


**NC Local Government Auditing, Reporting, and Review  
SSAE 18 and Pension Attests**

*Sharon Edmundson*  
June 12, 2017


 North Carolina Department of State Treasurer  
State and Local Government Finance

*Learn. Invest. Grow. Prosper.*

## SSAE 18 and Pension Attests

- All units notified along with auditors of record in early March
- Units – if you change auditors, please make sure you share with new auditor
- All information on our website under GASB 67/68
- Attests due by October 13, 2017



 North Carolina Department of State Treasurer  
State and Local Government Finance

*Learn. Invest. Grow. Prosper.*

## SSAE 18 and Pension Attests

- All pension attests must be completed in accordance with SSAE 18, which was effective May 1, 2017
- How is SSAE 18 different from previous guidance?
- AT-C 105 is umbrella guidance over all attestation engagements:
  - Examinations ←
  - Reviews
  - Agreed-upon procedures
- Obvious changes to the examination report

Attachment A

The following is a standard examination report (example 4 from AT-C section 205). This report pertains to subject matter for which the criteria are suitable, but available only to specified parties; therefore use of the report is restricted to the specified parties who either participated in the establishment of the criteria or can be presumed to have an adequate understanding of the criteria. A written assertion must be obtained from the responsible party.

All data in blue font should be updated accordingly

Independent Accountant's Report

[Appropriate Addressess]

We have examined the employee census data and related underlying payroll records of XYZ Government for the year ended December 31, 20XX to determine that the employee census data provided to the (Treasury and State Employer Retirement System or Local Governmental Employer Retirement System) is complete and accurate based on the criteria set by the Retirement System's Handbook revised January 2011 in all material respects. XYZ Government's management is responsible for the employee census data provided to the retirement system. Our responsibility is to express an opinion on the employee census data based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the employee census data is complete and accurate in accordance with the criteria set by the Retirement System's Handbook revised January 2011 in all material respects. An examination involves performing procedures to obtain evidence about the completeness and accuracy of the employee census data. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the employee census data, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

[Include a description of significant inherent limitations, if any, associated with the measurement or evaluation of the subject matter against the criteria.]

[Additional paragraph(s) may be added to emphasize certain matters relating to the attest engagement or the assertion.]

In our opinion, the employee census data for the year ended December 31, 20XX referred to above, is presented complete and accurate based on the criteria set by the Retirement System's Handbook revised January 2011 in all material respects.

This report is intended solely for the information and use of XYZ Government's management, the North Carolina Department of State Treasurer, and the North Carolina Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Prepared by:  
[City & State]  
[Date]

## SSAE 18 and Pension Attests

- **Required Representation Letters:**
  - SSAE 18 now requires practitioner to request a written representation letter in all attestation engagements
  
- **Risk Assessment of Examination Agreements:**
  - Practitioners now must gain a more in-depth understanding of the development of the subject matter
  
  - Encourages the practitioner to become more aware of the risks of any material misstatement in the examination engagement

5



North Carolina Department of State Treasurer  
State and Local Government Finance

Learn. Invest. Grow. Prosper.

## SSAE 18 and Pension Attests

- **Incorporation of Detailed Requirements:**
  - A few of the key detailed requirements under SSAE 18 include the need for an engagement letter or the equivalent of written reviews performed in reviews and examinations. The ASB believes that this addition offers a higher level of assurance.
  
- **Scope Limitation Imposed by the Engaging or Responsible Party:**
  - Based on the practitioner's assessment of the effect of the scope limitation, under SSAE 18, the review or engagement practitioner needs to express a qualified opinion, disclaim an opinion, or withdraw from the engagement.

6



North Carolina Department of State Treasurer  
State and Local Government Finance

Learn. Invest. Grow. Prosper.

## SSAE 18 and Pension Attests

- **Risk Assessment Procedures**
  - The practitioner should obtain an understanding of the subject matter and other engagement circumstances sufficient to
    - enable the practitioner to identify and assess the risks of material misstatement in the subject matter and
    - provide a basis for designing and performing procedures to respond to the assessed risks and to obtain reasonable assurance to support the practitioner's opinion.

7



North Carolina Department of State Treasurer  
State and Local Government Finance

Learn. Invest. Grow. Prosper.

## SSAE 18 and Pension Attests

- **Obtaining an Understanding of the Subject Matter**
  - The practitioner should obtain an understanding of internal control over the preparation of the subject matter relevant to the engagement
  - This includes evaluating the design of those controls relevant to the subject matter and determining whether they have been implemented by performing procedures in addition to inquiry of the personnel responsible for the subject matter

8



North Carolina Department of State Treasurer  
State and Local Government Finance

Learn. Invest. Grow. Prosper.

## SSAE 18 and Pension Attests

- **Materiality in Planning and Performing the Engagement**
  - When establishing the overall engagement strategy, the practitioner should consider materiality for the subject matter.
  - The practitioner should reconsider materiality for the subject matter if the practitioner becomes aware of information during the engagement that would have caused the practitioner to have initially determined a different materiality.
- **Identifying Risks of Material Misstatement**
  - The practitioner should identify and assess risks of material misstatement as the basis for designing and performing further procedures whose nature, timing, and extent
    - are responsive to assessed risks of material misstatement and
    - allow the practitioner to obtain reasonable assurance about whether the subject matter is in accordance with (or based on) the criteria, in all material respects.

9



North Carolina Department of State Treasurer  
State and Local Government Finance

Learn. Invest. Grow. Prosper.

## Fiscal Website

- **Changes to Pensions Webpage**
  - Added separate page for GASB 73
  - GASB 68 – separate page for items you need to do financials
  - Firefighters and Rescue Squad workers on-behalf contributions and actuarially derived pension expense number will be published on the website and notice sent via listserv when it is available

10



North Carolina Department of State Treasurer  
State and Local Government Finance

Learn. Invest. Grow. Prosper.

**GASB 67 & 68**

- [https://www.nctreasurer.com/slglfm/audit\\_acct/Pages/Pension-Standards.aspx](https://www.nctreasurer.com/slglfm/audit_acct/Pages/Pension-Standards.aspx)

**Subpage with Unit Specific Tools for Pension Reporting**

- [https://www.nctreasurer.com/slglfm/audit\\_acct/Pages/Pension-Standards-Unit-Tools.aspx](https://www.nctreasurer.com/slglfm/audit_acct/Pages/Pension-Standards-Unit-Tools.aspx)

**GASB 73**

- [https://www.nctreasurer.com/slglfm/audit\\_acct/Pages/Pension-Standards-GASB73.aspx](https://www.nctreasurer.com/slglfm/audit_acct/Pages/Pension-Standards-GASB73.aspx)

11



North Carolina Department of State Treasurer  
State and Local Government Finance

Learn. Invest. Grow. Prosper.

## Fiscal Website

- Sample Financial Statements 2017
  - County out by the end of June
    - LEOSA disclosures and RSI for GASB 73
    - OPEB assets in trust, will illustrate GASB 74
  - City out by mid-July
    - LEOSA disclosures and RSI for GASB 73
- Upcoming memos
  - Common reporting problems
  - GASB 82 – Certain Asset Retirements
  - GASB 84 – Fiduciary Activities
  - Soon to be GASB 87 - Leases

12



North Carolina Department of State Treasurer  
State and Local Government Finance

Learn. Invest. Grow. Prosper.

QUESTIONS?



13

Questions and Contact Info

Sharon Edmundson –  
[sharon.edmundson@nctreasurer.com](mailto:sharon.edmundson@nctreasurer.com)  
or 919.814.4289

14



North Carolina Department of State Treasurer  
State and Local Government Finance

Learn. Invest. Grow. Prosper.



Thank You!

*Together we can build and maintain a fiscally strong and prosperous North Carolina.*

[www.NCTreasurer.com](http://www.NCTreasurer.com)

 North Carolina Department of State Treasurer  
State and Local Government Finance

*Learn. Invest. Grow. Prosper.*