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	.01142
	Overview	.0110
	Categories of Professional Coquirements	.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
	Lim 'ed-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	50 50
	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	.65
	Decision to Use the Work of a Specialist	.6694
	Related-Party and Party in Interest Transactions	.95116
	Audit Considerations	.106116
	Consideration of Laws and Regulations and Prohibited	
	Transactions	.117128
	Communication With Responsible Parties	.125
	Effect on the Auditor's Report	.126128
	Accounting Estimates	.129130
	Going Concern Considerations	.131133
	Initial Audits of the Plan	.134142
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	.2324
	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	20
	Missiptement	.30
	Use of Assertions in Assessment of Risks of Material 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	
	Misstatement Due to Fraud	.6168
	Evaluation of Audit Evidence	.6971
4	Internal Control	.0128
	Using a Service Organization and Related Audit	
	Considerations	.1128

	Table of Contents	XXIII
Chapter		Paragrapl
5	Defined Contribution Retirement Plans Including Employee Stock Ownership Plans	.01801
5A	Defined Contribution Retirement Plans	.01-[.399]
	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	.1619
	Investments	.2048
	Participant Loans (Notes Receivable From Participants)	.4951
	Contributions and Contributions Receivable	.5256
	Rollover Contributions	.5758
	Other Receivables	.59
	Forfeitures	.6062
	Operating Assets	.6364
	Accrued Liabilities	.6567
	Changes in Net Assets Available for Benefits	.6876
	Participant Benefits, Distributions, and Withdrawals	.72
	Benefit Payments	.73
	Plan Expenses	.7476
	Financial Sigtement Disclosures	.7796
	Fair Value Measurement	.80
	Denicatives and Hedging	.8185
	Master Trusts	.8690
	Financial Instruments	.9192
	Risks and Uncertainties	.9396
	403(b) Plans or Arrangements	.97100
	Plan Transfers (Plan Mergers, Spin-Offs, and Other Transfers)	.101105
	Going Concern	.106
	Terminating Plans (Full and Partial)	.107114
	Changes in Service Providers	.115-[.199]
	Auditing Considerations for DC Plans	.200-[.399]
	Determining Audit Strategy	.204207

©2019, AICPA Contents

Table of Contents

Chapter		Paragraph
5A	Defined Contribution Retirement Plans — continued	
	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	.257259
	Participant Benefits, Distributions and Withdrawals ,	.260263
	Plan Expenses	
	Plan Transters (Plan Mergers, Spin-Otts, and	
	Other Transfers) Terminating Plans	.268272
	Changes in Service Providers	
5B	Employee Stock Ownership Plans	.400[.799]
	Introduction and Background	
	Participant Allocations	
	Valuation Terminology	
	Contributions	
	Distributions	.411
	Voting Rights	
	Put Option	.413
	Diversification	.414416
	Financing Employer Stock Purchases	.41 <i>7</i> 418
	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	
	Allocations	
	Cash Balances	437

 $\mathbf{X}\mathbf{X}\mathbf{V}$

Chapter		Paragraph
5B	Employee Stock Ownership Plans — continued	
	Investments	438442
	Valuation Techniques	443448
	Participant Loans	449
	Contributions and Contributions Receivable	450452
	Rollover Contributions	453
	Other Receivables	454
	Forfeitures	455457
	Leveraged ESOP Debt	458459
	Accrued Liabilities	460
	Other Liabilities	461
	Changes in Net Assets Available for Benefits	462473
	Participant Benefits, Distributions, and Withdrawals	468470
	Plan Expenses	471473
	Financial Statement Disclosures	
	Fair Value MeasurementFinancial Instruments	484485
	Risks and Uncertainties	
	Subsequent Event Considerations for ESOPs	
	Prohibited Transactions and Party in Interest Transactions	
	Plan Transfers (Plan Mergers, Spin-Offs, and Other	
	Transfers)	493
	Going Concern	494
	Terminating Plans (Full and Partial)	495501
	Changes in Service Organization	502-[.599]
	Auditing Considerations for ESOPs	600-[.799]
	Determining Audit Strategy	
	Valuation Terminology	
	Risk Assessment Considerations	
	Participant Accounts and Allocations	610613
	Cash Balances	
	Investments and Related Income	615628
	Limited-Scope Auditing Considerations	
	Contributions and Certain Participant Data	
	Contributions and Contributions Receivable	
	Rollover Contributions	
	Forfeitures	
	Leveraged ESOP Debt and Interest Expense	
	Accrued Liabilities	
	Participant Benefits, Distributions and Withdrawals	
	ramapani benenis, bisinbonons ana vvillarawais	032030

Chapter		Paragraph
5B	Employee Stock Ownership Plans — continued	
	Floor Price Protection	.659662
	Plan Expenses	
	Plan Mergers and Spin-offs	.664
	Terminating Plans (Full and Partial) or Frozen Plans	.665670
	Changes in Service Providers	.671-[.799]
	Appendix A—Defined Contribution Retirement Plans	.800
	Appendix B—Regulations, Administration, and Operation	
	of an ESOP	.801
6	Defined Benefit Pension Plans	.01207
	Introduction and Background	.0104
	Administration and Operation of a DB Plan	.0507
	Accounting, Reporting, and Auditing DB Plans	.0811
	Financial Statements	.1215
	Net Assets Available for Benefits	.1671
	Cash Balances	.1620
	Investments	.2155
	Contributions and Contributions Receiveble	.5665
	Other Receivables	.66
	Operating Assets	.6768
	Accrued Liabilities	.6971 .7278
	Changes in Net Assets Available for Benefits	.7276 .75
	Benefit Payments	.73 .7678
	Plan Expenses	.7078
	Changes in Accumulated Plan Benefits	.94
	Financial Statement Disclosures	.95116
	Fair Vaice Measurement	.99
	Der victives and Hedging	
	Master Trusts	
	Financial Instruments	
	Risks and Uncertainties	.112116
	Plan Transfers (Plan Mergers, Spin-Offs, and Other Transfers)	.117122
	Going Concern	.123
	Terminating Plans (Full or Partial) and Frozen Plans	.124135
	Terminating Plans	
	Frozen Plans	
	Changes in Service Providers	.133133
	Auditing Considerations for DB Plans	
	_	
	Determining Audit Strategy	.141144 .145149
	Cash Balances	
	invesiments and related income	.130138

	Table of Contents	xxvii
Chapter		Paragraph
6	Defined Benefit Pension Plans — continued	
	Contributions and Contributions Receivable	.159170
	Other Receivables	.171173
	Operating Assets	.174176
	Accrued Liabilities	.177179
	Benefit Payments	.180183
	Plan Expenses	.18418 <i>7</i>
	Accumulated Plan Benefits and Participant Census Data	.188194
	Plan Transfers (Plan Mergers, Spin-Offs, and Other Transfers)	.195199
	Terminating Plans (Full or Partial) or Frozen DB Plans	
	Changes in Service Providers	
	Appendix A—Defined Benefit Pension Plan Operations	
	and Administration	.207
7	Health and Welfare Benefit Plans	.01240
	Introduction and Scope	.0111
	Trust Arrangements	.0507
	Defining the Reporting Entity	.0811
	Background	.121 <i>7</i>
	Administration of a Health and Welfare Benefit Plan	.12
	HIPAA Considerations	.1315
	Annual Health Care Process	.161 <i>7</i>
	Health and Welfare Arrangements	.1825
	Accounting, Reporting, and Auditing 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	.3277
	Cash	.333 <i>7</i>
	in restments	.385 <i>7</i>
	401 (h) Accounts	.5861
	Contributions and Contributions Receivable	.6265
	Other Receivables	.6668
	Deposits With and Receivables From Insurance Companies and Other Service Providers	.6973
	Operating Assets	.7475
	Accrued Liabilities	.7677
	Changes in Net Assets Available for Benefits	.7890
	Benefit Payments	.81
	Insurance Premiums	.8286
	Plan Expenses	.8790
	Benefit Obligations	.91127
	Claims	.94101
	Premiums Due Under Insurance Arrangements	.102104
	Accumulated Eligibility Credits	.105106
	Postemployment Benefits	.107113

xxvii

Contents

Chapter		Paragrapl
7	Health and Welfare Benefit Plans — continued	
,		.114127
	Changes in Benefit Obligations	.128129
	Financial Statement Disclosures	.130147
	Fair Value Measurement	.136
	Derivatives and Hedging	.137141
	Financial Instruments	.142143
	Risks and Uncertainties	.144147
	Plan Transfers (Plan Mergers, Spin-Offs, and Other Transfers)	.148149
	Going Concern	.150
	Terminating Plans	.151160
	•	.161162
	Terminating Trusts	
	Tax Considerations	.163168
	Changes in Service Providers	.169
	Auditing Considerations for H&W Plans	.170237
	Determining Audit Strategy	.1 <i>74</i> 1 <i>77</i>
	Confidentiality or Indemnification Agreemen's	.1 <i>7</i> 8
	Cash Balances	.179182
		.183190
	Contributions and Contributions Receivable	.191195
	Other Receivables	.196198
	Deposits With, and Receivables From, Insurance	100 001
	Companies and Other Service Providers	.199201
	Operating Assets	.202
	Accrued Liabilities	
	Benefit and Claim Payments Insurance Premiums	.206212
	Plan Exponses	.216219
	Benefit Obligations—Defined Benefit H&W Plans	.210219
	Defined Contribution H&W Plans	.232
	Plan Transfers (Plan Mergers, Spin-Offs, and Other	.202
	Plan Transfers)	.233
	Terminating Plans or Frozen H&W Plans	
	Changes in Service Providers	.237
	Appendix A—The Annual Health Care Process	.238
	Appendix B—Examples of Health and Welfare	.239
	Arrangements	.237
	Appendix C—Risk Assessment and Internal Control Considerations—Claim Payments	.240
8	Investments	.01172
	Introduction	.0102
	Background	.0314
	Investment Activities and the Use of Service	
	Organizations	.08

©2019, AICPA

Chapter		Paragraph
3	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	.1 <i>7</i> 35
	Definition of Fair Value	.19
	Definition of Readily Determinable Fair Value	.20
	Valuation Techniques	.2123
	The Fair Value Hierarchy	.2425
	Considerations When Determining Fair Value	.2627
	Fair Value Disclosures	.2835
	Accounting and Disclosure for Investments	.3638
	Statement of Net Assets Available for Benefits	.3637
	Statement of Changes in Net Assets Available	
	for Benefits	.38
	RICs (Mutual Funds)	.39
	Investments in CCTs	.4042
	Master Trust Arrangements	.4346
	Other Investments	.4750
	Private Investment Funds	.47
	Separately Managed Accounts	.48
	Investments Reported as 103-12 Entities as Required	
	by the DOL	.4950
	Contracts With Insurance Entities	.5166
	DA Contracts	.5860
	IPG Conifcicts	.61
	Other Investment Arrangements With Insurance Entities	.6266
	Derivatives and Hedging Activities	.6777
	Offisetting of Derivatives, Repurchase Agreements, and	
	Securities Lending Transactions	.7477
	Securities Lending Arrangements	.7882
	Financial Statement Disclosures	.8394
	Insurance Contracts	.8486
	Fair Value Measurements	.87
	Financial Instruments	.8889
	Risks and Uncertainties	.9091
	Master Trusts	.92
	Derivatives and Hedging Activities	.93
	Securities Lending	.94
	Auditing Considerations for Investments	.95172
	Risk Assessment and Internal Control Considerations	04 335
	tor Investments	.96113
	Determining Audit Strategy	.114124
	Investments and Related Income	.125127

Table of Contents

XXIX

Chapter		Paragrap
8	Investments — continued	
	Audit Procedures for Certain Plan Investments Investments in Securities That Are Valued Based	.128161
	on the Investee's Financial Results	.162164
	Limited-Scope Auditing Procedures	.165172
9	Plan Tax Status	.0131
	Nondiscrimination and Other Operating Tests for Plan Qualification	.1214
	Unrelated Business Taxable Income	.1520
	Income Taxes	.2125
	Auditing Considerations	.2631
	Relevant Assertions	.26
	Examples of Identified Risks of What Can Go Wrong	0
	at the Relevant Assertion Level	.27
	Example Audit Procedures to Consider	.2831
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 Assessments	.1113
	Subsequent Events	.14
	Evaluating the Risk of Material Misstatement Due to Fraud at or Near the End of the Audit	.15
	Plan Representation	.1622
	Management Representation 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	.40
11	The Auditor's Report	.0191
	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

Contents ©2019, AICPA

Chapter		Paragrapl
11	The Auditor's Report — continued	
	Unmodified Opinions—Defined Contribution	
	Retirement Plans	.2534
	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	
	Information Date	.36
	Unmodified Opinion—Health and Welfare Benefit Plans	.37
	Unmodified Opinion—Reporting on the Financial 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	.4043
	Form 11-K Audit Report for Filing With the DOL	.45
	Full-Scope Audits—Unmodified Opinions on the Financial	.43
	Statements With Modifications to the Report on	
	Supplementary Information	.4652
	Departures From, or Omission of, Supplementary	
	Information Required by the DOL	.4649
	Omitted Information in a Schedule Required Under DOL Regulations	.50
	Omitted Schedule Required Under DOL Regulations	.51
	Qualified Report on Supplementary Information—	
	Omitted Information	.52
	Prohibited Transactions	.5356
	Qualified Report—Disclosure of Material Prohibited	5 4
	Transaction With Party in Interest Omitted	.54
	Visclosure of Immaterial Prohibited Transaction With Party in Interest Omitted	.55
	Prohibited Transaction With Party in Interest That Is	.55
	Also 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	70
	Limited-Scope Audit Performed by Other Auditors	.7071
	Change in Trustee	.72
	Reporting on Supplemental Schedules in a Limited-Scope Audit	.7376
	Audit	./3/6

xxxii	Table of Contents	
Chapter		Paragraph
11	The Auditor's Report — continued	
	Standard Limited-Scope Audit Reports With Modifications to the Report on Supplemental Schedules	.7779
	Omitted Schedule Required Under DOL Regulations in a Limited-Scope Engagement	.78
	Modified Opinion on Supplemental Schedules—Omitted Information Required Under DOL Regulations in a	., 0
	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
	Substantial Doubt With Respect to Going Concern	.8687
	Initial Audits of Plans	.88
	Initial Audits of Plans Prior Period Financial Statements Not Audited	.8991
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 Plan	s
D	Illustrations of Financial Statements: Employee Stock Ownership Plans	
Е	Illustrations of Financial Statements: Defined Benefit Pension Plans	

Illustrations of Financial Statements: Health and Welfare Benefit Plans

Schedule of Changes Made to the Text From the Previous Edition

Consideration of Fraud in a Financial Statement Audit

Overview of Statements on Quality Control Standards

The New Leases Standard: FASB ASC 842

Glossary

F

G

Н

J

Index of Pronouncements and Other Technical Guidance

Subject Index

Contents ©2019, AICPA