



Plan sponsors have important obligations as ERISA fiduciaries to a retirement plan. Certain obligations relate to plan administration and safeguarding plan participants' assets. To meet these responsibilities, it is important to establish and follow policies and procedures. Such policies and procedures should be developed to ensure that those charged with governance are acting in the best interest of plan participants, carrying out their duties, offering a diversified investment portfolio, following the terms of the plan document, and paying only reasonable plan expenses.

In order to assist you with some of these duties, we are providing you with an update on the latest auditing changes and how they affect your plan, as well as a compliance and governance calendar to remind you of some important deadlines and fiduciary tasks to complete.

SAS 136 CONSIDERATIONS FOR 2022 PLAN YEAR

Statement on Auditing Standards (SAS) No. 136, *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA*, is effective for periods ending on or after December 15, 2021. This standard, released by the AICPA, is applicable for ERISA (Employee Retirement Income Security Act of 1974) plan financial statement audits and will include several changes, including additional responsibilities for Plan management.

The following represents a summary of what plan sponsors will need to know.

What is incorporated in SAS 136:

- Certain new performance requirements for the auditor of an ERISA plan
- Change in the form and expansion of content of the related auditor's report.
- Clarification of responsibilities of plan management and auditors. Certain aspects of these responsibilities will now be included in the auditor's report, engagement letters and other required communications.
- Changes in how auditors report their findings to those charged with governance
- Change in report name for those electing a 'limited scope' audit. The auditor's report will no longer be a 'disclaimer' of opinion, but will now be referred to as an ERISA Section 103(a)(3)(C) audit.

Plan management (sponsor) responsibilities, as outlined in SAS 136, include the following:

- Maintaining a current plan instrument
- Administration of the plan and maintaining sufficient records for plan transactions and benefits
- Responsibility for the financial statements
- Assessment of going concern
- If applicable, affirming that an ERISA Section 103(a)(3)(C) audit is permissible, that the certifying institution (trustee or custodian) is qualified and that the certified investment information is appropriately measured, presented, and disclosed in the financial statements.
- Providing a substantially complete Form 5500 draft prior to the auditor report issuance

What plan sponsors should be considering now:

- Understand plan sponsor responsibilities, as outlined in the audit engagement letter
- Understand the types of findings the plan's auditor has identified during previous audits, as certain significant findings from future audits may be included in written communications to those charged with governance
- Understand the type of audit the auditor will be engaged to perform - full scope or ERISA Section 103(a)(3)(C). If the latter:
 - Ensure that this audit type is permissible
 - Ensure that the certifying institution is qualified
 - Ensure that the certification meets DOL requirements
 - Understand which investments and disclosures are certified
- Refer to additional resources (see our website for an informational video summary.) Our website also contains additional resources related to SAS 136 and other topics.

For more information, visit us online
at www.blueandco.com/ebp