

U.S. Department of Labor

Office of Inspector General—Office of Audit

**EMPLOYEE BENEFITS
SECURITY ADMINISTRATION**



EBSA SHOULD MANDATE ELECTRONIC FILING OF THE FORM 5500 TO IMPROVE DATA ACCURACY

**Date Issued: September 30, 2005
Report Number: 09-05-002-12-121**

BRIEFLY...

Highlights of Report Number: 09-05-002-12-121, to Ann L. Combs, Assistant Secretary for Employee Benefits Security

WHY READ THE REPORT

The primary goal of the EBSA ERISA Filing and Acceptance System (EFAST) is to process the Form 5500 series returns for the Department of Labor (DOL), the Pension Benefit Guaranty Corporation (PBGC), and the Internal Revenue Service (IRS), and to provide data from the Form 5500 filings that are comprehensive, accurate, and timely.

Annually, EFAST processes approximately 1.2 million Form 5500s. DOL, PBGC, and the IRS rely heavily on EFAST data to meet their agency missions.

To meet the goals of the program, EBSA has developed a variety of performance standards, including standards for data accuracy. This report discusses opportunities to improve EFAST data accuracy as EBSA develops the next generation of EFAST.

WHY OIG DID THE AUDIT

The OIG performed an audit of EFAST's data accuracy primarily because of the importance of data reliability to DOL, PBGC, and the IRS. These agencies use the EFAST data to meet their legislatively mandated missions to protect the pensions and other employee benefits of the American workforce. In addition, the Social Security Administration (SSA) and numerous legal, economic, and policy organizations throughout the United States use EFAST data to assist American workers and conduct analysis and research.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, go to: <http://www.oig.dol.gov/public/reports/oa/2005/09-05-002-12-121.pdf>

September 2005

EBSA Should Mandate Electronic Filing of the Form 5500 to Improve Data Accuracy

WHAT OIG FOUND

The OIG found that EBSA has not ensured that its contractor, NCS-Pearson, met the overall data accuracy standards specified in the EFAST contract.

Our audit did disclose, however, that data from *electronically filed* Form 5500s met the data accuracy standards. In fact, our statistical sample did not find any errors in *electronically filed* data.

Furthermore, electronic filings are much less expensive to process than paper filings. Using EFAST contract prices for the year ended June 30, 2005, we estimated EBSA could save over \$5 million annually in contract costs if all plans filed electronically. Therefore, we concluded that EBSA should mandate electronic filings of Form 5500s to improve accuracy and save money.

WHAT OIG RECOMMENDED

We recommended the Assistant Secretary for Employee Benefits Security:

- Mandate electronic filing of the Form 5500.
- Consider withholding payment to NCS-Pearson if accuracy standards are not met.
- Include in future system development contracts, specific remedies for noncompliance with data accuracy standards.

The Assistant Secretary for Employee Benefits Security concurred with the OIG's central recommendation and welcomed the OIG's support of EBSA's efforts to mandate electronic filing of the Form 5500. The Assistant Secretary also provided information about actions planned to address the remaining recommendations.

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Executive Summary

We conducted a performance audit of the Employee Benefits Security Administration's (EBSA) ERISA Filing and Acceptance System (EFAST) to determine if EFAST accurately captured data submitted on Form 5500 filings submitted by employee benefit plans.

Our interest in EFAST arose primarily because of the importance of data reliability to the Department of Labor (DOL), the Pension Benefit Guaranty Corporation (PBGC), and the Internal Revenue Service (IRS). These agencies use EFAST data to meet their legislatively mandated missions to protect the pensions and other employee benefits of the American workforce. In addition, the Social Security Administration (SSA) and numerous legal, economic, and policy organizations throughout the United States use EFAST data to assist American workers and conduct analysis and research.

EFAST is EBSA's system for processing Form 5500s. The Employee Retirement Income Security Act of 1974 (ERISA) requires employee benefit plans to submit annual reports. EBSA, PBGC, and the IRS developed the Form 5500 for this purpose. The Form 5500 is the primary source of employee benefit plan information for both the Federal Government and the private sector. An EBSA contractor, NCS-Pearson, developed and operates EFAST. EFAST processes about 1.2 million Form 5500s per year and distributes data to the IRS, PBGC, and EBSA. (A simplified flowchart of the EFAST process is shown in Exhibit A.) Ninety-nine percent of the Form 5500s are submitted on paper, the remaining 1 percent are electronic.

EBSA's EFAST data are sent to a third party contractor who edits and reformats it. Then the contractor provides the data to EBSA for its ERISA Data System (EDS). EBSA uses EDS for enforcement, policy, and research.

The purpose of the audit was to determine if the data processed by the EFAST system are accurate when compared to the same data submitted by the filer. The audit did not look at the accuracy of the data submitted by the filer. Our goal was to answer the following questions:

1. Did EBSA ensure the EFAST data accuracy standards were met?
2. Are the data EFAST provided to DOL for EDS accurate?

Results

Overall, EBSA has not ensured that its contractor, NCS-Pearson, met the data accuracy standards specified in the contract. EFAST data from Form 5500s filed on paper, which account for about 99 percent of the data, have not consistently met all the accuracy standards EBSA established. Thus, the overwhelming majority of the data are subject to a level of errors that are unacceptable under the terms of the EFAST contract.

Our audit did disclose, however, that data from electronically filed Form 5500s met the data accuracy standards. In fact, our statistical sample did not find any errors in electronically filed data. However, since this data only comprises about 1 percent of the data, it did not allow the EFAST data to meet data accuracy standards overall.

The primary reason the data accuracy standards have not been met is EBSA's inability to ensure NCS-Pearson raised the level of data accuracy to meet the terms of the EFAST contract. EBSA officials stated that, although the contract standards have not been met, the contractor has been making good faith efforts to meet the standards and has been improving overall data accuracy recently. Despite these efforts, the standards still have not been met consistently.

As a result, user agencies have had to spend resources adjusting and correcting data. While this has not prevented the agencies from accomplishing their missions, it has caused them to unnecessarily use resources and prompted the agencies to use alternative methods to accomplish their objectives. In addition, incorrect plan data may have a negative impact on IRS and EBSA enforcement efforts. Errors in such information as type of plan or a dollar amount could prevent a plan from being included in a targeting process or being identified as a high risk.

In addition, EBSA has not received the quality for the price paid. NCS-Pearson agreed in the initial contract to provide the levels of accuracy required by EBSA for the proposed price. For six years, they have received the proposed price but have not delivered the required accuracy.

We found electronic filings processed by EFAST were significantly more accurate than the paper filings processed by the system. In addition, electronic filings are much less expensive to process than paper filings. Using EFAST contract prices for Option Year VI (July 1, 2004 through June 30, 2005), we estimate that if EBSA required all plans to file electronically, EFAST could save over \$5 million annually in contract costs. The combination of increased accuracy at a much lower cost supports EBSA mandating electronic filing of Form 5500s.

In addition, if EFAST accuracy was improved, user agencies could redirect resources now used to deal with EFAST accuracy issues.

In order to realize the cost savings and increased accuracy, EBSA needs to begin developing the next generation of EFAST soon. The original contract, including all option years, expired June 30, 2005, and this has forced EBSA to use a 2-year contract extension just to keep EFAST operating. It is likely that this process will continue until a new Form 5500 processing system is developed. This has placed EBSA in a difficult contracting position and may further raise the cost to operate EFAST. It is imperative that EBSA develop a new, electronic-filing based EFAST system as soon as possible.

In addition, in any future contracts for Form 5500 processing, EBSA needs to have the leverage necessary to obtain compliance with data accuracy standards.

Subsequent to our fieldwork, EBSA published proposed regulations to require electronic filing of Form 5500s. On August 30, 2005, EBSA published, and requested public comments on, a proposed regulation in the Federal Register that, if adopted, would require electronic filing of Form 5500s. This followed a March 2004 request for public comment on EFAST electronic filing in general. The proposed regulation would require electronic filing of all Form 5500s beginning in 2008.

Regarding our second objective, we found that the data EFAST provided to DOL were accurate.

Recommendations

We recommend the Assistant Secretary for Employee Benefits Security:

1. Mandate electronic filing of the Form 5500.
2. Consider withholding payment to NCS-Pearson if accuracy standards are not met.
3. Include in future systems development contracts, specific remedies for noncompliance with data accuracy standards.

Agency Response

In response to our draft report, the Assistant Secretary for Employee Benefits Security generally concurred with the OIG's first recommendation and welcomed the OIG's support of EBSA's efforts to mandate electronic filing of the Form 5500. EBSA stated its own analyses have shown that an electronic filing mandate would result in improved data accuracy, more timely data, and simpler processing for the government. Additionally, EBSA's analysis indicated filers and plan participants

benefit significantly from electronic filing from both a monetary and non-monetary perspective.

The Assistant Secretary also generally agreed with the other two recommendations and stated that EBSA (1) has considered withholding payment from NCS Pearson and will discuss doing so with the Program Management Office, the Office of Procurement Services and the Office of the Solicitor, and (2) will consider and implement appropriate remedies for noncompliance with data accuracy standards in EFAST2.

We have included EBSA's detailed response after the finding in the report. EBSA's response in its entirety is attached to this report as Appendix D.

OIG Conclusion

We agree with EBSA's planned actions.

The recommendations are resolved but not closed. We will close the first recommendation upon receipt of notification that EBSA has mandated electronic filing. The second recommendation will be closed when (a) the accuracy standards have been met, or (b) EBSA has completed discussions with the Office of Procurement Services and SOL and acted accordingly. The last recommendation will be closed upon implementation of specific remedies in EFAST2.

U.S. Department of Labor

Office of Inspector General
Washington, DC. 20210



Assistant Inspector General's Report

Ms. Ann L. Combs
Assistant Secretary for Employee Benefits Security
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We conducted a performance audit of the Employee Benefits Security Administration's (EBSA) ERISA Filing and Acceptance System (EFAST) to determine if EFAST accurately captured data submitted on Form 5500 filings submitted by employee benefit plans.

We audited EBSA's EFAST system for the period August 2002 through August 2003. We expanded our scope to include quality control reporting by NCS-Pearson through March 2005 to find out if the accuracy of more recent processing had improved. See Appendix A for additional background information.

The purpose of our audit was to determine the accuracy of the EFAST database. To determine this, our goal was to answer the following questions:

1. Did EBSA ensure the EFAST data accuracy standards were met?
2. Are the data EFAST provided to DOL for EDS accurate?

We conducted the audit in accordance with Government Auditing Standards for performance audits issued by the Comptroller General of the United States. Our audit scope, methodology, and criteria are detailed in Appendix B.

Objective 1: Did EBSA ensure the EFAST data accuracy standards were met?

Results and Finding

Overall, EBSA has not ensured that its contractor, NCS-Pearson, met the data accuracy standards specified in the contract. EFAST data from Form 5500s filed on paper, which account for about 99 percent of the data, has never consistently met all the accuracy standards EBSA established. Thus, the overwhelming majority of the data are subject to a level of errors that are unacceptable under the terms of the EFAST contract.

Our audit did disclose, however, that data from electronically filed Form 5500s met the data accuracy standards. In fact, our statistical sample did not disclose any errors in electronically filed data. However, since this data only comprises about 1 percent of the data, it did not allow the EFAST data to meet data accuracy standards overall.

The primary purpose of EFAST is, “. . . to process the Form 5500 series returns for the DOL, IRS, SSA, and PBGC, and to provide data from the Form 5500 filings that are comprehensive, accurate, and timely.”¹ (See Exhibit A for a simplified flowchart of EFAST.) Accomplishing this primary purpose is important because EBSA, the PBGC, and the IRS rely heavily on EFAST data to accomplish their missions. EBSA uses the data to conduct research and enforcement activities. The PBGC uses the data for monitoring the financial position of defined benefit pension plans. IRS uses EFAST data for employee benefit plan studies, compliance risk assessments, and enforcement activities. The EFAST process is part of ERISA's overall reporting and disclosure framework. This framework is intended to ensure that employee benefit plans are operated and managed in accordance with prescribed standards and that participants, beneficiaries, and regulators have access to sufficient information to protect the participants' and beneficiaries' rights and benefits. To effectively accomplish this, the agencies need accurate data.

When EBSA agreed to take over the Form 5500 processing from IRS in the mid-1990s and began developing an entirely new system, the agency recognized the need to provide accurate and timely data to users. To help accomplish this, EBSA established performance standards for timeliness, completeness, and accuracy in the EFAST request for proposals. Specifically for accuracy of data capture from Form 5500s submitted by plans, EBSA established three data accuracy standards. These three standards essentially related to critical data, including entity control or plan identification data, and other “non-critical” data. Two firms bid on the EFAST proposal and EBSA awarded the contract, containing the three data capture

¹ See EFAST Contract Number J-9-P-8-0037, Section C, Page 2, C.1.A.2, Overview.

accuracy standards, to National Computer Systems, Inc. (NCS), now NCS-Pearson. In that contract, NCS agreed to meet the accuracy standards at the cost proposed.²

Specifically, NCS-Pearson agreed to meet the requirements of Section C, Table C.3.b of the contract in effect through June 30, 2005, which set forth the following data accuracy standards:

- Standard 2.4 – 98 percent of all filings shall include accurate entity control fields. (Entity control fields include plan name, employer identification number, etc.)
- Standard 2.5 – 98 percent of all “non-critical fields” shall include correct values.
- Standard 2.6 – 95 percent of all filings shall include accurate data, excluding non-critical fields, received and postmarked dates, entity control fields and document locator number.

EBSA Has Not Ensured Data Accuracy Standards Were Met

Overall, EBSA has not ensured the EFAST data accuracy standards were met. Specifically, data obtained from paper filed Form 5500s, representing about 99 percent of the data, has not consistently met the accuracy standards set forth in the EFAST contract. While our audit did disclose that electronically filed data did meet the data accuracy standards, it only compromised 1 percent of the data and this small percentage did not bring the EFAST data accuracy overall up to required data accuracy standards. EBSA recognized the noncompliance but has not ensured NCS-Pearson complied with the contract’s data accuracy standards. As a result, EBSA and the PBGC spend time correcting errors, and EBSA and IRS enforcement offices may have missed enforcement opportunities.

EFAST data are obtained from the Form 5500s in three ways: (1) Optical Character Recognition (OCR) where scanners read entries on hand or typed completed forms, (2) scanners read bar codes on machine printed Form 5500s which contain the data in the Form 5500, and (3) electronic filing. EFAST receives about 99 percent of the data by either OCR or bar codes. (We discuss electronic filing on page 10.) In these cases, scanners read the data and enter it in EFAST. If the scanners cannot read something, the system transfers the data to a human operator who reads the forms and corrects the data.

NCS-Pearson established an Internal Quality Control Unit (IQC) in order to monitor the timeliness, accuracy, and completeness standards established by the contract. For the data accuracy standards, the IQC completely re-keys 130 filings 3 times per week (or 20,280 filings per year), issues a “Monthly Quality Control Report” that

² EBSA awarded the 1-year contract in 1999. The contract included 6 option years. EBSA has exercised all option years and the sixth option year ended June 30, 2005. EBSA has recently awarded a 2-year sole source extension.

calculates and tracks key statistics for each field, and quarterly conducts a meeting of all EFAST stakeholders to discuss quality control issues.

In addition, EBSA contracted with Mathematica Policy Research (MPR) to conduct additional analysis of EFAST data accuracy problems. One of these studies is discussed on page 11.

We reviewed the EFAST data accuracy for: (1) electronic filing and, (2) paper filing. Our results on the data accuracy of each type of filing are discussed in the following sections.

Data From Electronic Filings Meets Data Accuracy Standards - We identified about 10,000 electronic filings for plan year 2001 submitted and processed during our audit period, August 2002 through August 2003, and selected a statistical sample of 37 (including all related schedules). As with the paper filings, we compared the critical and non-critical data fields transmitted by the filers to the same data fields as processed by the EFAST database. We found 100 percent (37 of 37) of the filings tested were completely accurate.

However, electronic filings comprise only about 1 percent of the Form 5500 filings. Therefore, as discussed in the following section, this did not significantly improve the overall accuracy of EFAST data.

Data From Paper Filings Do Not Meet Data Accuracy Standards -The accuracy of the vast majority (99 percent) of EFAST data is dependent on the processing of paper filings. To evaluate the accuracy of data from paper filings, we reviewed the quality control work of NCS-Pearson and the results of MPR studies. We also independently verified a sample of Form 5500 filings.

We reviewed the quality control reports issued by NCS-Pearson's IQCU for August 2002 through August 2003. To determine if NCS-Pearson was meeting the data accuracy standards, we compared the data accuracy standards (2.4, 2.5, & 2.6) listed on page 9, to NCS-Pearson's actual performance. During our audit period, NCS-Pearson did not consistently meet any of these data accuracy standards.

The following table shows NCS-Pearson's average monthly compliance rate for each of the three data accuracy standards we analyzed. (See Exhibit B for a graphical presentation of actual performance by month.)

	Average Monthly Compliance Rate August 2002-August 2003	
Standard	Actual Compliance	Required Compliance
2.4 - All Filings Shall Contain Accurate Entity Control Fields	82%	98%
2.5 - "Non-Critical" Fields Shall be Accurate	97.3%	98%
2.6 - All Filings Shall be Accurate, excluding "Non-Critical" Fields	54.8%	95%

Source: OIG analysis of NCS-Pearson's Monthly Quality Control Reports for August 2002 through August 2003.

These results mirrored an earlier study MPR performed on behalf of EBSA. In 2002, MPR analyzed Form 5500 plan year 2000 paper filings. EBSA contracted for this analysis to investigate critical data quality and processing problems that either (1) had been uncovered recently by Government end-users of EFAST data (DOL, IRS, SSA, and PBGC) or (2) had continued to compromise the quality of data for multiple plan years. MPR reviewed 58 paper (hand-printed and machine printed) Form 5500s with Schedules H and I submitted by filers and processed during plan year 2000. MPR compared the data fields on those Form 5500s and the two schedules to the same data fields as processed by the EFAST system. The results from the MPR review disclosed that 59 percent³ of the filings tested were accurate, well below the contract standard of 95 percent.

We independently confirmed the NCR-Pearson and MPR results by verifying the data accuracy of a sample of Form 5500 paper filings processed from August 2002 through August 2003. Specifically, we selected a judgmental sample of 35 paper (hand-printed and machine printed) plan year 2001 Form 5500s (including all related schedules) submitted by filers for plan year 2001 and processed by the EFAST system between August 2002 and August 2003. Although we compared all data, critical and non-critical, we concentrated on the critical field accuracy of the overall filings (Standard 2.6).

We found only 62 percent (23 of 35) of the filings tested were accurate. Twelve of the 35 filings included at least one error in a critical field. Some included several errors. (See Exhibit D for more detail.) Examples of errors included: plan erroneously identified as a multi-employer plan when it was a single employer plan and a \$1 million bond being shown as \$1. These are errors in fields EBSA considers critical. In other instances, the EFAST system shifted decimal points to the right of where the original schedule prepared by the filer placed it (i.e., The filer submitted \$874.50. EFAST processed \$87450).

³ Computed from MPR Memo No. 8961-11, April 15, 2003, Table III.2. The Table shows MPR found errors in 34 of the 58 sampled filings.

Reasons Standards Not Met

During our analysis and discussions with EBSA, MPR, and NCS-Pearson, we found that there were many technical explanations for the errors. For example, the Form 5500 generally changes each year, requiring software changes to be made which increases the error rate. In addition, the scanning technology itself for paper filings is not totally reliable and requires human oversight and correction of scanning errors. Both EBSA and NCS-Pearson have processes to deal with these technical problems.

The primary reason the data accuracy standards have not been met is that, while EBSA has been aware of this lack of compliance and has pressed NCS-Pearson to improve, EBSA has not been able to obtain compliance. We believe this is for two reasons.

First, NCS-Pearson resisted spending resources necessary to process the data accurately. NCS-Pearson staff told us that to achieve compliance, they would have to put more resources into their data correction process and that doing so was cost prohibitive. Second, EBSA officials stated that, although the contract standards have not been met, the contractor has been making good faith efforts to meet the standards and has been recently improving overall data accuracy. EBSA officials did not recommend legal action be pursued.

While the contract did establish liquidated damages for failing to remedy deficiencies, the contract also set a maximum of \$50,000 per standard, not to exceed \$200,000 in any one year. EBSA officials discussed their legal options with the Office of the Solicitor but were told it was questionable whether EBSA could prevail in any legal action. Considering the maximum liquidated damages were \$200,000 per year, these discussions with legal counsel disclosed the cost of recovering damages could outweigh the money actually recovered. Based on these discussions, EBSA officials decided the best course of action was to continue to work cooperatively with the contractor to improve accuracy.

NCS-Pearson, however, based its proposal to develop and operate EFAST on these standards. They agreed to produce the accuracy required at the agreed prices. Since EBSA has paid the proposed prices, but NCS-Pearson has not met the data accuracy standards, EBSA has, in essence, paid for quality it did not receive. The fact that meeting the standards may have taken more resources than originally estimated does not justify operating below standards.

Currently, EBSA continues to work very closely with NCS-Pearson to achieve compliance with the data accuracy standards. The following chart shows NCS-Pearson's average monthly accuracy for March 2004 through March 2005. (See Exhibit C for a graphical presentation of recent actual performance by month.)

Average Monthly Compliance Rate March 2004-March 2005		
<u>Standard</u>	<u>Actual Compliance</u>	<u>Required Compliance</u>
2.4 - All Filings Shall Contain Accurate Entity Control Fields	92.9%	98%
2.5 - "Non-Critical Fields Shall be Accurate	99.4%	98%
2.6 - All Filings Shall be Accurate, excluding "Non-Critical" Fields	62.9%	95%

Source: OIG analysis of NCS-Pearson's Monthly Quality Control Report for March 2004 through March 2005.

While NCS-Pearson's more recent average monthly compliance rates show improvement from the earlier periods shown on page 11, NCS-Pearson still did not consistently meet the required data accuracy for standards 2.4 and 2.6.

In summary, the testing results of NCS-Pearson, MPR, and OIG have all shown that NCS-Pearson has not consistently met the contract's three data accuracy standards.

End Users Expend Resources to Correct EFAST Data

We discussed the effect of EFAST inaccuracies with several EBSA operating offices, the PBGC and the IRS. All end users we contacted stated the current level of accuracy does not prevent accomplishing their mission. However, several end user agencies had developed additional procedures to compensate for inaccuracies or had devoted additional resources to correcting the data they received. Since EFAST is the only source of this data, end users have had to make these accommodations.

For example, EBSA Office of Policy and Research officials told us they spend staff resources to perform special analyses to correct EFAST data and have contracted for special services to adjust statistical data for EFAST data inaccuracies. The PBGC informed us that they spend staff resources reviewing and correcting EFAST data received each month.

In addition, data inaccuracies could adversely affect EBSA and IRS enforcement efforts. For example, the multi-employer plans noted earlier, that EFAST recorded as single-employer plans, would not be on any enforcement targeting analysis involving multi-employer plans. The decimal moving errors in EFAST could make plan financial information misleading to enforcement analysts. We realize both EBSA and IRS have huge enforcement universes and these errors may or may not actually impact their efforts, but we believe the better the data accuracy, the better the enforcement results.

Electronic Filing is Advantageous

Electronic filing has several advantages over paper filing. First, as shown earlier, data from electronic filing is much more accurate. Based on information provided by EBSA, NCS-Pearson, and our own analysis, we believe this is for several reasons. Primary among these reasons is that the present EFAST system requires transforming the data from one format to another. OCR involves transforming the data from machine or hand print to electronic format. Bar codes, while more accurate, still involve transforming bar codes to electronic data. Both OCR and bar codes involve human intervention, which increases opportunity for errors.

In addition, e-filing can be significantly less expensive. Based on Option Period VI EFAST contract prices⁴, if all filers submitted their Form 5500s electronically, EBSA could save approximately \$5 million per year. We computed this savings based on the difference in processing costs for paper filings versus electronic filings as detailed in the EFAST contract. We used Option Period VI since it contained the most recent competitively bid prices. We used the estimated number of filings also included in the EFAST contract. For example, for Option Period VI, the contract shows processing cost of \$5.08 for each paper Form 5500 (Pure Fringe) versus a cost of \$2.14 for each electronic Form 5500. The contract also includes processing an estimated 1.2 million Form 5500s, excluding related schedules. We used contract estimates for each schedule (both the number submitted and price) to arrive at our total savings.

However, EBSA has not realized the full benefits of electronic filing through the current EFAST system because filers are not using the electronic filing option. The vast majority of filers submit Form 5500s on machine-printed forms (72 percent). Most other filers submit hand printed Form 5500s (27 percent) on either government printed or computer produced forms. About 1 percent, or roughly 10,000 Form 5500s, are filed electronically. In addition, the vast majority of filers prepare the Form 5500s on computers, regardless of whether they actually file the Form 5500 electronically. While we realize electronic filing may be more costly to filers (at least initially during the transition from paper to electronic), we believe the benefits of electronic filing outweigh these costs.

The ERISA Advisory Council came to the same conclusion after investigating electronic reporting. In its November 8, 2002, report, "Report of the Working Group on Electronic Reporting," the Council cited the low usage of electronic filing, and attributed the problem to several factors, including:

- Signature requirements: Obtaining an electronic signature code was cumbersome and time-consuming.

⁴ Option year 6, the last year of the original contract, ended June 30, 2005.

- No economic benefit: There is no benefit to the filer of electronic filing. There are no refunds to process more quickly. The only benefit is to the government.
- Required Software: Filers must purchase DOL-approved software, which may be expensive and not widely available.

The Council also concluded that EBSA should mandate electronic filing. However, the Council questioned whether the current EFAST system could provide the desired efficiencies and cost savings.

The Government Accountability Office (GAO) has come to the same conclusion. In a June 2005 report⁵, GAO recommended that, given the improved timeliness and accuracy associated with electronic filing, EBSA and the other agencies should require electronic filing of the Form 5500. In response, EBSA stated it is considering different approaches to replacing the EFAST system, including mandating electronic filing.

EBSA is Developing EFAST II

The current EFAST system is approaching the end of its lifecycle. According to EBSA management, EFAST2 is in the, “Conceptual Planning Phase” in the Capital Planning and Investment Control Process as defined by DOL’s System Development Cycle Management manual. In addition, if the FY2007 business case submitted for the EFAST2 is approved and the project is fully funded, EBSA will progress to the, “Planning and Requirements Definition Phase” and then, “Design Phase.”

Given the policy framework established by the Government Paperwork Elimination Act (GPEA), the E-Government Act of 2002 and the advances in technology since the original system was designed, we believe the time is right for EBSA to mandate electronic filing of the Form 5500 and all related schedules. In addition, as EBSA moves forward into a new contract to develop EFAST II, it is imperative that the agency incorporate additional leverage into the contract to enable EBSA to take effective action if the new contractor does not meet accuracy standards.

Subsequent Events

Subsequent to our fieldwork, EBSA published proposed regulations to require electronic filing of Form 5500s. On August 30, 2005, EBSA published, and requested public comments on, a proposed regulation in the Federal Register that, if adopted, would require electronic filing of Form 5500s. This followed a March 2004

⁵ United States Government Accountability Office Report GAO-05-491 entitled “Government Actions Could Improve the Timeliness and Content of Form 5500 Pension Information,” dated June 2005.

request for public comment on EFAST electronic filing in general. The proposed regulation would require electronic filing of all Form 5500s beginning in 2008.

In its discussion regarding the proposed regulation, EBSA estimated the discounted net savings to filers over the first 5 years to be \$23 million. Additional benefits are expected to accrue to the government and the public through substantially reduced processing costs and more timely availability of accurate filing data for enforcement and public benefit use.

Recommendations

We recommend that the Assistant Secretary for Employee Benefits Security:

1. Mandate electronic filing of Form 5500.
2. Consider withholding payment to NCS-Pearson if accuracy standards are not met.
3. Include in future systems development contracts, specific remedies for noncompliance with data accuracy standards.

Agency Response

EBSA concurred with the OIG's central recommendation and welcomed OIG's support of EBSA's efforts to mandate electronic filing of the Form 5500. EBSA stated its own analyses have shown that an electronic filing mandate would result in improved data accuracy, more timely data, and simpler processing for the government. Additionally, EBSA's analysis indicated filers and plan participants benefit significantly from electronic filing from both a monetary and non-monetary perspective. With regard to the specific recommendations, EBSA stated:

1. EBSA supports mandating electronic filing of the Form 5500 and has issued a Notice of Proposed Regulation in the Federal Register on August 20, 2005, to this effect.
2. EBSA has considered withholding payment to NCSP if accuracy standards are not met, and will discuss doing so with the PMO to determine that it is feasible to do so and that there would be no unintended adverse consequences. This approach would also have to be taken with the approval and assistance of the Department's Office of Procurement Services and SOL.
3. EBSA will consider, and implement as appropriate, specific remedies for noncompliance with data accuracy standards in EFAST2.

OIG Conclusion

We agree with EBSA's planned corrective actions.

The recommendations are resolved but not closed. We will close the first recommendation upon receipt of notification that EBSA has mandated electronic filing. The second recommendation will be closed when (a) the accuracy standards have been met, or (b) EBSA has completed discussions with the Office of Procurement Services and SOL and acted accordingly. The last recommendation will be closed upon implementation of specific remedies in EFAST2.

Objective 2: Are the data EFAST provided to DOL for EDS accurate?

Results

The data EFAST provided to DOL for EDS were accurate. This accuracy assessment is limited to whether the data provided to DOL accurately reflect the data recorded in EFAST – not that the data recorded in EFAST accurately reflect what the filer submitted.

As part of the 2002 MPR data quality analysis discussed earlier, MPR had tested the accuracy of data EFAST provided to EDS. We reviewed MPR's methodology and testing. MPR had selected 58 random filings, stratified by type of filing, and tested the accuracy of the data EFAST provided to EDS. Further, we reviewed corrective actions EBSA and NCS had taken on MPR recommendations. We found that EBSA and NCS had taken appropriate action.

In addition, we selected 35 filings received between August 2002 and August 2003 and compared the data fields as recorded in EDS to the EFAST system. We found no errors.

Therefore, we concluded that the data provided to DOL for EDS are accurate.



Elliot P. Lewis
April 15, 2005

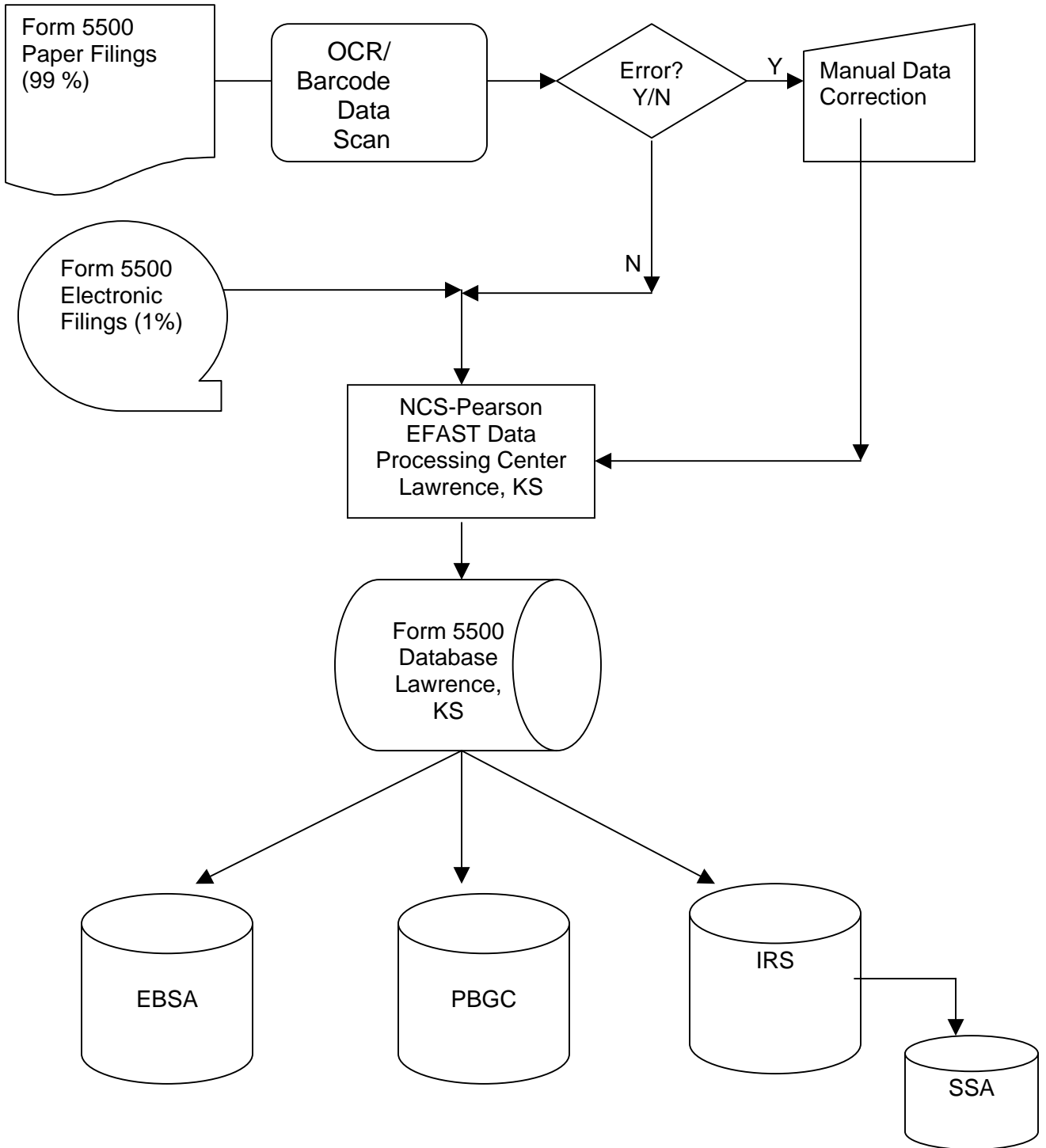
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Exhibits

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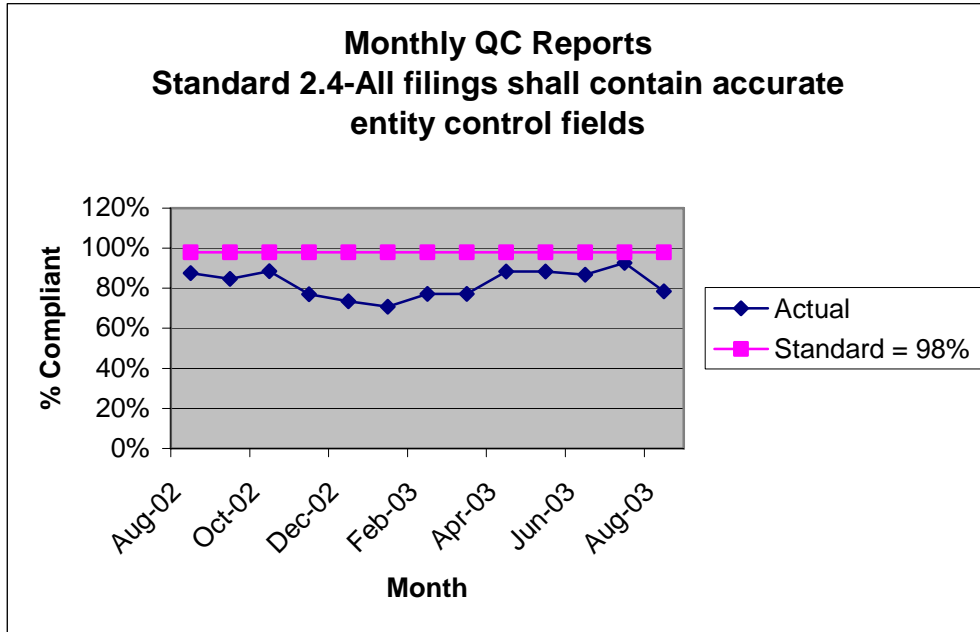
EXHIBIT A

EFAST Processing Flowchart

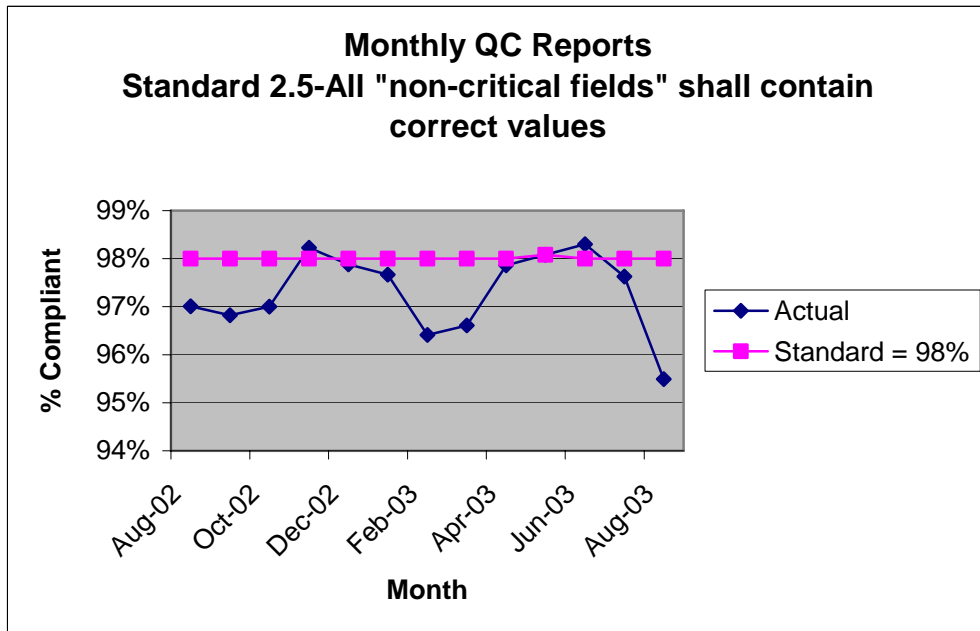


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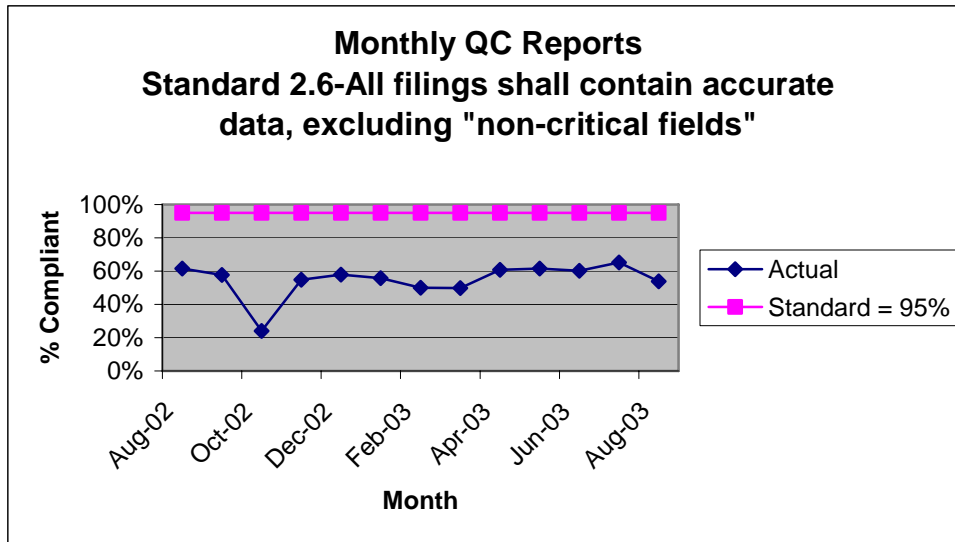
EXHIBIT B
Monthly QC Reports (August 2002-August 2003)



Source: NCS-Pearson IQCU Reports (August 2002 through August 2003)



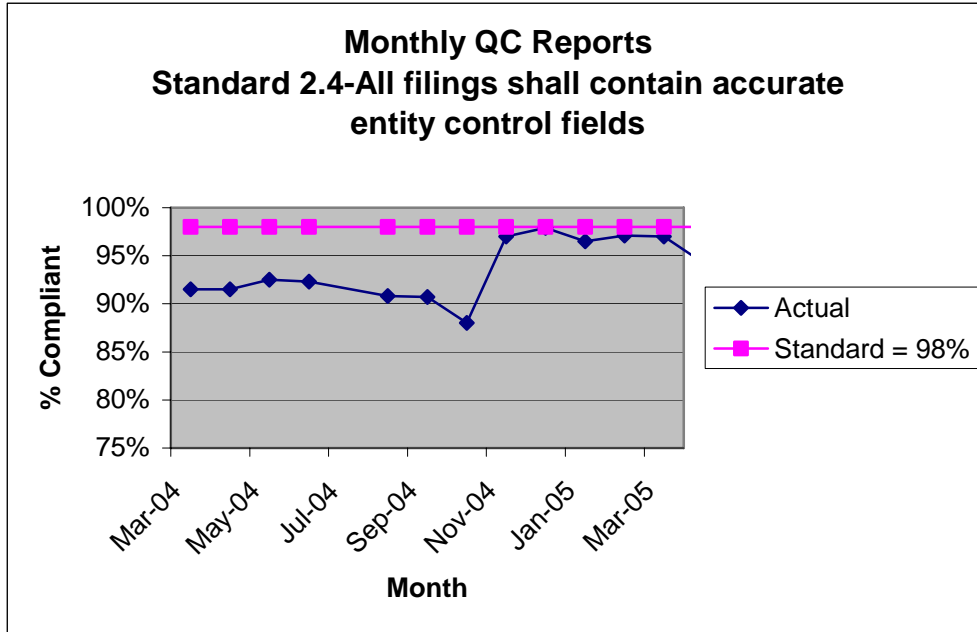
Source: NCS-Pearson IQCU Reports (August 2002 through August 2003)



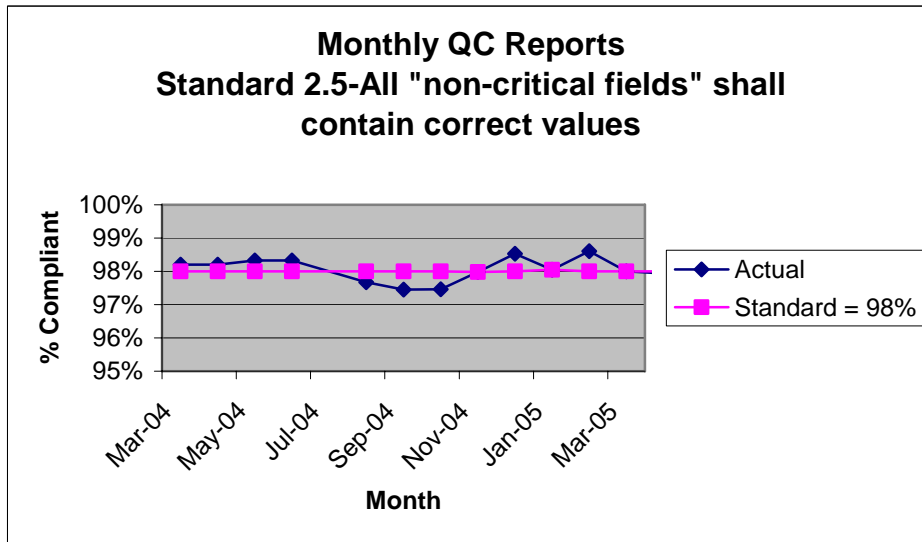
Source: NCS-Pearson IQCU Reports (August 2002 through August 2003)

EXHIBIT C

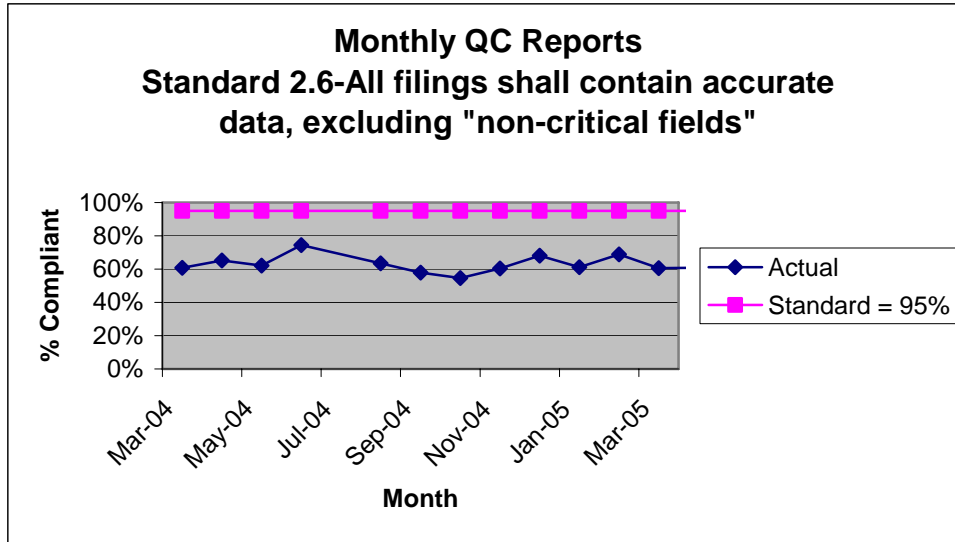
MONTHLY QC REPORTS (MARCH 2004-MARCH 2005)



Source: NCS-Pearson IQCU Reports (March 2004 through March 2005)



Source: NCS-Pearson IQCU Reports (March 2004 through March 2005)



Source: NCS-Pearson IQCU Reports (March 2004 through March 2005)

EXHIBIT D

SUMMARY OF FORM 5500 ERRORS-CRITICAL DATA FIELDS

SAMPLE Number	FORM	EBSA DEFINED CRITICAL DATA FIELD	VALUE PER ORIGINAL FILER	VALUE PER EFAST
1	5500	Entity Type	Single Employer	Multi-Employer
5	5500	Active Participants	4	Blank
	5500	Retired or Separated Participants	0	Blank
	5500	Other Retired or Separated	1	Blank
	5500	Number with Account Balances	5	Blank
	5500	Number Participants Terminated	0	Blank
	5500	Participants Separated	1	Blank
	5500	Pension Benefit Schedules	1	Blank
	5500	Financial Schedules	1	Blank
	SSA	Employer Identification Number	XXXXXXXX ⁶	Blank
	SSA	Check Box for Additional Participants	Yes	No
	SSA	Check Box for Government/Church	Yes	No
	SSA	Total Value	3875	38.75
	Schedule T	Plan's Ratio Percentage	100	0
	Schedule T	Disaggregate Ratio	0	1
	Schedule T	Check Box for Plan Satisfies Coverage Requirement	Yes	No
6	5500	Three Digit Plan Number	508	502
10	5500	Three Digit Plan Number	026	457
12	Schedule I	Amount of Fidelity Bond	30,000	0
13	5500	Three Digit Plan Number	199	001
14	Schedule I	Amount of Fidelity Bond	1,000,000	1
15	5500	Other Retired or Separated	4	Blank
	5500	Pension Benefit Provided	1A	Blank
24	Schedule A	Check Box for Benefit & Contract Type	Yes	No

⁶ Actual form contained identifying information which we have removed.

**EBSA Should Mandate Electronic Filing
of the Form 5500 to Improve Data Accuracy**

SAMPLE Number	FORM	EBSA DEFINED CRITICAL DATA FIELD	VALUE PER ORIGINAL FILER	VALUE PER EFAST
35	Schedule I	Check Box for Partnership/Joint Venture	Yes	No
	Schedule I	Check box for Employer Real Property	Yes	No
	Schedule I	Check Box for Employer Securities	Yes	No
	Schedule I	Check Box for Participant Loans	Yes	No
	Schedule I	Check Box for Loans (other)	Yes	No
	Schedule I	Check Box for Tangible Personal Property	Yes	No
	Schedule I	Name of Plan	Actual Plan Name ⁶	Blank
	Schedule I	EIN	XX ⁶ -0713062	XX ⁶ 0000910
	Schedule I	PN	15	Blank
	Schedule T	EIN	XX ⁷ -912062	XX ⁶ 0000910
36	5500	Pension Benefit Schedules	Blank	1
	Schedule A	Insurance & Fees Paid	874.5	874
	Schedule A	Amount of Commissions Paid	874.5	87450
	Schedule A	Fees Paid Amount	3600	3600000
	Schedule A	Premiums Paid to Carrier	43725.08	4372508
	Schedule C	Name of Plan	Actual Plan Name ⁶	Blank
	Schedule C	EIN	91-XXXXXXX ⁶	00-XXXXXXX ⁶
	Schedule C	Service Provider Fee	42608	426081
	Schedule C	Service Provider Code	13	3
38	5500	Entity Type	Single Employer	Multi-Employer
	5500	Check Box for Collectively Bargained Plan	Yes	No
	5500	Check Box for Extension under DFVC Program	Yes	No
	5500	Last Year-PN	2	800

EXHIBIT E

SUMMARY OF FORM 5500 ERRORS-NON-CRITICAL DATA FIELDS

SAMPLE NUMBER	FORM	EBSA DEFINED NON-CRITICAL DATA FIELD	VALUE PER ORIGINAL FILER	VALUE PER EFAST
5	SSA	Sponsor's Telephone Number	5 digit number ⁶	3
	SSA	Administrator's Phone Number	10 digit number ⁶	85043270
7	SSA	Administrator's Phone Number	10 digit number ⁶	Blank
24	Schedule A	Contract or Identification Number	G603625	6603625
35	Schedule I	Check Box for Waiver of Independent Qualified Public Accountant's Report	Yes	No
36	Schedule C	Service Provider Plan Position	Employer ⁶	Blank
37	Schedule A	Contract or Identification Number	6VLB66RO96697	CLBGCR096697
38	5500	Sponsor's Telephone Number	10 digit number ⁶	Blank

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EXHIBIT F

**SUMMARY OF 14 FILINGS WITH ERRORS --
CRITICAL AND NON-CRITICAL DATA FIELDS**

SAMPLE NUMBER	ERROR IN EBSA DEFINED CRITICAL DATA FIELD	ERROR IN EBSA DEFINED NON-CRITICAL DATA FIELD
1	Y	N
5	Y	Y
6	Y	N
7	N	Y
10	Y	N
12	Y	N
13	Y	N
14	Y	N
15	Y	N
24	Y	Y
35	Y	Y
36	Y	Y
37	N	Y
38	Y	Y

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Appendices

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APPENDIX A

BACKGROUND

The Employee Retirement Income Security Act of 1974 (ERISA), and provisions of the Internal Revenue Code, assign responsibility for regulating and protecting employee benefit plans to three Federal Agencies: the DOL, the IRS, and the PBGC. Within the DOL, the EBSA has responsibility for oversight of employee benefit plans.

In order to meet their oversight responsibilities, all three agencies use information provided by employee benefit plans in their annual reports. In addition, the SSA uses information from the annual reports to help retirees collect pension benefits. These annual reports use the Form 5500 series for providing the necessary information to all four agencies. Until 2000, employee benefit plan administrators filed the annual reports with the IRS. In August 2000, EBSA took over the processing and implemented a new processing system. The system is known as the ERISA Filing and Acceptance System or EFAST. EFAST receives all Form 5500s and related schedules, processes the data, and provides each agency with specific data related to its mission. Each Form 5500 with its related schedules may have over 750 data fields that EFAST must capture. (Exhibit A of this report shows a simplified flowchart of the EFAST process.)

Generally, EFAST processes the Form 5500s in four basic formats. EFAST accepts hand printed forms from filers and scans the forms through OCR into the database. EFAST also processes machine printed Form 5500s in the same manner. EFAST, additionally, has the capability to read bar codes placed on the Form 5500s by certain software packages. These bar codes include the identical information that is recorded on the actual Form 5500. Lastly, EFAST accepts electronic filings from filers using approved software, via either modem or other electronic media that the filer mails to the EFAST contractor.

In addition, for each paper filing, EFAST records an image of the filing itself. This image is essentially a picture of the Form 5500 and schedules received.

To access EFAST data directly, EFAST developed the End Users Access System (EUAS). The EUAS allows users to view either the filing image or recorded data. EUAS only allows users to access EFAST one Form 5500 at a time. EUAS does not allow or produce data queries or analysis.

In order to do queries or analysis, each agency has developed its own subsystem. EBSA has developed EDS for its purposes. EDS is an electronic system fully capable of performing queries, sorts and other analysis on EFAST data. Each week EFAST provides data to an EBSA contractor who processes the data into a format EDS can use. Theoretically, EDS is an exact replica of EFAST, with only the DOL

information in it. For example, DOL does not receive any information from the Schedule SSA since the information relates only to the IRS and SSA.

DOL first issued a Request for Proposals (RFP) for the development and operation of EFAST to replace the IRS process in 1997. In September 1998, DOL issued a contract to National Computer Systems, Inc. (now NCS-Pearson) to develop the pilot system. In August 2000, EFAST started to actually process Form 5500 Series filings. The original contract expired on June 30, 2005, and consisted of a 1-year base-period and 6 option years. EBSA extended the contract for 2 years in June 2005.

EFAST processes approximately 1.2 million Form 5500 Series returns filed annually by plan administrators and sponsors. The overwhelming majority of filers submit their returns on paper, with only about 1 percent submitting them electronically.

Since EFAST's inception in 1997, EBSA has spent about \$72.4 million developing and operating the system. In 2000, the system became operational. Since that time, EFAST has cost on average \$14.8 million per year.

APPENDIX B

OBJECTIVES, SCOPE, METHODOLOGY, AND CRITERIA

Objectives

We conducted a performance audit of the EBSA EFAST system to determine if EFAST accurately captured data submitted on Form 5500 filings submitted by employee benefit plans. We audited the EFAST process from receipt of Form 5500 filings and processing at the EFAST Processing Center to reporting of the data to the four Federal agencies. Our goal was to answer two questions.

- Did EBSA ensure the EFAST data accuracy standards were met?
- Are the data EFAST provided to DOL for EDS accurate?

Scope

Our audit scope covered plan year 2001 filings processed from August 2002 through August 2003. During this time period, EFAST processed approximately 1 million Form 5500s. We used the results of NCS-Pearson's verification process which tested approximately 20,280 Form 5500s during the year. We also used the results from an MPR study that had a sample of 58 Form 5500s. We independently verified data from 35 paper Form 5500s and 37 electronically filed Form 5500s. We quantified the results and reported on the amount of errors identified. Our work included testing EDS data to ensure that the Form 5500 data DOL received accurately reflected the EFAST database.

We tested the paper Form 5500s to assess the accuracy of the prevailing method of filing Form 5500. We separately tested electronic filings to assess the accuracy for this method of filing Form 5500s. We did **not** audit the accuracy of the data submitted on the Form 5500 by the filers.

We expanded our scope to include quality control reporting by NCS-Pearson through March 2005 to find out if the accuracy of more recent processing had improved.

A performance audit includes obtaining an understanding of internal controls considered significant to the audit objectives and testing compliance with significant laws, regulations, and other compliance requirements. In order to plan our performance audit, we considered whether internal controls considered significant to the audit were properly designed and placed in operation.

The scope of the audit included evaluating EFAST operations for compliance with applicable laws, regulations, and EBSA policies and procedures for the period

August 2002 through August 2003. Specific areas evaluated included data distribution, timeliness, and accuracy.

We conducted fieldwork at the EFAST Processing Center in Lawrence, Kansas, and at EBSA EFAST offices in Washington, D.C. We conducted our fieldwork between December 2, 2003, and April 15, 2005.

We conducted this audit in accordance with *Government Auditing Standards* for performance audits issued by the Comptroller General of the United States.

Methodology

To meet our objectives we reviewed the initial contract between EBSA and NCS-Pearson, including modifications applicable during our audit period, policies and procedures, and quality control procedures obtained from EBSA. We conducted interviews with EBSA, PBGC, and IRS officials.

Additionally, we reviewed a report issued by MPR, the EBSA contractor who periodically monitors NCS-Pearson's Form 5500 EFAST filing process. To evaluate the reliability of MPR's analysis, the OIG statistician reviewed MPR's sampling and testing methodology. We used the details of MPR's report and compared them to our results.

To determine the accuracy of data after EFAST processing, we judgmentally selected a sample of 35 Form 5500 paper filings. We then compared each data element, critical and non-critical, recorded in the EFAST system to the Form 5500 data submitted by the filer. Exhibits D through F show the errors found in critical and non-critical data fields.

We then used the same filings and compared the same data in the EFAST system to the data in the EDS.

We also selected a statistical sample of 37 Form 5500 electronic filings projected from the total universe of 10,327. We then obtained a copy of the electronic filings in their transmitted format and compared the two for consistency.

We did not intend to determine if the filer submitted accurate plan data. Therefore, we did not test to see if the user completed the form accurately.

Our work on established internal controls included reviewing policies and procedures and contract documents, as well as interviewing key personnel. We gained an understanding of the data flows and documented a description of the controls. Our testing of internal controls was focused only on the controls related to the audit objective and was not intended to form an opinion on the adequacy of internal

controls overall, and we do not render such an opinion. Weaknesses noted in the testing are discussed in the finding related to Objective 1 of this report.

In order to determine compliance with laws, regulations and EBSA policies, we performed general tests of data and interviewed key personnel.

Our testing, related to compliance with laws and regulations and EBSA policies, focused only on those relevant to the audit objective and was not intended to form an opinion on compliance with them. Instances of noncompliance are discussed in the finding related to Objective 1 of this report.

Criteria

We used the following criteria to perform this audit:

- Title I of the Employee Retirement Income Security Act (29 U.S.C. 1001), and
- Contract # J-9-P-0037 & Modifications, between EBSA and NCS-Pearson, dated June 1, 1998.

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APPENDIX C

ACRONYMS AND ABBREVIATIONS

DC	District of Columbia
DOL	Department of Labor
EBSA	Employee Benefits Security Administration
EDS	ERISA Data System
EFAST	ERISA Filing and Acceptance System
ERISA	Employee Retirement Income Security Act of 1974
EUAS	End User Access System
GAO	Government Accountability Office
GPEA	Government Paperwork Elimination Act
IQCU	Internal Quality Control Unit
IRS	Internal Revenue Service
KS	Kansas
MPR	Mathematica Policy Research Corporation
NCS	National Computer Systems – Pearson
OCR	Optical Character Recognition
OIG	Office of Inspector General
PBGC	Pension Benefit Guaranty Corporation
RFP	Request for Proposal
SSA	Social Security Administration

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APPENDIX D
AGENCY RESPONSE TO DRAFT REPORT


U.S. Department of Labor

Assistant Secretary for
Employee Benefits Security Administration
Washington, D.C. 20210



SEP 22 2005

MEMORANDUM FOR: ELLIOT P. LEWIS
Assistant Inspector General
for Audit
Office of the Inspector General

FROM: ANN L. COMBS 
Assistant Secretary

SUBJECT: EBSA Should Mandate Electronic Filing
of the Form 5500 to Improve Data Accuracy
Draft Audit Report 09-05-002-12-121

Thank you for the opportunity to review DRAFT Report 09-05-002-12-121, Office of Inspector General's (OIG) Audit of the Employee Benefits Security Administration's (EBSA) Employee Retirement Income Security Act Filing Acceptance System (EFAST). We appreciate the amount of time and effort that went into conducting such a comprehensive audit and preparing this detailed report. EBSA concurs with the OIG's central recommendation and particularly welcomes the OIG's support of EBSA's efforts to mandate electronic filing of the Form 5500. EBSA's own analyses have shown that an electronic filing mandate would result in improved data accuracy, more timely data, and simpler processing for the government. Additionally, EBSA's analysis indicates filers and plan participants benefit significantly from electronic filing from both a monetary and non-monetary perspective.

The following comments, offered in response to several statements within the draft report, are intended to both clarify specific information and to offer a more comprehensive and balanced interpretation of EFAST data accuracy. The OIG's statement on page 15 that "EBSA is designing the next generation of EFAST (designated as EFAST II)" should be clarified. It is more accurate to say that EFAST2 is in the "Conceptual Planning Phase" in the Capital Planning and Investment Control (CPIC) Process as defined by the Department of Labor's (DOL) System Development Life Cycle Management (SDLCM) Manual. If the FY2007 business case submitted for EFAST2 is approved and the project is fully funded, EBSA will progress to the "Planning and Requirements Definition Phase" and then "Design Phase".

The statement on page 10 that EBSA's oversight contractor did not specifically test the accuracy of electronic filings is incorrect. EBSA's oversight contractor, MPR, tested the accuracy of electronic filings based on samples of filings stratified by filing type (i.e.,

electronic and paper filing types). Such data analysis was performed both at the systems acceptance test (during scale-up of EFAST) and during operations. For example, MPR's "Audit Report for the EFAST System, Third Quarter Processing Year 2000" found that no data capture errors existed for a small sample of electronic filings. Excerpts from this report showing performance standard compliance for the sample of filings are enclosed.

The OIG's statement on page 12 that EBSA officials concluded that additional actions on the part of the government against NCSP were not warranted is misleading. It is more correct to say EBSA officials did not recommend legal action be pursued. The EFAST Program Management Office (PMO) has worked to compel the contractor to improve data accuracy throughout EFAST operations. These efforts were recommended by the Office of the Solicitor of Labor (SOL) and included the following actions: reviewing NCSP's monthly quality control reports, requiring the holding of and participating in quarterly quality reviews, expressing to NCSP the government's concern regarding data accuracy in correspondence and meetings, and speaking with the procurement support attorney in SOL. The PMO has been working with the vendor and invested resources to correct systematic problems associated with data accuracy as evidenced by many government-developed system problem reports, intensive onsite monitoring of the contractor, changes and enhancements to the system to improve accuracy, numerous exchanges of correspondence, and many meetings. As a result of these efforts, there has been improvement in data accuracy and compliance with standards over the life of the contract that is not reflected in the OIG's report.

We appreciate the OIG's recommendations and support in further improving EFAST data accuracy. We will give careful consideration to the recommendations and will act on them, as appropriate. With regard to the specific recommendations:

1. EBSA supports mandating electronic filing of the Form 5500 and has issued a Notice of Proposed Regulation in the Federal Register on August 30, 2005, to this effect.
2. EBSA has considered withholding payment to NCSP if accuracy standards are not met, and will discuss doing so with the PMO to determine that it is feasible to do so and that there would be no unintended adverse consequences. This approach would also have to be taken with the approval and assistance of the department's Office of Procurement Services and SOL.
3. EBSA will consider, and implement as appropriate, specific remedies for noncompliance with data accuracy standards in EFAST2.

Enclosure

Enclosure

2. The plan name was misspelled on the correspondence letter as "pian".
3. The TIG did not indicate edit test failures present on the filing. (Refer to ER2572.)
4. The DLN was incorrect on the correspondence letter was incorrect.
5. The plan number (001) appearing on correspondence letter is incorrect. It should be 501. This caused edit tests P-217, P-219, J-504 and J-505 to erroneously generate.
6. RPC "D" was not correctly generated thus the correspondence letter was erroneous.
7. RPC "T" and GCC "F" were not correctly generated. The PDR for Schedule F was not available, however Line 6 on Schedule F was not captured correctly.
8. The TIG was not present on EUAS, and the field COMP-PROC-DATE (var 1192) was therefore not delivered.

One random data capture error was identified on the following line/field of the filing:

Form 5500, Line 8c Box.

vii. Form 5500 77-0098725-501/62037025000041 SID 75. Two systemic and zero random data capture errors were identified during the detailed walkthrough of this filing. The systemic errors include the following:

1. RPC "T" and GCC "F" were not correctly generated. The PDR for Schedule F was not available, however Line 6 on Schedule F was not captured correctly.
2. The TIG was not present on EUAS and the field COMP-PROC-DATE (var 1192) was therefore not delivered.

viii. Form 5500 95-4490185-501/62037025000051 SID 76. Two systemic and zero random data capture errors were identified during the detailed walkthrough of this filing. The systemic errors include the following:

1. RPC "T" and GCC "F" were not correctly generated. The PDR for Schedule F was not available, however Line 6 on Schedule F was not captured correctly.
2. The TIG was not present on EUAS, and the field COMP-PROC-DATE (var 1192) was therefore not delivered.

EBSA Should Mandate Electronic Filing of the Form 5500 to Improve Data Accuracy

WALKTHROUGH CHECKLIST AND TALLY TOOL**
A.3.7

DLN:	62037025000041		EIN:	770098725		PN:	501		SPR:	406		Acc Shd Location*	2.9		2.10	2.11	2.12	2.13	2.14	2.15	2.17	2.20	
	Unit of Implementation	Fields Distribution		Scanned Form/5ch. Pages	Scanned Attachment Pages		Scanned Pages Scanning	Scanned Pages Scanning		Scanned Pages Scanning	Scanned Pages Distribution		Scanned Pages Scanning	Remittances w/ MSLE 1 - 3									IRS Data Records Distribution
CLIN	Name	Delivered Data by Agency		Readable Images - Structured		Readable Images - Unstructured		Readable 0.25 inch		Image Index		Images by Agency		Image Order		Remittance - CoC Record							
		# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.				
1	Outgoing Corr.																						
2	Incoming Corr.																						
3	Returns Retrieved																						
4	Mail Returned																						
5	Receipts Mailed																						
30	Elcc., 5500 (none fr.)	1	1																				
31	Elcc., 5500 (NP fr.)																						
32	Elcc., 5500EZ																						
33	Elcc., Schedule A																						
34	Elcc., Schedule B																						
35	Elcc., Schedule C																						
36	Elcc., Schedule D																						
37	Elcc., Schedule E																						
38	Elcc., Schedule F																						
39	Elcc., Schedule H																						
40	Elcc., Schedule I																						
41	Elcc., Schedule G																						
42	Elcc., Schedule P																						
43	Elcc., Schedule R																						
44	Elcc., Schedule T																						
45	Elcc., Schedule SSA																						
46	Elcc., Aec's Opinion																						
47	Elcc., Attachments																						
GRAND TOTAL		1	1																				
Subtotal (2.6 only)																							
PERCENT CORRECT		100.0%		NA		NA		NA		NA		NA		NA		NA		NA		100.0%		NA	

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WALKTHROUGH CHECKLIST AND TALLY TOOL**
A.3.7

DLN:	EIN:	PN:	SPR:	TYPE:	ELF PF	SID:	75	Envelope MSL 1		Scanned Pages		5500/101		NC Fields		W/O		W		W		W		W		W		W				
								MSL 1	MSL 1	DC	DC	DC	DC	DC	DC	DC	DC	DC	DC	DC	DC	DC	DC	DC	DC	DC	DC	DC	DC	DC	DC	DC
62037025000041	770098725	501	406					2.1	2.2	2.3	2.4	2.5	2.6																			
Unit of Implementation Functional Area		Envelope MSL 1		Scanned Pages		5500/101		NC Fields		W/O		W		W		W		W		W		W		W		W		W		W		
CLIN	Name	CLINs	Received Date	Postmark Date	DLN	Entity Control	Non-Critical Fields	a. Coding Sheet	b. Forms/Sch. Data	c. Carrier Unity	d. TIG	e. Corr	f. GP/Calc/Non-Entity Carrier																			
			# Correct Total Obs.	# Correct Total Obs.	# Correct Total Obs.	# Correct Total Obs.	# Correct Total Obs.	# Correct Total Obs.	# Correct Total Obs.	# Correct Total Obs.	# Correct Total Obs.	# Correct Total Obs.	# Correct Total Obs.																			
1	Outgoing Corr.		1 1	0 0																												
2	Incoming Corr.		1 1	0 0																												
3	Return Retrieved		1 1	0 0																												
4	Mail Returned		1 1	0 0																												
5	Receipts Mailed		1 1	0 0																												
30	Elec. 5500 (pure fr.)	1	1 1	0 0																												
31	Elec. 5500 (SP fr.)		1 1	0 0																												
32	Elec. 5500EZ		1 1	0 0																												
33	Elec. Schedule A		1 1	0 0																												
34	Elec. Schedule B		1 1	0 0																												
35	Elec. Schedule C		1 1	0 0																												
36	Elec. Schedule D		1 1	0 0																												
37	Elec. Schedule E		1 1	0 0																												
38	Elec. Schedule F	1	1 1	0 0																												
39	Elec. Schedule H		1 1	0 0																												
40	Elec. Schedule I		1 1	0 0																												
41	Elec. Schedule G		1 1	0 0																												
42	Elec. Schedule P		1 1	0 0																												
43	Elec. Schedule R		1 1	0 0																												
44	Elec. Schedule T		1 1	0 0																												
45	Elec. Schedule SSA		1 1	0 0																												
46	Elec. Aec's Opinion		1 1	0 0																												
47	Elec. Attachments		1 1	0 0																												
GRAND TOTAL			2 2	0 0	100.0%	NA	NA	100.0%	NA	100.0%	0.0%	0.0%	0.0%																			
PERCENT CORRECT			NA	NA	100.0%	NA	NA	100.0%	NA	100.0%	0.0%	0.0%	0.0%																			

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EBSA Should Mandate Electronic Filing of the Form 5500 to Improve Data Accuracy

WALKTHROUGH CHECKLIST AND TALLY TOOL**
A.3.8

CLIN	Name	CLINs		Receive Date		Postmark Date		DLN		Entity Control Fields		Non-Critical Fields		CS Record Fields		Forms/Sch. DC		Carrier Entity Results		TIG		e. Corr		f. GF/Calc/Non-Entity Carrier		
		# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.	# Correct
1	Outgoing Corr.																									
2	Incoming Corr.																									
3	Returns Retrieved																									
4	Mail Returned																									
5	Receipts Mailed																									
30	Elec., 5500 (pre fr.)	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	Elec., 5500 (NP fr.)																									
32	Elec., 5500(FZ)																									
33	Elec., Schedule A																									
34	Elec., Schedule B																									
35	Elec., Schedule C																									
36	Elec., Schedule D																									
37	Elec., Schedule E																									
38	Elec., Schedule F																									
39	Elec., Schedule H																									
40	Elec., Schedule I																									
41	Elec., Schedule G																									
42	Elec., Schedule P																									
43	Elec., Schedule R																									
44	Elec., Schedule T																									
45	Elec., Schedule SSA																									
46	Elec., AcT's Obligation																									
47	Elec., Attachments																									
GRAND TOTAL		2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal (2.6 only)		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
PERCENT CORRECT																										

** PS 2.19, 2.21, 2.22, and 2.23 were either not measured via sampled filings or not measured in this audit, thus they are not included in the checklist

WALKTHROUGH CHECKLIST AND TALLY TOOL**
A.3.8

CLIN	Name	Delivered Data by Agency		Readable Images - Structured		Readable Images - Unstructured		Scannable 0.25 inch		Image Index		Images by Agency		Scanned Pages		Scanned Pages		Remittance - CoC Record		IRS Control Record	
		# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.	# Correct	Total Obs.
1	Outgoing Corr.																				
2	Incoming Corr.																				
3	Returns Retrieved																				
4	Mail Returned																				
5	Receipts Mailed																				
30	Elec., 5500 (non E.)	1	1	X																	1
31	Elec., 5500 (NP P.)	X																			
32	Elec., 5500EZ	X																			
33	Elec., Schedule A	X																			
34	Elec., Schedule B	X																			
35	Elec., Schedule C	X																			
36	Elec., Schedule D	X																			
37	Elec., Schedule E	X																			
38	Elec., Schedule F	X																			
39	Elec., Schedule H	X																			
40	Elec., Schedule I	X																			
41	Elec., Schedule G	X																			
42	Elec., Schedule P	X																			
43	Elec., Schedule R	X																			
44	Elec., Schedule T	X																			
45	Elec., Schedule SSA	X																			
46	Elec., Asst's Opinion	X																			
47	Elec., Attachments	X																			
GRAND TOTAL		1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Subtotal (2.6 only)		100.0%																			100.0%
PERCENT CORRECT																					
* W - Walkthrough (Princeton)																					
D = DC Structured Data/Image Review																					
O - On Site Review																					
** PS 2.19, 2.21, 2.22, and 2.23 were either not measured via sampled filings or not measured in this audit, thus they are not included in the checklist.																					

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