AUDIT
READINESS

SENSIBA SAN FILIPPO
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

- IS YOUR COMPANY'S PLAN AUDIT-READY?
- ARE YOU BEING PROACTIVE IN MONITORING ELIGIBLE EMPLOYEES?

REQUIREMENTS FOR AN AUDIT

- ✓ Qualifies as a large plan if over 121 eligible participants, including inactive employees who still have assets in the plan, as defined in the plan documents on the first day of the plan year
- ✓ Once the plan is established as a large plan, a reoccurring audit is required each year unless the number of eligible participants on the first day of the year falls below 100.
- ✓ If the plan was defined as "small" in the prior year and surpassed 100 eligible participants in the current year, the plan can defer the audit to the next year
- ✓ Must have qualified and independent accounting firm
- ✓ The submission deadline of the audit report is 7 months, or if you file the extension, 9 ½ months after year-end
- ✓ The sponsor is required to meet certain fiduciary duties and is required to be in compliance with ERISA, DOL, and IRS regulations.

FAILURE TO FILE OR NON-COMPLIANCE LEADS TO PENALTIES

ERISA PENALTIES:

Failure or refusal to file a Form 5500..$2,194 per day

Failure to provide documents and information requested by IRS..................up to $1,566 per request

Failure to provide reports to certain former participants and

beneficiaries or failure to maintain records..up to $30 per day

ARE THERE COMPLIANCE ISSUES WITHIN YOUR PLAN?

If an error is identified that results in noncompliance with regulations, the errors may be corrected under the Self Correction program or the Voluntary Correction Program.

For questions and help navigating this process, reach out to SSF today.

PLAN
COMMON MISTAKES

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MOST COMMON MISTAKES & HOW TO AVOID

01
18% of the plans we audit have failed to comply with all governance and oversight responsibilities

02
9% of the plans we audit have ineligible participants contributing to the plan or contributing before becoming eligible

03
15% of the plans we audit have failed to use the proper definition of compensation when calculating deferrals

04
34% of the plans we audit have failed to deposit employee deferrals timely

05
18% of the plans we audit have had challenges with maintaining proper deferral elections

06
30% of the plans we audit have failed to accurately implement their force-out policy for terminated employees

PLAN
COMMON MISTAKES

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01 GOVERNANCE RESPONSIBILTIES

Your Company has a fiduciary responsibility to ensure plan activities are compliant with regulations and guidelines. We recommend establishing a plan committee that meets at least semi-annually. Minutes of these meetings should be maintained to document the plan's compliance with its governance responsibilities. Contact a retirement plan advisor to help ensure you are meeting these requirements.

02 ELIGIBLE PARTICIPANTS

Before contributing to the plan, participants must be deemed eligible to participate in the plan. The plan needs to verify whether the participant meets the age and service requirements designed in the plan's provisions. Ensure that all excluded groups have been defined and that there is a routine procedure to capture any participants that will be eligible in the near future.

03 ELIGIBLE COMPENSATION

Defining eligible compensation for employee benefit plans can be complicated. There can be various gray areas when it comes to defining compensation, including areas related to post-severance compensation, leave payouts, and fringe benefits. Still, it is essential to establish clear lines to avoid inaccurate deferrals. Establish a formal review of the definition of eligible compensation per the plan document to ensure it is in line with plan practices.

04 UNTIMELY CONTRIBUTIONS

The Department of Labor has strict guidelines of when contributions should be remitted into the participants' accounts. All remittances are to be made timely and consistently as soon as administratively feasible. Late deposits may result in the need to calculate and contribute lost earnings to each participant.

05 LACK OF SUPPORT FOR DEFERRAL CHANGES

Whether the problem lies with missed deferral elections, improper auto-enrollment, or not maintaining adequate documentation to support participants' elections, navigating the deferral process is challenging. The plan needs to verify that participants' deferrals align with the plan documents and that any changes are processed timely. Also, don't forget to retain the necessary documentation to support those elections!

06 FORCE OUT THRESHOLDS

Plans typically have force-out policies that dictate when terminated participants with low balances need to be forced out of the plan during the following year. It is essential to ensure that terminated participants below the threshold are removed and receive their monies on a timely basis. We also recommend setting a reasonable threshold to ensure the plan does not accumulate excessive inactive participant balances.

WHY
SENSIBA SAN FILIPPO

SSF SENSIBA SAN FILIPPO
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

ABOUT SENSIBA SAN FILIPPO

At Sensiba San Filippo, we focus on providing plans with personalized and flexible services designed to meet your fiduciary duties and ease the stress of compliance and reporting. Each plan is unique, and we will dedicate time to understanding your plan and its processes. We will navigate you through any potential problems and ultimately offer suggestions to improve the plan. We tailor our simple and efficient procedures and audit strategy to meet your schedule, priorities, and needs through consistent and reliable communication. Our team of knowledgeable professionals is here to make your audit process smooth, approachable, and suited to your business structure.

OUR TEAM IS:

Approachable — We will provide clear explanations of our requests
Innovative — We use tools and techniques for an efficient approach
Experienced — Each team is structured to have individuals who understand the intricacies of plans
Responsive — We will provide you with prompt responses to inquiries

HOW DOES SSF EXTEND VALUE-ADDED SERVICES TO YOU?

% of Plans	Participants	Assets
35%	200 or less	$100k-$66.5M
32%	201-500	$160k-$31.7M
28%	501-1,000	$2.8M-$88.9M
5%	1,000-80,000	$28M-$15.4B

ERISA rules and regulations are continually evolving, and navigating through this complex landscape can be challenging. By meeting the fiduciary responsibilities above, your Plan can avoid potential penalties or loss of tax status. ERISA compliance applies to all employee benefit plans regardless of whether they meet the threshold requiring an independent third-party audit.

Member of the AICPA Employee Benefit Plan Audit Quality Center (EBPAQC)

Study shows members have lower deficiency rates

90 - 100 standard Employee Benefit audits performed annually led by experienced EBP auditors

Less than 10% of CPA firms audit more than 25 plans per year

Meeting the annual requirement of continuing education training and attendance at annual conferences

Consecutive clean Peer Review reports from AICPA

4.7 out of 5-star rating from verified clients

Compiled from 360 verified ratings through ClearlyRated

STANDARD TIMELINE OF A SSF AUDIT:

4 - 7 weeks from planning to the issuance of the financial statements
First deadline — **July 31**
Extended deadline — **October 15**