



MOWERY  SCHOENFELD

EMPLOYEE BENEFIT PLAN AUDIT SERVICES

FOR SERVICE PROVIDERS



PARTNERING WITH PLAN SERVICE PROVIDERS

As we look forward to the December 31, 2022 plan year-end, we wanted to provide you with information on our Employee Benefit Plan Audit Practice should any of your clients newly require an audit or are considering a change in CPA firms for the next audit cycle. As the plan's advisor, it often falls to you to guide those you serve in identifying the best partner.

Assistance in 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 for plan management. As part of this process, you guide your clients to safeguard plan assets and ensure 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 imposed on the plan administrator by the DOL.

Our team takes a hands-on approach to auditing with the goal to become a partner and problem solver for years to come. Care should be taken to select and retain an audit firm who possesses the proper knowledge of plan audit requirements and the expertise to perform the audit in accordance with professional auditing standards.

SELECTING AN EMPLOYEE BENEFIT PLAN AUDITOR

As a plan service provider, you play a unique role in helping plan management select an independent, qualified auditor. You need assurance the plan has obtained a quality audit in accordance with ERISA and DOL requirements. This limits both the exposure of the sponsor and administrator. Care should be taken to select and retain a CPA with relevant experience. To ascertain the qualifications of a CPA firm to perform a plan audit, the DOL recommends considering 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 ERISA Section 103 (a) (3)(C) (formerly known as limited scope) and non-ERISA Section 103(a)(3)(C) (formerly known as full scope) audits of defined contribution 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 CPAs 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 attend the AICPA's and Illinois CPA Society's employee benefits conferences annually. Our firm is also a member of the AICPA's Employee Benefit Plan Audit Quality Center (EBPAQC).

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 that 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 December 17, 2020) received a rating of "pass."

OUR PROCESS

You have invested a lot in the employee benefit plans you administer. Our goal is to ensure fiduciary responsibilities are met so you can focus on servicing your clients.

Our four-step approach to completing an employee benefit plan audit is designed to make the most efficient use of time and resources. We are transparent and upfront in our timeline, costs, and expectations. We will be available to answer questions and provide guidance throughout the process.

PLANNING

- Gain an understanding of the plan's provisions and the plan sponsor's operations
- Complete documentation of internal controls
- Evaluate third-party service provider SOC 1 reports to determine key controls

AUDIT PROCEDURES

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

FINANCIAL STATEMENTS AND MANAGEMENT LETTERS

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

REVIEW OF FORM 5500

- Provide feedback on the Form 5500 draft and allow for timely filing with the regulatory agencies



PLANNING

Meet with plan management and provide audit request list. Select participant-level samples for testing.

AUDIT

Perform plan and participant-level testing. Discuss and resolve any issues identified.

REPORT

Prepare the plan's financial statements and letters. Present draft to management.

REVIEW

Obtain approval to finalize the plan's financial statements and allow the filing of Form 5500.

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ABOUT OUR FIRM

Mowery & Schoenfeld was founded in 1996 by members of large firms looking for a new, more personal way to do accounting. With a focus on building a community of the highest-quality accountants—partnering each day with our diverse network of clients—we realize this vision.

Made up of 19 partners and over 130 total employees, our Firm ranks among the top 10 in the state of Illinois. We continue to grow our expertise, client base, and employee count each year. Our founders and leadership team remain accessible and involved in the growth and support of all staff members. Our Firm is committed to offering exposure to multiple disciplines and projects while providing the systems and support employees need. We pride ourselves on being nimble and entrepreneurial while looking at all projects and engagements through the lens of our clients.

At Mowery & Schoenfeld, we diligently remind each other to frame every client relationship from the perspective of a partner and problem-solver. As you continue to assist your clients with the selection or retention of Employee Benefit Plan auditors, do not hesitate to reach out with questions and please consider our Firm to help with this part of the process.







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