

QUESTIONS TO ASK YOUR EMPLOYEE BENEFIT PLAN AUDITOR

Laying the Groundwork for a Cost Effective and High Quality Audit

One of the most important jobs of the plan administrator is to choose an auditor. The quality of the audit itself depends upon the quality of the auditor selected. A high-quality audit will help protect the financial integrity and assets of the plan and ensure that the necessary funds will be available to provide the benefits promised. An incomplete, inadequate, or untimely audit report can result in penalties being assessed against the plan sponsor.

To properly select your audit partner, SC&H Group's Employee Benefit Plan team has compiled important questions plan sponsors should ask when selecting a high-quality auditor.



EXPERIENCE

If a firm is performing many plan audits, it is indicative that they have invested resources and developed a core group of auditors to specialize in benefit plan audits. Understand the types of audits performed by the audit firm. Does the audit firm have firm-wide Inventory of ERISA Audits by type (defined contribution, defined benefit, ESOP, Health and Welfare plans, etc.?)

How many employee benefit plan audits does the firm currently perform?

What are the type of employee plan audits your firm has performed?



TEAM

It can be common to have new staff each year on these types of audits – make sure the firm is committed to staffing the engagements with auditors that specialize in benefit plans and are committed to staffing continuity annually.

- Have any of your auditor's 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?
- Who will be on the engagement team and how many other benefit plan audits are your audit team members currently, performing?
- What is the status of your team's CPA license with the state board of accountancy?



SECURITY & EFFICIENCIES

Employee benefit plans, like all other organizations and individuals, are vulnerable to cyberattacks and thus exposed to risks relating to privacy, security, and fraud. Ensuring your auditor is versed in cybersecurity best practices is important. Just as important as ensuring they perform periodic outside reviews, or "Peer Reviews," performed by another accounting firm. This review examines the firm's quality control system in accounting and/or auditing to maintain and improve the quality of the accounting and auditing services performed by firms.

- Does the audit firm work in a paperless environment?
- What safeguards are in place to ensure that data security and storage is established?
- Has your employee benefit plan audit work been recently reviewed by another CPA (this is called a "Peer Review")?
- If yes, did this review have any negative findings?



TRAINING & EDUCATION

Training is key to understanding policies and procedures that lead to a successful EBP audit. It is important to engage practitioners who undergo with proper training in these highly complex, high-risk audits to avoid misunderstanding important concepts such as the limitations of the exemption in limited-scope audits and the extent to which Service Organization Control 1 (SOC 1) reports can be relied on in these audits.

- How does the firm educate their staff with new regulations and make sure that they are up to date with regulatory changes?
- Do they offer training to their clients on new regulations and thought leadership?



CERTIFICATIONS

The American Institute of Certified Public Accountants (AICPA) has established the EBPAQC. The EBPAQC maintains a directory of employee benefit plan auditors who have agreed to meet specific experience, training and practice monitoring requirements.

- Is the audit firm a member of the Employee Benefit Plan Audit Quality Center (EBPAQC)?
- Does the firm have ERISA Quality Control Policies and Procedures?
- How does the firm ensure their internal policies are followed and that a quality audit is performed?

Choosing an auditor is an important fiduciary responsibility. If you are in the process of selecting an audit firm or trying to determine if there were any red flags on your last audit, there are questions you should be asking your auditor to ensure you are receiving a quality audit.

CONTACT US



If you have any questions about finding an auditor, please contact us.