
We are listening

Employee Benefit Plan Audit – Information Request Checklist

Although our retirement plan audits are tailored to meet the specifics of each plan design and plan sponsor's demographics, the information below provides the overall level of detailed verification required in an employee benefit plan audit.

Information Request Letter

General Plan Information

- > Executed copies of the latest plan document, adoption agreement, loan policy, and plan amendments
- > Copy of the summary plan description (SPD) and any summary of material modification (SMM)
- > Sample of enrollment packages, loan applications, and distribution forms provided to employees
- > List of members of the board of directors/trustees, audit committee, and internal committee responsible for plan oversight/governance
- > List of key accounting and management personnel associated with the plan, including contact information
- > Copy of employee handbook or personnel manual
- > Copies of minutes from board/committee meetings, if applicable
- > Copy of most recent IRS determination or opinion letter for the plan, as applicable
- > Copy of proof of fidelity bonding related to benefit plans
- > Copy of ethics and employee conduct policy, if not included in personnel manual, if any
- > List of parties in interest:
 - Plan sponsor, trustees, and administrator
 - Plan investment/asset custodians
 - Plan recordkeeper and others providing services to the plan, if any
 - Plan legal counsel (in-house and external, including ERISA counsel)
 - Payroll service provider
 - Others, if any
- > Contact information for legal counsel (if any), third-party administrator, and investment custodians
- > Executed copies of agreements with service providers (trustee/asset custodian, recordkeeper, etc.), including current rate schedules, if applicable
- > Login and password to access online reports from third-party administrators and custodians
- > Copy of 404(a)(5) participant fee disclosure

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- > Copy of 408(b)(2) plan fee disclosure
 - > Copy of annual safe harbor notice, if applicable
 - > List of all employees and participants during the year, including:
 - Dates of hire
 - Retirees and terminated employees who still have balances in the plan at any time during the year
 - Employees who were eligible to participate in the plan during the year but have been elected not to participate
 - > Number of eligible plan participants at the beginning and end of the plan year
 - > Reconciliation of the participant listing at the beginning and end of the year to the number of W-2s issues for each year
 - > For each participant in the census, a spreadsheet containing a column for:
 - Gross wages
 - Each exclusion from the definition of eligible compensation by participant
 - Compensation excluded due to eligibility criteria not yet satisfied
 - Eligible wages by participant for each plan feature
 - Reconciliation of total gross wages by employee on the census to the total payroll report

Plan Internal Controls

- > Copies of any procedural/process memos or flowcharts detailing the key controls of the plan (eligibility, contributions, distributions, payroll, etc.) such as job descriptions, accounting manuals, internal control documentation of payroll and human resources systems, etc.
- > Copy of SOC 1 from third-party administrators and service providers, along with documentation of the plan's responses to the "user controls" identified therein

Financial Reporting Information

- > Year-end reporting packages from third-party administrator (most recent plan year activity, when available) and investment statements. This report is commonly called the Audit Package
- > For limited scope audits, a copy of the qualified bank or insurance company certification of plan investments held in accordance with 29 CFR 2520.103-5
- > Draft copy of financial statements, including:
 - Statement of Net Assets Available for Benefits at plan year end (with comparative statement as of prior plan year end)
 - Statement of Changes in Net Assets Available for Benefits for the plan year
 - Notes to financial statements, including description of the plan, summary of accounting policies, investment information disclosures, any related party transactions, any plan termination provisions, plan tax status
 - Supplemental schedules as required by instructions to Form 5500
 - Draft and final Form 5500 as soon as it is available

Cash and Investments

- > Copy of investment policy statement, if any
- > Copy of annual investment evaluations, if any
- > Statement of plan assets as of the plan's year end and plan activity for the year ended, including schedule of assets held for investment and schedule of reportable transactions, as applicable
- > Reconciliation of the aggregate of the participant accounts to assets per the trust statements, with explanations for any variances
- > Statement of plan assets and plan activity for period AFTER the plan's year end through the date of the audit report
- > Bank statements of all cash accounts held outside of the trust, if any
- > Executed copies of the contracts/policies for any insurance contracts
- > Webstation access during audit fieldwork to participant balance reports as of plan year end and transactions in the participants' accounts
- > List of any pending trades if the trust statements are not prepared on a trade-date basis
- > List of loans (issue date should be listed to identify new loans) outstanding at year end (if loans are allowed by the plan)
- > Range of interest rates on loans outstanding at the end of the plan year
- > Detail of any other accruals as of plan year end, if any (dividends/interest receivable)

Contributions, Rollovers, and Forfeitures

- > Reconciliation of total participant contributions per the W-3 to total plan contributions per the trustee
- > A list of payroll dates and the corresponding dates in which the 401(k) deferrals for each payroll period were deposited
- > Payroll-by-payroll detail (wages and related deferral per payroll) for a list of selected participants
- > Contribution receivable detail by participant (employee and employer) as of plan year end, if any
- > Employer matching and/or profit sharing contribution computation by participant, if any, deposit support (contribution authorization and wire transfer support)
- > Detail of rollovers into the plan
- > Forfeiture statement for the year showing the amount of forfeitures utilized during the plan year and the beginning and ending balances of the forfeiture account

Benefits Payable and Expenses

- > List of all distributions by type (e.g., hardship, termination, death, QDRO) made during the plan year (the listing should tie in total distributions per the trust statements)
- > 1099-R report and reconciliation to the listing in the previous step
- > Distribution application forms for selected audit sample
- > Detail of any benefits approved but unpaid as of plan year end, if any
- > List of and explanation of deemed distributions, if any
- > Documentation of the client and recordkeeper procedures for distributing terminated participant balances under \$5,000 or \$1,000, if applicable

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- > Documentation of procedures for investigating long-outstanding benefit checks, if any
 - > Detail of any administrative expenses paid by the plan or reimbursed by the sponsor (e.g., accounting fees, investment fees, legal fees, appraisal fees, trustee fees)
 - > Detail of any other accruals as of plan year end, if any (expenses payable)
 - > Documentation for any previous deemed distributions that have been repaid or have become current again

For Selected Participants

Personnel File Information:

- > I-9 Form or other documentation noting date of birth, date of hire
- > Salary information sheet or hourly rate form
- > Enrollment or opt-out form, if applicable
- > Copies of 1099-Rs
- > Timecards for selected hourly employees
- > Payroll registers, including payroll-by-payroll detail for all pay periods for the plan year
- > Participant statements (generally provided in the form of online access) for individuals selected for contribution, eligibility, loan processing, and distribution testing
- > Investment election form or record, if any. Email address or mailing address of participants whose online transactions and elections left no paper trail to verify
- > Distribution request form
- > Canceled checks for selected audit sample
- > Loan request form, including promissory note and amortization schedule
- > Rollover contribution request form, including copy of check or evidence of wire transfer from another qualified plan

Compliance Testing Documentation

- > Copy of the year-end compliance testing required by the Internal Revenue Code, including documentation of any action required by the testing results

Employee Salary Deferrals

- > For 403(b) plans, universal availability testing
- > For 401(k) plans, ADP test, including refund calculations, if applicable
- > IRC §402(g) deferral limit testing
- > A reconciliation of total of employee deferrals per the year-end compliance testing to the amount per the W-3 and the deposit schedule

Employer Contributions

- > IRC §410(b) coverage testing
- > ACP testing, including refund calculations, if applicable
- > IRC §404 deduction limit
- > IRC §401(a)(4) nondiscrimination testing
- > IRC §401(a)(17) limitation on allowable compensation
- > IRC §401(a)(5) and IRC §401(l) limitation on integration of social security/permitted disparity, if applicable

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- > A reconciliation of total of any matching contributions per the year-end compliance testing (ACP test) to the amount per the trust statements

Other

- > IRC §415 annual additions limit IRC
- > §414(s) compensation testing
- > IRC §414 controlled group/affiliated service group analysis, if applicable
- > IRC §401(a)(9) minimum required distribution calculations, if applicable
- > IRC §401(a)(31) mandatory transfers to an IRA or other eligible plan, if applicable
- > Documentation of who is responsible for reviewing the compliance testing

The Art of Qualified Plan Audit



Visit our EBP Blog. We are tipping the scales from detection to prevention with this blog by providing a wealth of knowledge regarding best practices in the retirement plan audit area.

Contact BLS at 302.225.0600 or
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Our Employee Benefit Plan specialists can
provide planning and compliance specific
to your needs.

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