



Selecting your employee benefit plan auditor: What you need to know

If your employee benefit plan requires an audit, one of your most important fiduciary responsibilities is the selection of an independent, qualified public accountant. You also need assurance the plan has obtained a quality audit in accordance with ERISA and the U.S. Department of Labor's (DOL) requirements.

Hiring the right firm requires consideration of licensing and independence rules as well as the auditor's experience and professional development, including specific employee benefit plan audit experience and continuing professional education. A proper review of your plan auditor's qualifications should be thorough, but it need not be overwhelming. Here's help.

About the firm



The firm you choose should meet the following standards:

- ✓ Licensed or certified as a public accountant by a state regulatory authority.
- ✓ Meets the independence standards of the AICPA (American Institute of Certified Public Accountants) and DOL.
- ✓ For 11-K filings, meets the independence standards of the SEC.
- ✓ Member of the AICPA Employee Benefit Plan Audit Quality Center.
- ✓ Credible references specific to employee benefit plan audits.
- ✓ Proof of recent and specific employee benefit plan training, including records of continuing professional education.
- ✓ Review of the most recent Peer Review Report and the firm's response.
- ✓ Insurance coverage such as errors and omissions and workers' compensation.

About the audit team



Your audit team should demonstrate the following:

- ✓ A true commitment to their employee benefit plan audit practice.
- ✓ Clear understanding of the unique nature of employee benefit plan audits.
- ✓ Depth of knowledge and technical training.
- ✓ Established quality reviews and internal process controls.
- ✓ Ability to perform all necessary audit work.
- ✓ Understanding of the importance of the limited-scope audit exception.
- ✓ Understanding of and ability to explain the implications of adoption of new technical guidance.
- ✓ Ability to perform the necessary tests in all areas unique to employee benefit plan audits.
- ✓ Understanding of the importance of the employee benefit plan audit beyond fulfilling a governmental regulatory requirement.
- ✓ A process by which an experienced auditor performs more complicated audit procedures and reviews the work of less experienced auditors assigned to your audit.



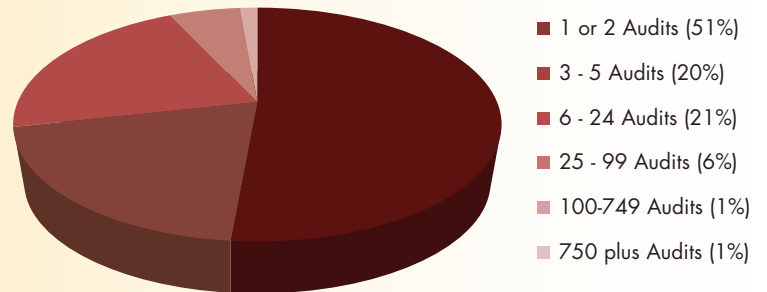
To receive a high-quality audit at a fair price, both price and technical ability need to be taken into consideration. Price certainly plays an important role in the selection process, but the lowest price does not guarantee a quality audit.

*"There is a clear link between the number of employee benefit plan audits performed by a CPA and the quality of the audit work performed. CPAs who performed the fewest number of employee benefit plan audits annually had a **76%** deficiency rate. In contrast, the firms performing the most plan audits had a deficiency rate of only **12%.**"*

Assessing the Quality of Employee Benefit Plan Audits
U.S. Department of Labor
Employee Benefits Security Administration
May 2015

Number of Audits Performed by CPA Firms by Stratum

7,330 CPA Firms



The risk of not having a quality audit



There are numerous risks to not having a quality audit, including rejection of the Form 5500 filing, which could result in penalties of up to \$2,063 per day for plan administrators, not to mention the risk of heightened enforcement and putting plan assets and participants at risk.

*"For the 2011 filing year, **39%** of the employee benefit plan audits (nearly 4 of 10) contained major deficiencies with respect to one or more relevant GAAS requirements, putting **\$653 billion** and **22.5 million** plan participants and beneficiaries at risk."*

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The real value.

Each year, Wipfli audits over 700 employee benefit plans with as few as 100 or as many as 50,000 participants and several billion dollars in assets. Our expertise and service include preparation of Form 5500, 401(k) plans, 403(b) plans, defined benefit plans, and public companies with 11-K filings.

Our commitment to maintaining high quality and technical expertise is clearly seen in our:

- Training and supervision of staff.



- Demonstrated continuity of staff on plan audit engagements.
- High level of participation, as both participants and speakers, in national and state conferences.
- Positive marks on our Peer Review and PCAOB (Public Company Accounting Oversight Board) inspection results.
- Expertise in providing third-party administrator (TPA) services, which gives our auditors resources to leverage when evaluating and responding to compliance concerns.

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