

Independent Accountant's Report

To Management
Thomson Reuters (Tax and Accounting) Inc.

We have examined:

- *PPC's Practice Aids for Audits of 403(b) Plans*, February 2023, 15th Edition, accessible through AdvanceFlow.com and available for download on Checkpoint.RIAG.com (the "quality control materials" or QCM)
- The accompanying description, "Description, as of February 7, 2024, of the Content of *PPC's Practice Aids for Audits of 403(b) Plans*, February 2023, 15th Edition" (the "Description")

Management of Thomson Reuters (Tax and Accounting) Inc. is responsible for the QCM and the Description being in accordance with the QCM Content Criteria and the Description Criteria, respectively (collectively, the "QCM Criteria"), included in Attachment A. Our responsibility is to express an opinion on the QCM and the Description based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the QCM and the Description are in accordance with the QCM Criteria in all material respects. An examination involves performing procedures to obtain evidence about the QCM and the Description. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the QCM and the Description, whether due to fraud or error. In making an assessment of the risks of material misstatement, we considered and obtained an understanding of internal control relevant to the subject matter in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, no such opinion is expressed. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, in all material respects:

- The QCM are presented in accordance with the QCM Content Criteria specified in Attachment A.
- The Description is presented in accordance with the Description Criteria specified in Attachment A.

This report is intended solely for the information and use of management of Thomson Reuters (Tax and Accounting) Inc., users and potential users of the QCM, and users' peer reviewers and regulators.

This report is not intended to be, and should not be, used by anyone other than these specified parties.

Plante & Moran, PLLC

April 10, 2024

Attachment A: QCM Content Criteria and Description Criteria

QCM Content Criteria

The quality control materials (QCM) are in accordance with the following criteria:

CC1: The quality control materials content accurately reflects the standards and interpretive guidance addressed by the QCM and addresses the standards and interpretive guidance in the manner described in the description, including the following:

- a. QCM content reproduced in whole or in part from standards and interpretive guidance does the following:
 - i. Appropriately references the relevant standards and interpretive guidance to enable user firms to locate the content
 - ii. Agrees with the relevant standards and interpretive guidance
- b. QCM content derived from the standards and interpretive guidance explains, elaborates, interprets, or paraphrases the relevant standards and interpretive guidance in a manner that does not change the meaning and intent of the standards and interpretive guidance.
- c. QCM content that illustrates the application of the relevant standards and interpretive guidance is not in conflict with the standards and interpretive guidance.

CC2: QCM content

- a. Identifies assumptions or judgments made in developing QCM content related to the relevant standards and interpretive guidance, if any
- b. Identifies QCM content that is based on widely recognized or generally accepted practice rather than on the relevant standards and interpretive guidance
- c. Identifies QCM content that represents the QCM provider's opinion or interpretation of the relevant standards and interpretive guidance
- d. Uses the same terminology and definitions used in the relevant standards and interpretive guidance

CC3: QCM content does not omit relevant principles, topics, requirements, considerations, procedures, or other aspects of the relevant standards and interpretive guidance.

CC4: If the description indicates that a purpose of the QCM content is to provide a means to document compliance with the standards and interpretive guidance that the QCM address, the QCM content enables user firms to do so.

Description Criteria

The description of the content of quality control materials (the "Description") contains the following information:

DC1: An identification of the quality control materials addressed by the Description, including the following:

- a. The title of the QCM, including the version name, number, or date
- b. An indication of all formats in which the QCM are provided and, if the QCM are in the format of application software, all delivery methods

**Attachment A: QCM Content Criteria and Description Criteria
(Continued)**

DC2: An identification of any elements of the QCM content that are provided by another QCM provider

DC3: An identification of any elements (parts) of the QCM content that are not addressed by the Description. If applicable, identify how the elements relate to the entire QCM.

DC4: The date of the Description

DC5: A statement that “[*Identification of the QCM addressed by the description*] are quality control materials (QCM). The AICPA defines QCM as materials (for example, manuals or tools), including industry- or subject matter-specific materials, intended to enable the operation of a firm’s system of quality control and promote consistency in performing quality engagements. QCM may be made available through technology, for example, through automated tools and techniques, and IT applications. QCM address standards and interpretive guidance related to accounting; audit, attestation, review, compilation, or preparation engagements or other services that CPA firms may provide; or ethics, independence, quality control, quality management, peer review, or practice monitoring related to those services.”

DC6: An identification of the characteristics of the QCM, including the following:

- a. The type of QCM (what the QCM are) and purpose of the type of QCM
- b. The topics addressed by the QCM
- c. If the QCM are intended to be used for a specific type of engagement or specific aspects of an engagement, an identification of the characteristics of that engagement, including the following:
 - i. The relevant characteristics of the type of client for which the QCM are intended to be used, including the following:
 - Area of practice
 - Industry
 - Form or type of organization
 - Operational characteristics
 - ii. The characteristics of the type of engagement for which the QCM are intended to be used, including the following:
 - Area of service
 - Level of service
 - Unique characteristics of the engagement

DC7: An identification of any other QCM intended to be used in conjunction with the QCM content

DC8: An identification of the standards and interpretive guidance relevant to the QCM that the QCM address, including the following:

- a. The standard-setting body that issued the standards and interpretive guidance
- b. Either:
 - i. The date through which the QCM address issued and effective standards and interpretive guidance (date approach)
 - ii. The number and title of the most recently issued and effective standards and interpretive guidance addressed by the QCM (title approach)

**Attachment A: QCM Content Criteria and Description Criteria
(Continued)**

DC9: An identification of standards and interpretive guidance relevant to the QCM that were issued and effective up to the date (if using the date approach referred to in DC8bi) or the number and title (if using the title approach referred to in DC8bii) but:

- a. Not addressed by the QCM
- b. Not fully addressed by the QCM, including why the relevant standards and guidance were not fully addressed, and how they were addressed by the QCM

DC10: A description of how the QCM address standards and interpretive guidance relevant to the QCM that were issued but not effective up to the date (if using the date approach referred to in DC8bi) or the number and title (if using the title approach referred to in DC8bii), including the following:

- a. The title and effective date of the standards and interpretive guidance
- b. Whether the standards and interpretive guidance are addressed by the QCM and, if so, how they are addressed
- c. Whether the standards and interpretive guidance allow for early implementation or adoption

DC11: A description of the QCM provider's policy for updating the QCM content, including the nature and anticipated timing of updates

DC12: A statement that user firms are responsible for the following:

- a. Determining whether the QCM are suitable for the user firm's purposes
- b. Understanding that the QCM are not intended to be a substitute for the standards and interpretive guidance, an evaluation thereof, or professional judgment
- c. Using the most up to date QCM available that are applicable in the circumstances, including accessing and using the most recent and effective relevant standards and interpretive guidance that are not addressed or not fully addressed by the QCM
- d. Properly implementing the QCM and using professional judgment in the application of the QCM based on the facts and circumstances (for example, of each engagement)
- e. Providing the appropriate training for the use of the QCM and performing the appropriate supervision and review procedures regarding the use of the QCM based on the skill, training, knowledge, and experience of individual users within the user firm
- f. Identifying that there may be certain facts, circumstances, risk factors, or specific issues that exist for a particular client, engagement, or user firm that may not be addressed by the QCM; in that case, understanding that the QCM will require tailoring and augmentation to address such facts, circumstances, risk factors, or specific issues
- g. Monitoring the activities of standard-setting bodies for changes that would affect the user firm, including amendments of standards and interpretive guidance and deferrals of effective dates
- h. Complying with relevant professional standards and interpretive guidance
- i. Understanding that the effectiveness of the QCM is dependent on the user firm fulfilling the preceding responsibilities and the effectiveness of its actions

Description, as of February 7, 2024, of the Content of *PPC's Practice Aids for Audits of 403(b) Plans*, February 2023, 15th Edition

PPC's Practice Aids for Audits of 403(b) Plans, February 2023, 15th Edition (the "Practice Aids"), are accessible through AdvanceFlow.com and available for download on Checkpoint.RIAG.com. The Practice Aids consist of introductory text, including guidance and illustrations on auditor's reports, and multiple practice aids, including audit programs, checklists, and confirmation and correspondence letters. The Practice Aids are editable Microsoft Word and Excel documents.

Checkpoint Engage and PPC's SMART Practice Aids are Workflow Tools that are not included in this description. They are designed to enhance productivity, efficiency, and quality when used in combination with the Practice Aids.

- Checkpoint Engage is a fully integrated online audit solution that provides enhanced technological functionality of the content and engagement methodology in the Practice Aids.
- PPC's SMART Practice Aids is a desktop application that provides similar functionality.

Definition of QCM

PPC's Practice Aids for Audits of 403(b) Plans are quality control materials (QCM). The American Institute of Certified Public Accountants (AICPA) defines QCM as materials (for example, manuals or tools), including industry- or subject matter-specific materials, intended to enable the operation of a firm's system of quality control and promote consistency in performing quality engagements. QCM may be made available through technology, for example, through automated tools and techniques, and IT applications.

QCM address standards and interpretive guidance related to accounting; audit, attestation, review, compilation, or preparation engagements or other services that CPA firms may provide; or ethics, independence, quality control, quality management, peer review, or practice monitoring related to those services.

Other QCM Providers

The elements of the QCM provided and within this description are delivered by Thomson Reuters (Tax and Accounting) Inc. (Thomson Reuters) and no other QCM provider.

Characteristics of the QCM

The Practice Aids are a full set of practice aids to perform a non-Section 103(a)(3)(C) audit or an ERISA Section 103(a)(3)(C) audit of the financial statements of 403(b) plans in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA). The Practice Aids are intended to be used in conjunction with the guidance in *PPC's Guide to Audits of Employee Benefit Plans* (EBP).

The Practice Aids provide a means to document compliance with relevant standards and interpretive guidance and address the issues that are common in 403(b) plans, as described in the Practice Aids. The Practice Aids include illustrative auditor's reports; engagement, management representation, confirmation, and other illustrative letters; checklists; and audit programs. The unique characteristics and the necessary audit responses and procedures that would apply to more complex 403(b) plans, other types of defined contribution plans, defined benefit pension plans, governmental plans, health and welfare benefit plans, and plans that are required to file with the Securities and Exchange Commission (SEC) are not addressed within the Practice Aids. The Practice Aids are designed to complement, rather than replace EBP. As such, the audit, accounting, and reporting guidance, and the Department of Labor and ERISA requirements discussions included in the chapters of EBP are not repeated in the Practice Aids. Accordingly, references to EBP are included throughout the Practice Aids to direct auditors to that extensive guidance. In addition, the Practice Aids contain references to more extensive discussions of audit guidance in *PPC's Guide to Audits of Nonpublic Companies*.

**Description, as of February 7, 2024, of the Content of PPC's Practice Aids for Audits of 403(b)
Plans, February 2023, 15th Edition
(Continued)**

The Practice Aids address engagement-level quality control requirements but do not address firm-level quality control system requirements. Consequently, the Practice Aids are intended to be used in conjunction with PPC's *Guide to Quality Control*.

Relevant Standards and Interpretive Guidance Addressed by the Practice Aids

Auditing Standards and Interpretive Guidance

The Practice Aids address relevant auditing standards and interpretive guidance issued and effective by the Auditing Standards Board (ASB) of the AICPA through February 2023.

Although not fully effective at the time of publication, the following auditing standards were issued through February 2023 and are fully incorporated into the Practice Aids, with the extant guidance retained:

- Statement on Auditing Standards (SAS) No. 143, *Auditing Accounting Estimates and Related Disclosures*; SAS No. 144, *Amendments to AU-C Sections 501, 540, and 620 Related to the Use of Specialists and the Use of Pricing Information Obtained from External Information Sources*; and SAS No. 145, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*, are effective for audits of financial statements for periods ending on or after December 15, 2023 and do not prohibit early implementation.
- SAS No. 147, *Inquiries of the Predecessor Auditor Regarding Fraud and Noncompliance with Laws and Regulations*, is effective for audits of financial statements for periods beginning on or after June 30, 2023 and does not prohibit early implementation.

The following auditing standards were also issued through February 2023, were not fully effective at the time of publication, and are not fully incorporated into the Practice Aids:

- SAS No. 146, *Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*, is effective for engagements conducted in accordance with U.S. GAAS for periods beginning on or after December 15, 2025. The Practice Aids provide practical considerations discussing SAS No. 146; however, the requirements of this standard have not been incorporated into this edition of the Practice Aids. It is expected to be fully incorporated into a future edition of the Practice Aids. SAS No. 146 does not prohibit early implementation.
- SAS No. 148, *Amendment to AU-C Section 935*, is effective for compliance audits for periods ending on or after December 15, 2023, other than the amendments to AU-C 501, which were effective for compliance audits for periods ending on or after December 15, 2022, with early implementation permitted. It relates to compliance audits and is beyond the scope of the Practice Aids.

The Practice Aids also address the following interpretive guidance and regulations related to audits of employee benefit plans issued through February 2023:

- AICPA Audit and Accounting Guide, *Employee Benefit Plans*, as of August 1, 2022
- The Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA

Accounting Standards

The primary focus of the Practice Aids is on AICPA engagement standards rather than accounting standards; however, they do address relevant industry accounting guidance. In addition, accounting standards with disclosure requirements are included in the Disclosure Checklist (P43-CX-13).

**Description, as of February 7, 2024, of the Content of PPC's Practice Aids for Audits of 403(b)
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(Continued)**

The Practice Aids address relevant accounting standards issued and effective by the Financial Accounting Standards Board (FASB) through February 2023 and up to FASB Accounting Standards Update (ASU) No. 2022-06, with the following exception:

- ASU No. 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*, was issued on December 21, 2022. The Disclosure Checklist indicates that it has been updated through December 20, 2022. Accordingly, it has not been updated with the corresponding disclosure requirements of ASU No. 2022-06.

Policy for Updating the QCM Content

Thomson Reuters updates PPC's Practice Aids for Audits of 403(b) Plans annually and generally releases a new edition each spring to reflect changes in standards and interpretive guidance, content enhancements, and the corrections of minor errors not previously updated. The Practice Aids referenced herein were completed in February 2023, and no changes have been made to this specific edition of the Practice Aids since then.

User Firm Responsibilities

User firms are responsible for the following:

- a. Determining whether the QCM are suitable for the user firm's purposes
- b. Understanding that the QCM are not intended to be a substitute for the standards and interpretive guidance, an evaluation thereof, or professional judgment
- c. Using the most up-to-date QCM available that are applicable in the circumstances, including accessing and using the most recent and effective relevant standards and interpretive guidance that are not addressed or not fully addressed by the QCM
- d. Properly implementing the QCM and using professional judgment in the application of the QCM based on the facts and circumstances (for example, of each engagement)
- e. Providing the appropriate training for the use of the QCM and performing the appropriate supervision and review procedures regarding the use of the QCM based on the skill, training, knowledge, and experience of individual users within the user firm
- f. Identifying that there may be certain facts, circumstances, risk factors, or specific issues that exist for a particular client, engagement, or user firm that may not be addressed by the QCM; in that case, understanding that the QCM will require tailoring and augmentation to address such facts, circumstances, risk factors, or specific issues
- g. Monitoring the activities of standard-setting bodies for changes that would affect the user firm, including amendments of standards and interpretive guidance and deferrals of effective dates
- h. Complying with relevant professional standards and interpretive guidance
- i. Understanding that the effectiveness of the QCM is dependent on the user firm fulfilling the preceding responsibilities and the effectiveness of its actions