



Plan Audits

Plan audits are government mandated through the Employee Retirement Income Security Act of 1974 (ERISA) and U.S. Department of Labor (DOL). The plan's administrator is responsible for adhering to these requirements. Because an incomplete, inadequate, or untimely audit report may result in penalties being assessed against the plan's administrator and the termination of the plan, selection of an experienced and reliable auditor is significant.

Recent DOL studies of audit quality have identified substantial deficiencies in plan audits. Accordingly, the DOL has dramatically increased and revised its enforcement strategies with respect to audit deficiencies. The penalties for such audit failures can be substantial. The DOL can assess penalties on plan sponsors of up to \$1,100 per day (capped at \$50,000) per annual report filing where the required auditor's report is missing or deficient.

At Naden/Lean, we have years of experience conducting plan audits. Our team of auditors is trained and versed in the latest ERISA, DOL and generally accepted auditing standards (GAAS) requirements. Typically, Federal law requires employee benefit plans with 100 or more participants to have an audit as part of their obligation to file an annual return/report (Form 5500 Series).

Whether you have passed the 100 participant threshold or you have received a letter from the Department of Labor, we can help you navigate through the specialized world of plan audits. We understand the unique areas of testing that the DOL expects to see accomplished. A quality audit enables you to carry out your legal responsibility to file a complete and accurate annual return/report for your plan each year.

Services

- Limited scope plan audits
- Full scope plan audits
- Defined benefit audits
- Pension plan audits
- Defined contribution audits
- 401(k) audits

Audit Process

- Audit preparation
- Gather census data, cumulative listing of all the participants' accounts, cumulative trust statements, listing of all participant loans and their activity, and pensioner's files containing documentation for the monthly pension benefits that the participant is receiving

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Plan Audits, continued

- SAS 70 reviews for service organizations that hold the pension fund investments using SAS 99 standards
- Investment asset testing
- Participant account testing (defined contribution plans)
- Balance test (defined contribution plans)
- Eligible compensation testing (per the plan document to eligible compensation used in plan operations)
- Payroll testing in conjunction with the plan audit
- Pension benefit testing
- Participant investment transfer testing
- SAS 59 review (consideration of an entity's ability to continue as a growing concern)

Trust Us

During our last peer-review (one of our membership requirements of the AICPA), we received a clean opinion with no letter of comments, the highest rating possible. This is significant. What this means for you is that you can be assured that whatever work we perform for you goes through a rigorous internal quality control review before it reaches you.

Resources

Another way we lend support to the plan community is in the form of professional speakers with extensive training and experience in ERISA, DOL and GAAS principles. Whatever the occasion, we would be happy to furnish speakers for your event at no charge.

Contact Us

For more information about these and other services we offer, contact us at 410-453-5500.

Members of the AICPA and the MACPA