



# Employee Benefit Plan Audits

In accordance with the Employee Retirement Income Security Act of 1974 (ERISA) and U.S. Department of Labor (DOL) regulations, employee benefit plans with 100 or more participants are required to have an audit as part of their obligation to file an annual return/report (Form 5500 Series). In addition to profit-sharing plans, including those with 401(k) provisions, employee benefit plans subject to this requirement include defined benefit retirement plans, ESOPs and health and welfare plans.

## Why is a quality employee benefit plan audit important to you?

A quality audit will:

- Help protect the assets and financial integrity of your employee benefit plan.
- Help to ensure that the necessary funds will be available to pay retirement, health and other promised benefits to your employees.
- Provide reliable information you can use to manage and administer the plan.
- Create a greater level of comfort among employees and management.
- Help you carry out your legal responsibility to file a complete and accurate annual return/report for your plan each year.
- Minimize the risk of penalties associated with audit deficiencies.

## Who is qualified to perform your employee benefit plan audit?

A certified public accountant with no financial interests in the plan or the plan sponsor may render an objective, unbiased opinion about the financial condition of the plan. The auditor should have adequate resources available, and have the necessary expertise and experience as well as be up to date on technical and professional guidance with respect to employee benefit plan audits.

## What resources are available to assist CPAs in performing quality audits?

SSB is a member of the Employee Benefit Plan Audit Quality Center for CPA firms. This Center, under the direction of the American Institute of Certified Public Accountants, is a national community of CPA firms that demonstrates a commitment to employee benefit plan audit quality and raises awareness about the importance of employee benefit plan audits. The Center provides members with best practices, guidelines and tools needed to perform quality benefit plan audits and better serve their clients.

## What experience should your plan auditor possess?

A plan auditor should be able to perform tests in areas unique to employee benefit plan audits and be familiar with benefit plan practices and operations, as well as the special auditing standards and rules that apply to such plans.

## What factors should you expect your auditor to test in performing a quality audit?

- Have **plan assets** covered by the audit been fairly valued?
- Are **plan obligations** properly stated and described?
- Were **contributions** to the plan received timely?
- Were **benefit payments** made in accordance with plan terms?
- Are **participant accounts** fairly stated, if applicable?
- Were **issues impacting the plan's tax status** identified?
- Were any **transactions prohibited under ERISA** properly identified?

## What happens when the audit is complete?

At the conclusion of the audit, the auditor will issue a report and state an opinion on your plan's financial statements as well as any schedules required to be included as a part of the plan's annual report filing. A copy of the auditor's report will be included with your plan's Form 5500. Your auditor will also report on significant problems, if any were found, and may suggest ways for your company to improve internal controls and plan operations.

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and Strategic Advisors

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