



Office of Inspector General  
Pension Benefit Guaranty Corporation

March 29, 2016

**MEMORANDUM**

TO: Karen Morris  
Acting Chief of Negotiations and Restructuring

FROM: Deborah Stover-Springer *Deborah Stover-Springer*  
Acting Assistant Inspector General for Audits

SUBJECT: Audit of Insolvent Multiemployer (ME) Pension Plans' Administrative Expenses

As you know, financial assistance to insolvent multiemployer plans includes reasonable and necessary administrative expenses. In November 2015, we commenced a review involving a "bundled" administrative expense arrangement paid to two plans and approved by the Multiemployer Program Division (MEPD). That review resulted in a legal opinion from the PBGC General Counsel.

Based on our preliminary observations, we believe a broader examination of administrative expenses is warranted. Accordingly, the OIG will be conducting an audit to determine if MEPD ensures administrative expenses are reasonable, necessary, and adequately supported for insolvent multiemployer plans.

We will be scheduling an entrance conference in the coming weeks. We request MEPD provide information on established or proposed controls over the administrative expenses of insolvent ME plans. Further, we are requesting copies of management reviews or studies performed on the administrative expenses of ME plans, insolvent or otherwise. As per Directive GA 15 03, Audit Coordination and Follow-up, we will contact the Corporate Controls and Review Department to schedule the meeting.

We will issue a discussion draft report upon the completion of our audit. We look forward to continuing our work in this area. If you have any questions or concerns, please feel free to contact OIG audit manager, Brooke Holmes, at (202) 326-4000, extension 4764.

cc: Tom Reeder, Director  
Patricia Kelly, Chief Financial Officer  
Alice Maroni, Chief Management Officer  
Judith Starr, General Counsel  
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