uncertainties	.141144
	Plan Mergers and Spin-offs	.145146
	Terminating Plans	.147156
	Terminating Trusts	.157158
	Tax Considerations	
	Going Concern	
	Changes in Service Providers	
	Auditing Considerations for H&W Plans	167- 239
	Determining Audit Strategy	171-174
	Confidentiality or Indemnification Agreemen's	.171174
	Cash Balances	
	Investments and Related Income	
	Contributions and Contributions Receivable	
	Other Receivables	
	Deposits With, and Receivables From, Insurance	
	Companies and Other Service Providers	.196198
	Operating Assets	
	Accrued Liabilities	
	Benefit and Claim Payments	
	Insurance Premiums	
	Plan Expenses	
	Benefit Obligations—Defined Benefit H&W Plans	
	Defined Contribution H&W Plans	
	Plan Mergers and Spin-offs	
	Terminating Plans or Frozen H&W Plans	
	Changes in Service Providers	
	Appendix A—The Annual Health Care Process	.240
	Appendix B—Examples of Health and Welfare	.241
	Arrangements	.241
	Appendix C—Risk Assessment and Internal Control Considerations—Claim Payments	.242
8	Investments	.01173
	Introduction	.0102
	Background	.0314
	Investment Activities and the Use of Service	
	Organizations	08

	<b>Table of Contents</b>	xxiii
Chapter		Paragraph
8	Investments — continued	
	The Investment Manager or Adviser	.09
	The Custodian	.10
	The Trustee (Directed and Discretionary)	.1113
	Investment Recordkeeper	.14
	Valuation of Investments	.1516
	Fair Value Measurement	.1734
	Definition of Fair Value	.19
	Valuation Techniques	.2022
	The Fair Value Hierarchy	.2324
	Considerations When Determining Fair Value	.2526
	Fair Value Disclosures	.2734
	Accounting and Disclosure for Investments	.3537
	Statement of Net Assets Available for Benefits	.35
	Statement of Changes in Net Assets Available for Benefits	.37
	RICs (Mutual Funds)	.38
	Investments in CCTs	.3941
	Musici iiusi Aituligelliellis	.4247
	Other Investments	.4851
	Private Investment Funds	.48
	Separately Managed Accounts	.49
	Investments Reported as 103-12 Entities as Required	
	by the DOL	.5051
	Contracts With Insurance Entities	.5267
	DA Contracts	.5961
	IPG Contracts	.62
	Other Investment Arrangements With Insurance Entities	.6367
	Derivatives and Hedging Activities	.6878
	Officetting of Derivatives, Repurchase Agreements, and	75 70
	Securities Lending Transactions	.7578
	Securities Lending Arrangements	.7983
	Financial Statement Disclosures	.8495
	Insurance Contracts	.8587
	Fair Value Measurements	
	Financial Instruments	.8990
	Risks and Uncertainties	.9192
	Master Trusts	.93
	Derivatives and Hedging Activities	.94 .95
	Auditing Considerations for Investments	.961 <i>7</i> 3
	•	.701/3
	Risk Assessment and Internal Control Considerations for Investments	.97114
	Determining Audit Strategy	
	Investments and Related Income	
		· · · · <b>- ·</b>

Chapter		Paragraph
8	Investments – continued	
	Audit Procedures for Certain Plan Investments Investments in Securities That Are Valued Based	.129162
	on the Investee's Financial Results	.163165
	Limited-Scope Auditing Procedures	.166173
9	Plan Tax Status	.0130
	Nondiscrimination and Other Operating Tests for Plan Qualification	.1113
	Unrelated Business Income Tax	.1419
	Income Taxes	.2024
	Auditing Considerations	.2530
	Relevant Assertions	.25
	Examples of Identified Risks of What Can Go Wrong	
	at the Relevant Assertion Level	.26
	Example Audit Procedures to Consider	.2730
10	Concluding the Audit and Other Auditing Considerations	.0140
	The Form 5500	.0308
	Reports Issued Prior to the Form 5500 Filing	.0708
	Commitments and Contingencies	.0913
	Litigation, Claims, and Assessnens	.1113
	Subsequent Events	.14
	Evaluating the Risk of Material Misstatement Due to Fraud at or Near the End of the Audit	.15
	Plan Representations	.1622
	Management Pecresentation Letter	.22
	Communications With Those Charged With Governance	.2335
	Significant Findings From the Audit	.2735
	Communicating Internal Control Related Matters Identified in an Audit	.3639
	DOL Access to Auditors Working Papers	.3037
	DOL Access to Additions Working rapers	.40
11	The Auditor's Report	.0190
	What This Chapter Provides	.0305
	Background	.0617
	Forming an Opinion	.0714
	Addressing the Auditor's Report	.15
	Dating of the Auditor's Report	.16
	Content of the Auditor's Report	.17
	Supplemental Schedules Relating to ERISA and DOL	
	Regulations (Full-Scope Audits for Nonissuers)	.1824
	Full-Scope Audit Considerations	.1924
	Unmodified Opinions—Defined Contribution Retirement	
	Plans	.2534

Chapter		Paragraph
11	The Auditor's Report—continued	
	401(k) Plan (U.S. GAAP)	.25
	401(k) Plan — Special Purpose Framework	.2634
	Unmodified Opinions—Defined Benefit Pension Plans	.3536
	Illustration of Auditor's Report on Financial Statements of Defined Benefit Pension Plan Assuming End-of-Year Benefit Information Date	.35
	Illustration of Auditor's Report on Financial Statements of DB Plan Assuming Beginning-of-Year Benefit	.55
	Information Date	.36
	Unmodified Opinion—Health and Welfare Benefit Plans	.37
	Unmodified Opinion—Reporting on the Financial	00.00
	Statements of a Trust	.3839
	Unmodified Opinion—Form 11-K Filings With the SEC	.4045
	Form 11-K Audit Report for Filing With the SEC	.44
	Form 11-K Audit Report for Filing With the DC! Full-Scope Audits—Unmodified Opinions on the Financial Statements With Modifications to the Report on	.45
	Supplementary Information	.4652
	Information Required by the DOL	.4649
	DOL Regulations	.50
	Omitted Schedule Required Under DOL Regulations	.51
	Qualified Report on Supplementary Information—Omitted Information	.52
	Prohibited Transactions	.5356
	Qualified Peport—Disclosure of Material Prohibited	
	Transaction With Party in Interest Omitted  Disclosure of Immaterial Prohibited Transaction With	.54
	Party in Interest Omitted	.55
	Considered a Related-Party Transaction	.56
	Limited-Scope Audits Under DOL Regulations	.5771
	Reporting on Supplemental Schedules—Limited-Scope Audit Considerations	.6163
	Standard Limited-Scope Audit Report	.64
	Limited-Scope Audit in Prior Year	.6567
	Limited-Scope Audit in Current Year	.6869
	Limited-Scope Audit in Current Year, Prior Year	.0007
	Limited-Scope Audit Performed by Other Auditors	.7071
	Change in Trustee	.72
	Reporting on Supplemental Schedules in a Limited-Scope Audit	.7376
	Standard Limited-Scope Audit Reports With Modifications	
	to the Report on Supplemental Schedules	.7779

**Table of Contents** 

©2016, AICPA Contents

xxvi	Table of Contents	
Chapter		Paragraph
11	The Auditor's Report—continued	
	Omitted Schedule Required Under DOL Regulations in a Limited-Scope Engagement  Modified Opinion on Supplemental Schedules—Omitted Information Required Under DOL Regulations in a	.78
	Limited-Scope Engagement	.79
	Other Scope Limitations	.80
	Disclaimer of Opinion on Audit of Multiemployer Pension Plan Due to Scope Limitation	.80
	Accumulated Plan Benefits—GAAP Departures and Changes in Accounting Estimates	.8183
	Terminating Plans	.8485
	Going Concern	.86
	Initial Audits of Plans	.87
	Prior Period Financial Statements Not Audited	.8890
Appendix	ERISA and Related Regulations Examples of Controls	
Α	ERISA and Related Regulations	
В	Examples of Controls	
С	Illustrations of Financial Statements: Defined Contribution Retirement Plans	5
D	Illustrations of Financial Statements: Employee Stock Ownership Plans	
Е	Illustrations of Financial Statements: Defined Benefit Pension Plans	
F	Illustrations of Financial Statemens. Health and Welfare Benefit Plans	
G	Consideration of Fraud in a Financial Statement Audit	
Н	Guidance Updates	
Ī	Schedule of Change Made to the Text From the Previous Edition	
Glossary	Mary Comments of the Comments	
Index of Pro	onouncements and Other Technical Guidance	

Contents ©2016, AICPA

Subject Index