



Employee
Benefit
Plan Audits

MOWERY &
SCHOENFELD



Congrats on your growth!

This is an exciting time of growth for your company. As you continue to create new jobs and opportunities, so too come additional responsibilities. **With over 120 eligible employees at the start of calendar year 2019, the Department of Labor (DOL) requires an audit of your employee benefit plan as of December 31, 2019.**

Employee Benefit Plan Audits help protect the financial integrity of the employee benefit plan - ensuring the necessary funds will be available to pay retirement, health and other promised benefits to participants and their beneficiaries.

Selecting a qualified employee benefit plan auditor who has the expertise to perform an audit in accordance with professional auditing standards is a critical responsibility in safeguarding your plan's assets and ensuring your compliance with ERISA's reporting and fiduciary requirements. Substandard audit work can be costly to plan administrators and sponsors. It both jeopardizes plan assets and can result in significant civil penalties being imposed on the plan administrator by the DOL.

The Department of Labor encourages all employers to **choose an audit partner wisely**. In the coming pages, we review the criteria the DOL has outlined for selecting your employee benefit plan auditor.

At Mowery & Schoenfeld, we diligently remind each other to frame every client touch from the perspective of a **partner and problem-solver**; rather than a service provider. As you make your employee benefit plan auditor selection, do not hesitate to reach out with questions and please **consider our Firm to help you continue to grow!**

Selecting your employee benefit plan auditor



As a leader in your company's employee benefit plan, one of your most important fiduciary responsibilities is the selection of an independent, qualified auditor. You need assurance the plan has obtained a quality audit in accordance with ERISA and the DOL requirements. A quality audit will help protect the assets and financial integrity of your Plan and make sure your Plan is in compliance with the law. Care should be taken to select and retain a CPA who possesses the requisite knowledge of plan audit requirements and expertise to perform the audit in accordance with professional auditing standards. To ascertain the qualifications of a CPA firm to perform a plan audit, you should consider the following factors:

The number and type of employee benefit plans the CPA audits each year

Mowery & Schoenfeld, LLC audits a significant number of employee benefit plans annually. We have a dedicated Employee Benefit Plan Audit Lead with a focus on sharing extensive knowledge and experience with our clients. Our services consist of full scope and limited scope audits of defined contribution plans, defined benefit plans, ESOPs, and health and welfare plans.

The status of the CPA's license with the applicable state board of accountancy

Mowery & Schoenfeld's partners and managers in the Employee Benefit Plan Audit Group are all licensed CPA's within the State of Illinois.

Whether the CPA has been the subject of any prior DOL findings or referrals, or has been referred to a state board of accountancy or the AICPA for investigation.

Mowery & Schoenfeld has not been the subject of any prior DOL findings or referrals, or referred to a state board of accountancy or the AICPA for investigation.

The extent of specific annual training the CPA received in auditing plans

Mowery & Schoenfeld has more than 20 audit staff servicing the Employee Benefit Plan Audit practice. Each member is required to complete 40 hours of CPE (Continuing Professional Education) annually, with approximately 10 of those hours dedicated to plan audit quality and process. Additionally, certain members of our Employee Benefit Plan Audit Group also attend the AICPA's and Illinois CPA Society's employee benefits conferences annually.

Whether or not your CPA's employee benefit plan audit work has recently been reviewed by another CPA (this is called a "Peer Review"), and whether such review had a positive result

Mowery & Schoenfeld is a member of the AICPA's Employee Benefit Plan Audit Quality Center, which requires Peer Review procedures every 3 years. Firms can receive a rating of "pass," "pass with deficiency(ies)," or "fail." Mowery & Schoenfeld, LLC's most recent Peer Review Report, dated February 22, 2018, received a rating of "pass."

Our Process

You and your company have invested a lot in the employee benefit package provided to your team. Our goal is to ensure you continue to meet your fiduciary responsibilities, so you can focus on your business and employees.

Our four-step approach to completing an Employee Benefit Plan Audit is designed to make the most efficient use of your time and resources. We are transparent and upfront in our timeline, costs and expectations; and will be available to answer questions or provide guidance through the process.

1 Planning

- Gain understanding of the plan and sponsor
- Complete documentation of internal controls
- Evaluate SOC 1 reports to determine key controls

2 Audit Procedures

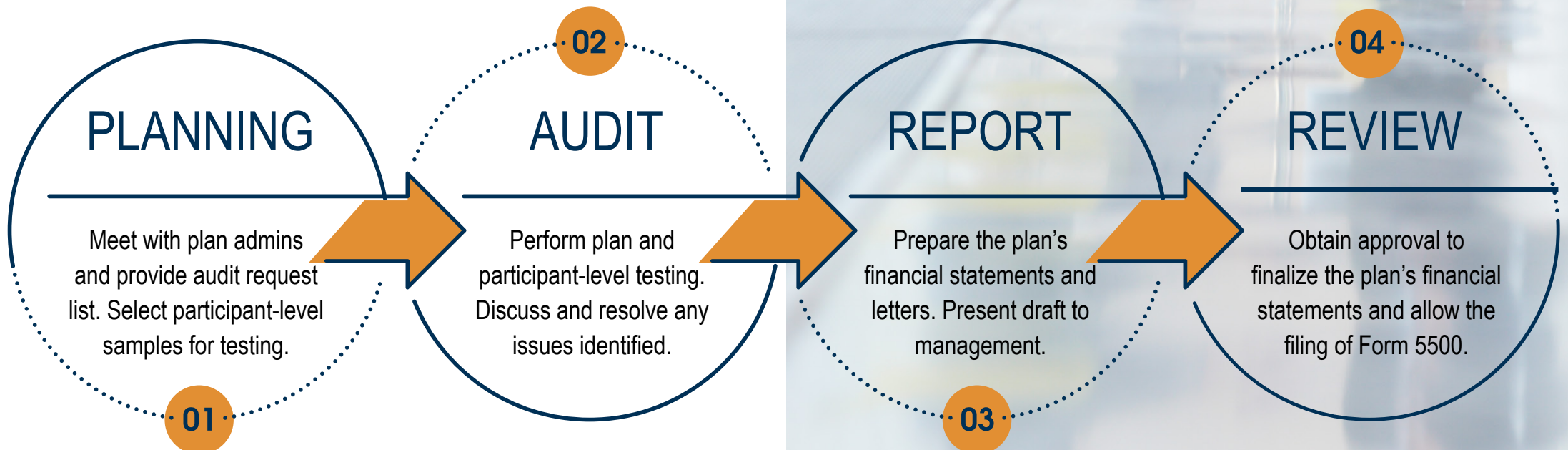
- Complete the testing of plan-level financial information
- Perform testing including eligibility and data testing, participant contribution and allocation testing, participant loan testing, distribution testing and compliance and timeliness of contribution remittances to the plan

3 Financial Statements and Management Letters

- Assist with preparation of the plan's financial statements
- Provide recommendations and process improvements to management

4 Review of Form 5500

- Provide feedback on the Form 5500 prepared by the plan's third party service providers and allow for timely filling with the regulatory agencies.





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