

The logo consists of the text 'Fi360' in a white, sans-serif font. The 'i' has a dot. The '3' is a simple numeral. The '6' has a small loop at the bottom. The '0' is a simple circle.

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# Understanding Limited Scope Audits and What Can Go Wrong

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WINDHAM BRANNON

# Anne Morris, CPA

- Principal at Windham Brannon, LLC
- Over 18 years of public accounting experience
- Leads Windham Brannon's Employee Benefit Plan Audit Practice
- Served as the chairperson of the Georgia Society of CPA's Employee Benefit Plan Conference.
- Frequent speaker at AICPA EBP Conference
- Member of the advisory committee for the Atlanta chapter of Women in Pensions Network





# Learning Objectives

- Gain an understanding of what defines a limited scope audit
- Understand areas tested by auditors in employee benefit plan audits
- Learn the most common errors found in employee benefit plan audits
- Become knowledgeable on how you can help your clients avoid these most commonly found errors



# Employee Benefit Plan Audits – The Basics



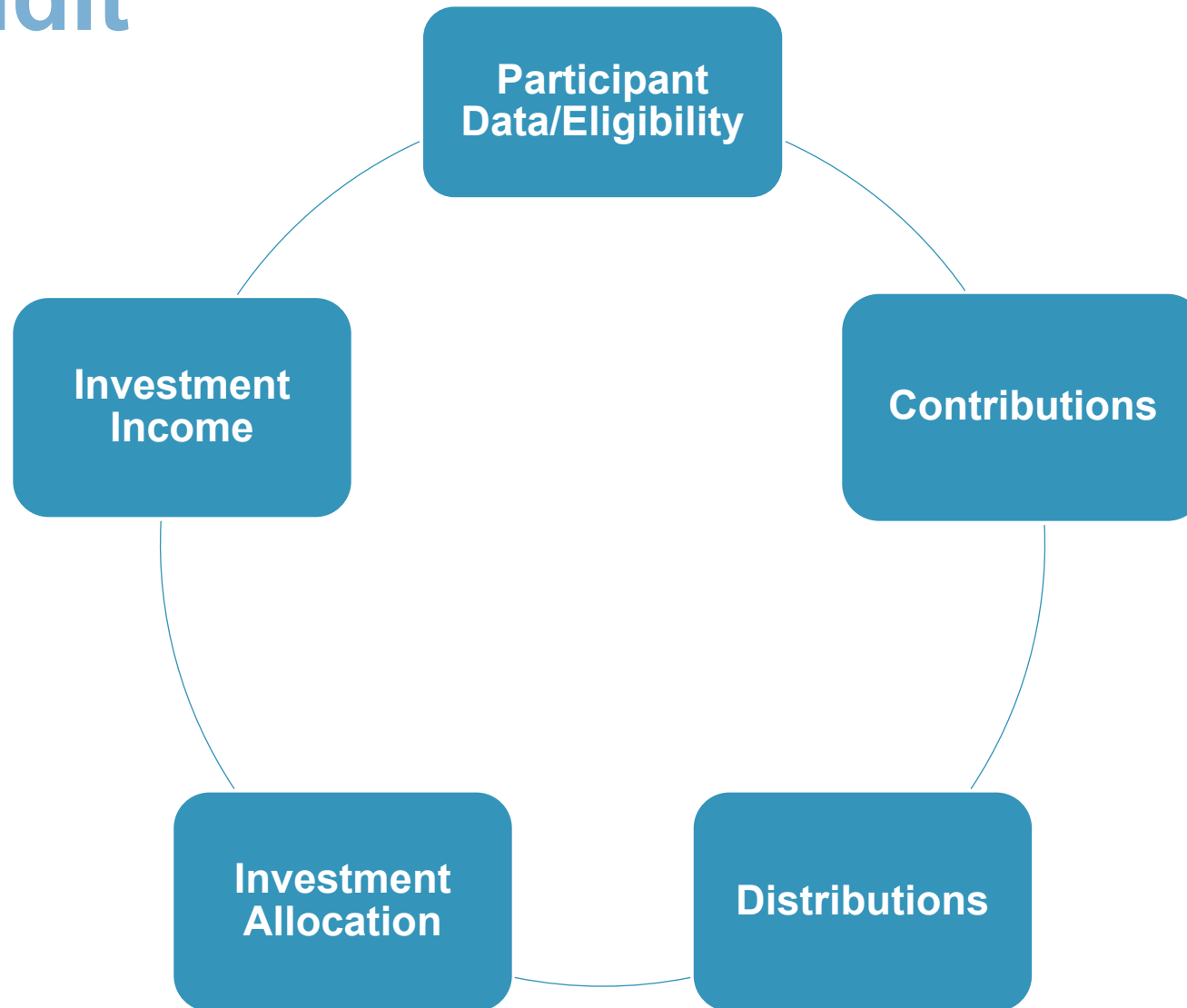


# Limited Scope vs. Full Scope

- Limited scope
  - Covered by a certification from a “certifying entity” (aka “trustee” or “custodian”)
    - Usually a bank or insurance company
    - Accuracy and completeness
  - Certification covers investment information prepared by trustee at the plan level
  - Audit focus is all about the participant in the Plan
- Full Scope
  - No certification
  - Includes all areas of a limited scope audit plus additional investment testing



# Areas of Testing in Limited Scope Audit







# Participant Data/Eligibility

- Age and/or service requirements
- Autoenrollment
- Ineligible participants contributing
- Related employer plans





# Contributions

- Determining eligible compensation per Plan Document
- Correct deferral rate being used
- Contribution types allowed by Plan Document
- Determining how employer matching contributions are made
- Recalculation of employee and employer contributions
- Timely remittance of employee contributions





# Distributions

- Participant eligible to take a distribution
- Type of distribution agrees to Plan Document
- Did the distribution go to the right person?
- Vesting and Forfeitures
- Taxes properly withheld
- Hardship distributions





# Investment Allocation/Income

- Investment Allocation
  - Participant investment elections are in accordance with their instructions
- Participant investment income
  - Analytical Review
    - Participant rate of return versus plan level rate of return for a particular investment



# Employee Benefit Plan Audits –What Can Go Wrong?



# Top Ten Errors Found in EBP Audits

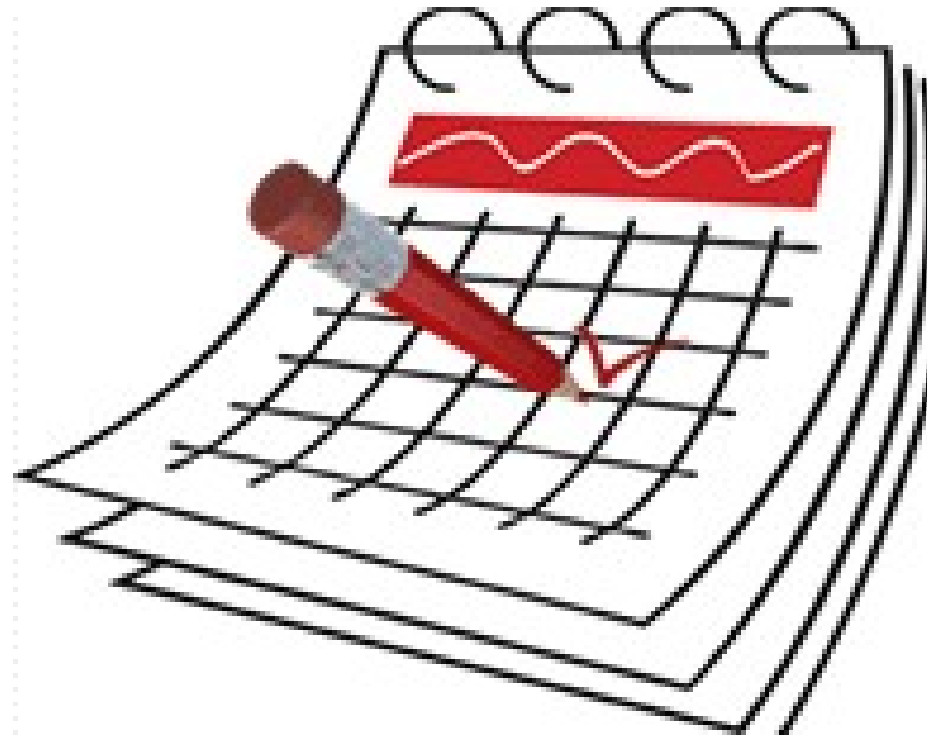
1. The Definition of Compensation
2. Timely Remittance of Employee Deferrals
3. Eligibility
4. Administrative Matters
5. Vesting
6. Forfeitures Not Being Used
7. Distributions
8. Manual Employer Contribution Calculation
9. Participant Elections
10. Understanding Service Provider Contracts



# Example: Definition of Compensation



# Example: Timely Remittance





# Example: Eligibility



# Example: Administrative Matters



# Questions?





# Thank You



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