

Selection of Your Employee Benefit Plan Auditor



The audit requirement for pension plans are government mandated; therefore, selecting an auditor to perform the audit of your company's pension plan is an extremely important responsibility for most Human Resource Directors, CFOs, Operations Managers or Controllers, especially, if this is your plan's first audit, or, if you are looking to replace your existing auditor. If it is your first audit, you will want to make the best choice possible, considering that the pension plan's administrator would be held responsible for adhering to the DOL's audit requirement. The administrator is faced with potential penalties for willful, and, or intentional disregard for the DOL regulations. Therefore, of all the types of audits conducted by CPAs, the employee benefit audit holds the most potential for severe penalties assessable directly to the plan administrator.

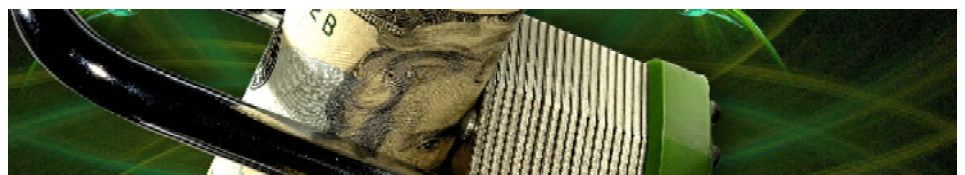
Do you have issues or concerns about your employee benefit plan audit? Take note of these important points when assessing the quality of the audit:



Employee Benefit Plan
Audit Quality Center

Inquire if the prospective auditing firm is a member of the AICPA's Employee Benefit Audit Quality Center. A membership in this center will ensure that your auditor is up-to-date on the current audit requirements for employee


benefit plans. All members are also required to have one of their benefit plan audits subject to a peer review every three years by an independent CPA firm who has been authorized to perform such a review, which is then submitted to the AICPA. The AICPA helps ensure that CPAs are applying required professional auditing standards.



Experience counts. Performing employee benefit plan audits requires a specialized team of professionals, not audit generalists. One of the most common reasons for deficient accountants' reports is the failure of the auditor to perform tests in areas unique to employee benefit plan audits. 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 auditing standards and rules that apply to such plans.

In some instances, a less experienced auditor may be assigned to perform routine audit procedures in order to reduce audit costs. When this happens, you should confirm that an experienced employee benefit plan auditor will review his/her work, as well as perform the more complicated audit procedures.

What is their hourly fee rate is and an estimate as to how many hours they spend performing a typical pension audit? The table below gives you a guideline as to how many hours an auditor should spend on your audit. You can apply their hourly billing rate to hours below to get an idea as to the range of fees charged by CPAs.



Time Guidelines for Gauging Quality of Audit

Hours spent by your auditor auditing your audit plan	Audit quality	Risk of Department of Labor finding fault & requesting audit deficiencies be corrected and/or rejecting the audit & requiring that your plan be re-audited by another CPA firm
100 and up	Excellent	Virtually none
75-100	Above average	Some risk- may be required to correct audit deficiencies
40-74	Below average	Great risk- may be required to correct audit deficiencies
Less than 40	Sub-standard	Extreme risk- audit may be rejected

Call us today to see if you qualify for a limited scope fee structure.

Freed Maxick & Battaglia has an extensive and diversified employee benefit plan audit practice. We have over 20 experienced professionals performing in excess of 100 benefit plan audits in Upstate and Western New York.



Shawn Frier, CPA
shawn.frier@freedmaxick.com
716.847.2651



Michelle Sullivan, CPA
michelle.sullivan@freedmaxick.com
716.847.2651



Justin Reid, CPA
justin.reid@freedmaxick.com
716.847.2651