

From: PlanForAuditQuality - EBSA [<mailto:PlanForAuditQuality@dol.gov>]

Sent: Friday, November 13, 2015

To:

Subject: A Message from the US Dept of Labor - The Importance of a Quality Benefit Plan Audit



A MESSAGE FROM THE CHIEF ACCOUNTANT, U.S. DEPARTMENT OF LABOR

November 13, 2015

Plan Administrator
[XYZ 401k Savings Plan]
[Address]

Re: Tips for Selecting and Monitoring a Plan Auditor

Dear Plan Administrator:

I am sending you this email because you may be in the process of selecting or working with a CPA firm to audit the The [XYZ 401k Savings Plan]'s 2015 financial statements that will be submitted to the Department of Labor (DOL) as part of the Plan's Form 5500 filing. Selecting a qualified CPA 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. A recent study conducted by the Department of Labor found serious problems with nearly 40% of employee benefit plan audits. (You may read this study on our website at: www.dol.gov/ebsa).

A quality audit will help protect the assets and financial integrity of your Plan and help to ensure that the necessary funds will be available to pay the benefits promised to your Plan's participants and their beneficiaries. It also helps make sure your Plan is in compliance with the law.

Employee benefit plan audits have unique audit and reporting requirements and are different from other financial audits. Care should be taken by the plan administrator to

select 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 your Plan's audit you might want to consider the following factors:

- The number of employee benefit plans the CPA audits each year, including the types of plans;
- The extent of specific annual training the CPA received in auditing plans;
- The status of the CPA's license with the applicable state board of accountancy;
- 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 American Institute of CPA's for investigation; and
- 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, if so whether such review resulted in negative findings;

Additional tips for selecting an auditor and monitoring your auditor's work can be found in our pamphlet "*Selecting an Auditor for Your Employee Benefit Plan*" found at: <http://www.dol.gov/ebsa/publications/selectinganauditor.html>.

We are eager to discuss with you the importance of a quality audit for your plan, and welcome your comments and questions at PlanForAuditQuality@dol.gov.

Note: We are NOT requesting Personal Identifiable Information (PII) of either you or your employees.