

**Audit Program for: OREGON PERS GASB 68 & 71**

Client:

Balance Sheet Date: **June 30, 2015**

Assertions	Audit Procedures	Performed by	Date	W/P Index or N/A
	<p><b>FINANCIAL STATEMENT ASSERTIONS</b></p> <p>E/O Existence or occurrence                      C Completeness                      R/O Rights and obligations                      V Valuation                      A/CL Accuracy or classification                      CO Cutoff</p> <p>The letters in the left column labeled “Assertions” indicate that the audit procedure provides assurance about the indicated assertions. If the letter appears in a bracket (for example, [E/O], [C], etc.), the audit procedure only secondarily provides assurance about the assertion. If an asterisk (*) precedes a procedure, it is a preliminary step or follow-up step.</p> <p><b>AUDIT PROCEDURES</b></p> <p><b>Pension Plans</b></p>			
	<p>When auditing the financial statements of pension plans and participating employers, auditors usually use significant amounts of personally identifiable information (PII). PII generally refers to any data or information about an individual that, in isolation or when combined with other data, could reasonably be used to identify or contact that person. PII includes information such as name, phone number, email address, Social Security number, account numbers, and can also include such items as fingerprints, signatures, and other biometric data. Some PII is considered “sensitive” or otherwise deserving of special consideration, particularly in the context of confidentiality. For example, certain jurisdictions explicitly define the following areas of sensitive information that require special handling: information regarding an individual's medical or health conditions; racial or ethnic origin; trade union membership; or similarly sensitive type of information. A person's first and last name is not always considered “private,” but when combined with the user's Social Security number, the combination is considered protected PII under certain U.S. and various state laws.</p> <p>It is recommended that auditors carefully consider (1) the risks associated with the collection, processing, storage, transfer, or disposition of PII and the potential processes and controls to manage those risks through physical, procedural, and technical security measures and (2) legal, regulatory, ethical, and professional obligations to protect PII. (The 2015 edition AICPA Audit &amp; Accounting Guide, State and Local Government par. 13.15 - Emphasis Point)</p>			
*	1. Documentation needed for all pension plans:			

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	a. Obtain a copy of the plan document(s) including any amendments.			
	b. Gain an understanding of the key provisions			
	c. Determine the type of plan:			
	(1) Defined Contribution Pension			
	(2) Defined Benefit Pensions:			
	(a) Single employer pension plans - plans in which pensions are provided to the employees of only one employer (GASB 68 Summary)			
	(b) Agent multiple-employer pension plans - plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees (GASB 68 Summary)			
	(c) Cost-sharing multiple-employer pension plans - plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan (GASB 68 Summary) – Note this is Oregon PERS			
	d. Determine the applicable GASB Statement:			
	(1) GASB 68 (GASB 68 par. 4) – Note this example audit program addresses cost-sharing multiple-employers administered through a trust only			
	(2) GASB 27 and 50 – Note this example audit program does not address these standards			
	<b>GASB 68 – Cost-Sharing Multiple-Employers</b>			
*	2. If using the work of an outside specialist (actuary) as audit evidence ensure that we follow AU-C section 500, Audit Evidence and/or AU-C section 620, Using the Work of an Auditor’s Specialist (The 2015 edition AICPA Audit & Accounting Guide, State and Local Government par. 13.95)			
R/O, V	a. Obtain the actuarial valuation report used to measure the collective total pension liability for			

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	the plan as of the measurement date based (The 2015 edition AICPA Audit & Accounting Guide, State and Local Government par. 13.187a)			
A/CL	b. Evaluating whether the methods and assumptions used in determining the total pension liability (asset) are in accordance with GASB Statement No. 68 and Actuarial Standards of Practice and are the same as those used by the plan (The 2015 edition AICPA Audit & Accounting Guide, State and Local Government par. 13.187e)			
*	3. If using the <b>Oregon Public Employees Retirement System Cost-Sharing Multiple-Employer Defined Benefit Pension Plan Schedules of Employer Allocations and Pension Amounts by Employer</b> as audit evidence evaluate:			
	a. Review the plan auditor's report and any related opinion modifications and assess other matters discussed in the report (AU-C 9500 par. .29)			
	b. Evaluate whether the plan auditor has the necessary competence and independence for the employer auditor's purposes (AU-C 9500 par. .29)			
	c. Evaluate whether the employer or employer auditor are named as a specified user (The 2015 edition AICPA Audit & Accounting Guide, State and Local Government par. 13.186e) – <b>Note for Oregon PERS "System's participating employers and their auditor" are specified</b>			
	d. Obtain a copy of the <b>Oregon Public Employees Retirement System Cost-Sharing Multiple-Employer Defined Benefit Pension Plan Schedules of Employer Allocations and Pension Amounts by Employer.</b>			
E/O, C, R/O, V, A/CL	e. Verify and recalculate amounts specific to the applicable employer including (AU-C 9500 par. .29):			
	(1) Employer amount used in the allocation percentage (that is, the numerator of the calculation)			
	(2) Recalculate the allocation percentage for the employer			
	(3) Recalculate the pension amounts allocated to the employer based on the allocation percentage			

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E/O, C, V, C/O	4. Obtain a detailed schedule of employer-specific deferred outflows of resources and deferred inflows of resources by type (including contributions made after the measurement date, changes in proportion, and differences between the employer's actual contributions and its proportionate share of total employer contributions) and by period (The 2015 edition AICPA Audit & Accounting Guide, State and Local Government par. 13.187k)			
	a. Test contributions made after the measurement and before the employer's year-end and comparing to amount reported as deferred outflows of resources (The 2015 edition AICPA Audit & Accounting Guide, State and Local Government par. 13.187k(i))			
	b. Agree recognition (amortization) schedules and recognition (amortization) periods for prior period deferral amounts to prior year working papers and audited financial statements (The 2015 edition AICPA Audit & Accounting Guide, State and Local Government par. 13.187k(ii))			
	c. Consider recalculating the current year gross incremental deferrals for changes in proportion and differences between the employer's actual contributions and its proportionate share of total employer contributions (The 2015 edition AICPA Audit & Accounting Guide, State and Local Government par. 13.187k(iii))			
	d. Consider recalculating the recognition (amortization) amount for the current period incremental deferrals for changes in proportion and differences between the employer's actual contributions and its proportionate share of total employer contributions for example, by dividing the current respective gross incremental deferrals by the current year amortization period for the plan (The 2015 edition AICPA Audit & Accounting Guide, State and Local Government par. 13.187k(iv))			
C, A/CL	5. If substantive procedures are necessary based on assessed risk and internal controls for census data, perform the following:			
	a. Select a representative group of potentially eligible employees for participation in the cost-sharing plan and test underlying payroll and personnel			

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	records to census data (The 2015 edition AICPA Audit & Accounting Guide, State and Local Government par. 13.53 & 13.99).			
A/CL	6. If applicable, document the clients allocation method among fund financial statements and between governmental and business-type activities (Per GASB 68 par. 345 the statement does not provide specific guidance)			
E/O, C, R/O, E/O, C, A/CL	7. Determine that the information necessary to record all material accounts net pension liability (asset), deferred outflows of resources, deferred inflows of resources, and pension expenditures/expenses (on the full accrual basis of accounting) not already reflected in the information to prepare the fund financial statements is available and has been considered and covered in this program.			
A/CL	8. Accumulate or summarize in the workpapers information necessary for financial statement presentation and for disclosure in the notes to the financial statements, including:			
CO, A/CL	a. Has anything occurred subsequent to the measurement date that should be referenced in the Pension note and/or subsequent events. <i>Note for Oregon PERS employer audits FYE 2015 – Moro decision and change in rate of return</i>			
	<b>Concluding Audit Steps</b>			
*	Ensure that the workpapers include the information needed to support required financial statement disclosures and that such information has been subjected to appropriate audit procedures.			
*	Consider the need to apply additional procedures. Evaluate whether the procedures performed provide sufficient assurance to support our audit opinion. If risks or other conditions are identified that require an additional audit response, ensure that they and our response are documented.			
*	Consider whether the results of audit procedures indicate internal control related matters that are required to be evaluated.			
	<b>Conclusion</b>			
	We have performed procedures and obtained audit evidence sufficient to provide reasonable assurance about accounts payable, materials & services, and personnel services. The			

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	procedures performed, evidence obtained, and our conclusions are adequately documented.			

SAMPLE