



Employee Benefit Plans

The Employee Retirement Income Security Act (ERISA) set minimum standards and compliance for most voluntarily established pension and health plans in private industry. ERISA requires plans to provide participants with plan information including important information about plan features and funding, provides fiduciary responsibilities for those who manage and control plan assets, requires plans to establish a grievance and appeals process for participants to get benefits from their plans and gives participants the right to sue for benefits and breaches of fiduciary duty.

The Department of Labor (DOL) has been reviewing and regulating ERISA audits for more than 20 years. The deficiencies typically found by the DOL are a result of the auditor not conducting tests in areas unique to employee benefit plans. Plans with more than 100 participants must make the important decision of choosing an independent auditor who has the ability to issue an unbiased, objective opinion.

Selecting an Auditor

Why is the choice of an auditor important? A quality audit will help protect the assets and the financial integrity of your employee benefit plan and ensure that the necessary funds will be available to pay retirement, health and other promised benefits to your employees.

Is a plan auditor required to be licensed or certified? Federal law requires that an auditor engaged for an employee benefit plan audit be licensed or certified as a public accountant by a State regulatory authority.

Should a plan auditor have experience in auditing employee benefit plans? The more training and experience that an auditor has with employee benefit plan audits, the more familiar the auditor will be with benefit plan practices and operations, as well as the special standards and rules that apply to such plans.

What questions should I ask the auditor about his/her work? You should make sure that your auditor considered the following areas:

- Whether plan assets covered by the audit have been fairly valued;
- Whether plan obligations are properly stated and described;
- Whether contributions to the plan were timely received;
- Whether benefit payments were made in accordance with plan terms;
- If applicable, whether participant accounts are fairly stated;
- Whether issues were identified that may impact the plan's tax status;
- Whether any transactions prohibited under ERISA were properly identified.

Hill, Barth & King LLC (HBK) currently performs more than 100 audits of qualified plans annually and is a member of the American Institute of Certified Public Accountants' (AICPA) Employee Benefit Plan Audit Quality Center. As members of this quality center, we are committed to the ongoing compliance and testing requirements of ERISA. In addition, HBK is affiliated with BDO Seidman, a global network of Accountants and Business Advisors, provides access to expertise and resources comparable to international firms. Contact us today for more information on how HBK can assist your company at (800) 733-8613.