

MEMO# 1903

May 8, 1990

DEPARTMENT OF LABOR ERISA ENFORCEMENT PROPOSALS

May 8, 1990 TO: PENSION COMMITTEE NO. 12-90 RE: DEPARTMENT OF LABOR ERISA
ENFORCEMENT PROPOSALS

Attached is a copy of the Department of Labor's ERISA enforcement proposals which it recently delivered to the House of Representatives in response to criticism of the Department's ERISA enforcement activities. Among the recommendations contained in the package is a proposal to eliminate the "limited scope" audit exemption contained in Section 103(a)(3)(C) of ERISA. This exemption allows plan administrators to exclude assets which are held by regulated financial institutions from the scope of the required annual financial audit. In its place, the Department proposes to require financial institutions holding retirement plan assets to instruct their independent auditors to prepare a special report which covers internal accounting controls and similar matters. The report would also contain an opinion by the auditor on the financial statements provided to retirement plans. In the next several weeks, members of the Institute staff will meet with Department of Labor officials to discuss the Department's long-term strategies and goals concerning ERISA enforcement. Please contact the undersigned as soon as practical if you have any comments on or criticisms of the attached proposals so that we can raise them with the Department of Labor. In particular, please consider the costs involved if the Department's proposal regarding the limited scope audit exemption is implemented. We will keep you informed of further developments. W. Richard Mason Assistant General Counsel Attachment WRM:bmb