

**MEMO# 8267**

October 1, 1996

## **LEGISLATION TO REPEAL ERISA'S "LIMITED SCOPE AUDIT" DEFEATED**

October 1, 1996 TO: BOARD OF GOVERNORS No. 54-96 ACCOUNTING/TREASURERS  
COMMITTEE No. 39-96 FEDERAL LEGISLATION MEMBERS No. 15-96 OPERATIONS  
COMMITTEE No. 25-96 PENSION COMMITTEE No. 42-96 PUBLIC INFORMATION COMMITTEE  
No. 38-96 RE: LEGISLATION TO REPEAL ERISA'S "LIMITED SCOPE AUDIT" DEFEATED

The  
Employee Retirement Income Security Act (ERISA) currently requires a pension plan with 100 or more participants to include an independent auditor's report when it files its annual report with the Internal Revenue Service, but permits "limited scope audits" which rely on certified audit statements from financial services institutions that are federally or state regulated. The Institute views the "limited scope audit" as an important efficiency, avoiding duplicate audits of financial services institutions. Earlier this year, Senators Paul Simon (D-IL) and James Jeffords (R-VT), at the request of the Department of Labor and the Administration, introduced S. 1490, the "Pension Audit Improvement Act of 1995." S. 1490 would have repealed the "limited scope audit" provision with the result that the costs borne by plans and employer sponsors would have been unnecessarily and substantially increased, and federally-regulated financial services institutions, including mutual funds, would have been subject to extensive and redundant auditing. The Institute was part of a broad coalition that opposed S. 1490. I am pleased to report that attempts to repeal the "limited scope audit" were defeated in the closing days of the Congress. Matthew P. Fink  
President

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