

5 Things To Look For In Your Benefit Plan Audit Specialist

*A specialist will make the
benefit plan audit process
quick and easy for you*

**Torrillo &
Associates**
Benefit Plan Audit Specialists

A Benefit Plan Audit *isn't* just any financial audit

Nuanced requirements and strict standards imposed by the Department of Labor (DOL) make benefit plan audits a very specialized process. In fact – a recent Department of Labor study found serious problems with nearly **40% of employee benefit plan audits** - putting \$653 billion and 22.5 million plan participants at risk (*Assessing the Quality of Employee Benefit Plan Audits, Department of Labor, May 2015*).

The DOL study validates that CPAs and plan sponsors that are not adequately aware of audit requirements and standards fail to comply with professional standards.

A benefit plan audit specialist will make the difference between a headache and a hand off

Not all CPA firms are benefit plan audit specialists.

Firms that try to fit benefit plan audits in under their long list of services often end up assigning these audits to less experienced CPAs.

Do you want an inexperienced CPA handling the benefit plan of your employees and your company?

A benefit plan audit specialist will quarterback the audit process for you. They will...

- **Take the lead.** Specialists will work with third-parties to ensure the correct information is received in a timely manner so you don't have to spend your day flagging down information.
- **Play the clock in your favor** by scheduling the audit at a time that is convenient for your human resources and accounting departments.
- **Map the strategy** by looking at the plan's controls, guiding you through any current issues, and making a game plan to protect your plan.

5 Things A Benefit Plan Audit Specialist will do:

1

Perform 25+ Benefit Plan Audits per year

Why 25? The DOL found that for audit firms performing less than 25 audits per year, greater than 67% of audits were rejected.

It's simple - the more benefit plan audits you do - the better you are. Benefit Plan Audits cover many different types of plans and requirements. It's easy to miss something if you aren't familiar. And just because the firm does a lot of plan audits, doesn't mean the people doing the audit work on your plan do.

Make sure the people on your engagement are Benefit Plan Audit Specialist and are familiar with:

- Your type of plan - 401(k), 401(a), 403(b), pension, or multiple employer plans
- ERISA, DOL and IRS rules and regulations for benefit plans
- Specific accounting and auditing issues related to deferrals; match; investment valuations; participant loans; distributions; hardships, vesting; forfeitures; parties in interest transactions, limited versus full scope audit considerations
- Compliance matters including Form 5500 reporting issues, prohibited transactions, DOL and IRS examinations, and unrelated business income tax

2

Enhance Their Expertise through Training & Volunteering

Standards for benefit plan audits have been changing at a rapid rate. It's important to stay on top of those changes. The DOL found that training targeted at audits of employee benefit plans can contribute to better audit work.

Ask your audit specialist if they:

- Receive annual EBP training on audit plans to stay up on latest standards
- Have attended a state or AICPA conference on employee benefit plans audits
- Are members of the AICPA Employee Benefit Plan Audit Quality Center - a voluntary membership organization for firms that perform ERISA audits. Firms within the center demonstrate a commitment to employee benefit audit quality by agreeing to robust membership requirements.

3

Be a licensed CPA for your state

It's simple: Don't hire a benefit plan audit specialist unless they are a licensed CPA able to perform audits in your state.

Each state has different audit requirements. If your firm is not aware of the laws in your state, that's a red flag which is putting your plan audit at risk.

Check that firm and individual licenses are in good standing with the applicable state board of accountancy.

4

Have a squeaky clean audit record from the DOL

Benefit plan audit specialists are subject to examinations by the DOL. The DOL inspects auditors for quality and adherence to benefit plan audit standards. A benefit plan audit specialist should have a clean reputation.

Here's our simple advice:

- If a firm is the subject of any prior DOL actions for poor quality work – you may want to consider a different specialist.
- If a firm has been disciplined by a state board of accountancy or American Institute of CPAs for poor quality work— consider a different specialist.

5

Show Positive Peer Reviews

Peer reviews are an industry standard practice where plan audit work is reviewed by another qualified CPA firm.

Peer reviews help hold firms accountable to each other. They indicate that the firm is doing things by the book.

In fact, if the firm does not have a peer review, they shouldn't be doing audits. They don't have the proper qualifications.



Protect your employees and your company - hire a benefit plan audit specialist

Don't just hire a CPA firm, reach out to a benefit plan audit specialist to start planning your annual audit. A quality specialist will help you make strategic improvements to not only your benefit plans, but also to your internal controls and plan operations.

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