

HOW CAN YOU PREPARE?

GETTING READY FOR AN EMPLOYEE BENEFIT PLAN AUDIT

A variety of steps can be taken to make your Employee Benefit Plan Audit run smoothly.

1. **Gather and organize all required documents**

One of the first things your auditor will request are plan related documents. These include:

- Execute Plan Document (Including executed adoption agreement for prototype or volume submitter plans)
- Current IRS determination or opinion letter for the executed plan document
- Executed amendments to the plan document
- A current and historical Summary Plans Descriptions and Summaries of Material Modifications
- Executed 401(k) Administrative Committee Minutes for the plan
- Executed Board Minutes as they pertain to the plan
- Trust and recordkeeping agreements with plan custodian and record keeper
- Copies of prior years' Form 5500 filed with the DOL
- Copies of prior years' audited financial statements (after the plan's first audit, if applicable)
- Copy of the plan's fidelity bond insurance
- Any other agreements or significant correspondence related to the plan
- Contracts with third party service providers and fee arrangements

2. **Prepare the Census**

Prepare a census of all employees, including those deemed ineligible. Be certain to include:

- Name
- Social Security Number
- Hours worked
- Date of hire
- Date of birth
- Compensation
- Employee contributions and employer contributions

After compiling, reconcile the census to your payroll records to ensure no one has been mistakenly left off.

3. **Make a list of all new hires**

4. **Prepare analysis of forfeiture account**

Plan administrators should take additional steps early on to ensure a smooth, efficient audit in the future. Sponsors should consider:

- Were plan assets fairly valued?
- Were contributions to the plan made on a timely basis?
- Does the plan comply with laws and regulations?
- Have tax status issues been addressed?
- Were prohibited transactions identified and reported?
- Were contributions and earnings properly allocated?
- Were payments to participants properly computed and submitted?