

# RETIREMENT PLAN AUDIT CHECKLIST

This checklist has been prepared by me to assist plan sponsors in preparing for the annual audit of their retirement plan. The completion of this checklist early in the process will minimize the time required to audit the plan and help keep the cost of the audit to a minimum. Generally, audited financial statements are required to be filed with Form 5500 for plans with 100 or more participants as of the beginning of the plan year. The Form 5500 is due by the end of the seventh month following the plan year end. An additional 2½ month automatic extension is available by filing IRS Form 5568. I encourage you to plan early to avoid the potential of a late filing. IRS penalties for late filers are quite steep.

1. Provide your CPA with the most current versions of the Plan document, Plan amendments, Summary Plan Description, IRS Determination Letters, prior Form 5500 and independent auditor's report. If you use an outside third-party administrator or an investment provider, have them provide you these documents if you already don't have them.
2. Provide your CPA with the annual census report for the year being audited. I recommend that you prepare your census to include ineligible participants as well as eligibles. Most third-party administrators and investment providers have systems that will allow you to provide them this data in an electronic format. Make sure that the census data is reconciled with your annual payroll data to avoid any inadvertent errors. In my experience, I have found this area to be the most troublesome in terms of errors.
3. If your plan assets are held by a trust company (bank or non-bank) or an insurance company, you may be eligible to have your plan elect the "limited-scope exemption". This exemption does not eliminate the requirement for an audit, however, it reduces the "scope" and will typically reduce the cost of the audit. The trust company or insurance company must provide a certification as to the completeness and accuracy of the investments and related investment transactions it holds on behalf of your plan. Request an "Annual Audit Package" from the trust company or insurance company and provide it to your CPA as soon as possible.
4. If your plan assets are not held by any of the institutions referred to in item 3 above, have your investment provider prepare account statements for the entire plan year and provide them to your CPA as soon as possible.
5. If your plan holds investments in limited partnerships, real estate or other investments or if your plan is an ESOP for which published market values as of the plan year-end are not readily available, obtain an independent appraisal of such investments as of the plan year-end and provide copies to your CPA.

6. Provide your CPA with the annual administration performed by your outside recordkeeper. This normally includes participant allocation reports, discrimination and coverage tests, Form 5500, etc. If your plan is a 401(k) plan, make sure your recordkeeper performs the discrimination tests and return any excess contributions within 2½ months after your plan year-end otherwise; a 10% penalty will apply.
7. If your plan permits participant loans, reconcile all loans at plan year-end and provide your CPA with a year-end loan summary. Most recordkeepers provide this service.
8. If your plan financial statements are prepared on the accrual basis of accounting, provide your CPA with a list of any employee and employer contributions for the plan year not deposited as of the end of the plan year. Employee contributions (i.e. 401(k) deferrals) and participant loan payments are required to be deposited on the earliest date on which such contributions can reasonably be segregated from the employer's general assets. Employer contributions are generally required to be deposited by the due date (including extensions) of the plan sponsor's income tax returns.

*These are the most common items that a CPA would need from you, the plan sponsor for a typical defined contribution plan audit. Depending on the nature of the plan and other circumstances, additional information may be required.*