

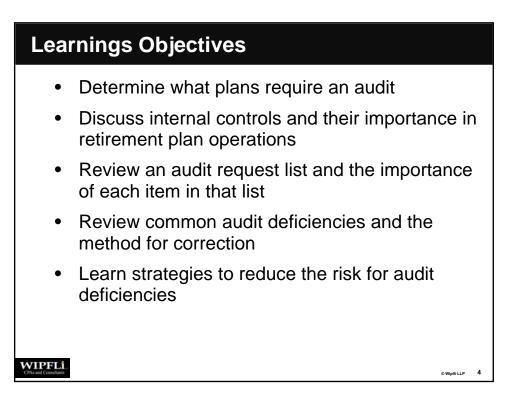
# Materials/Disclaimer

Please note that these materials are incomplete without the accompanying oral comments by the trainer(s).

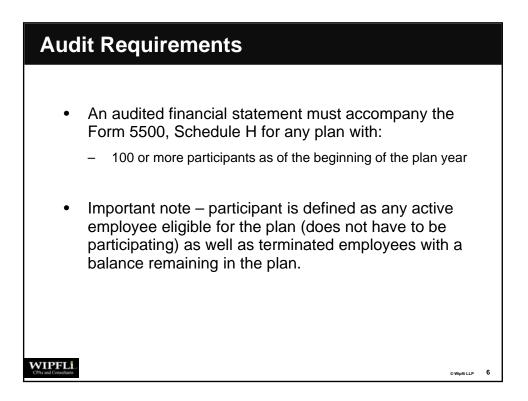
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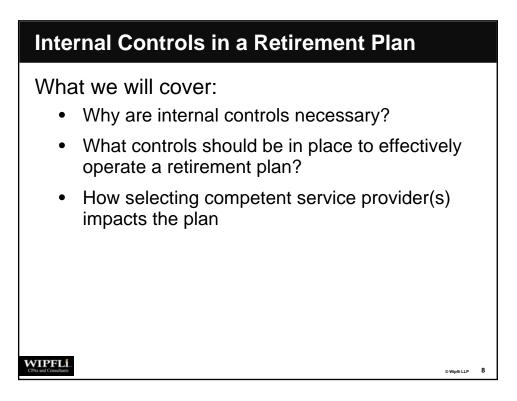


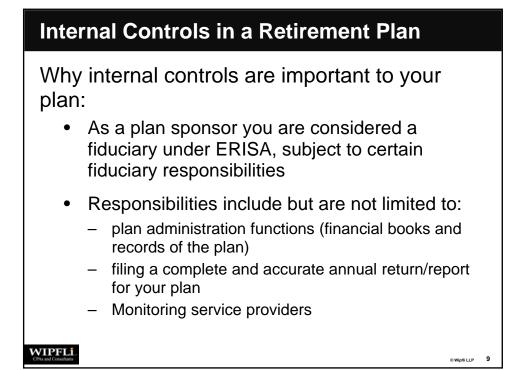


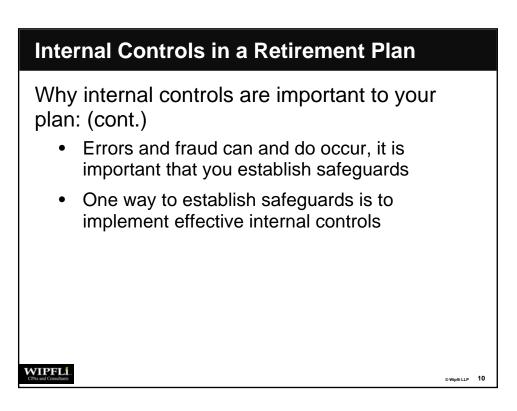


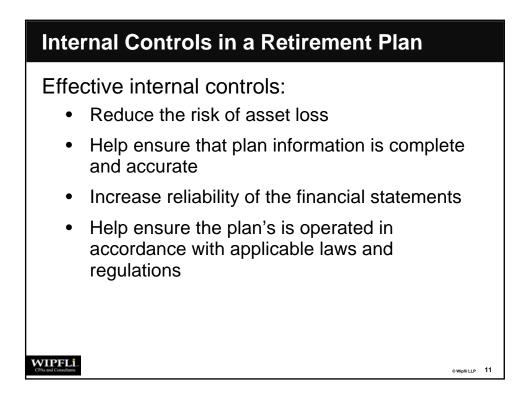


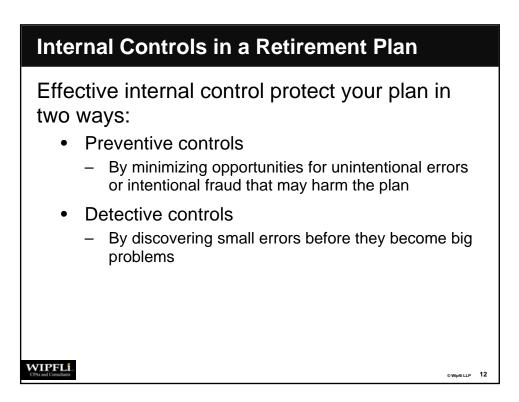


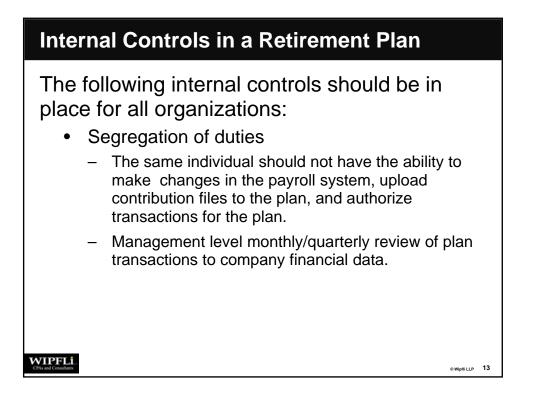


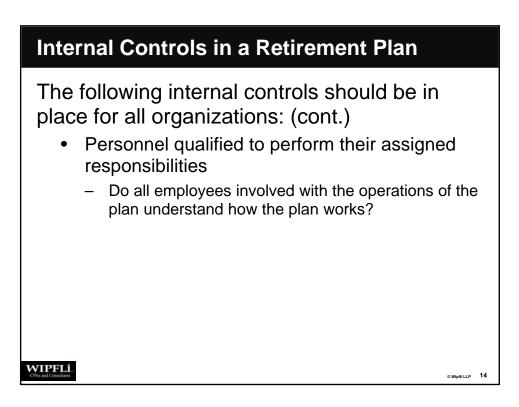


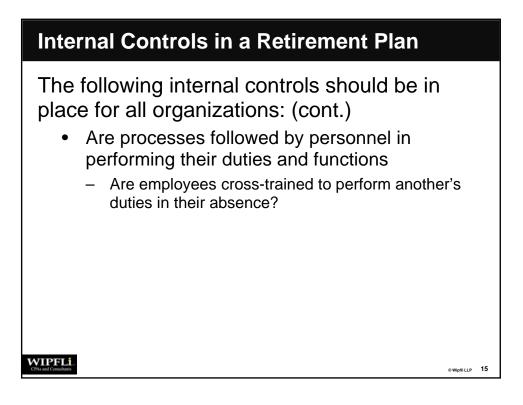


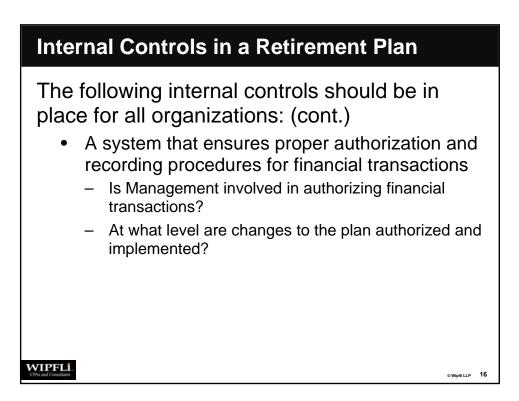


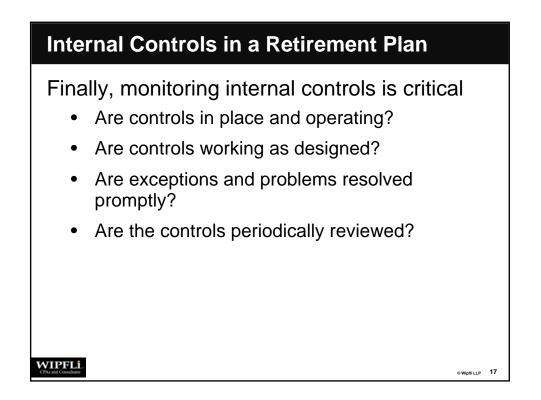


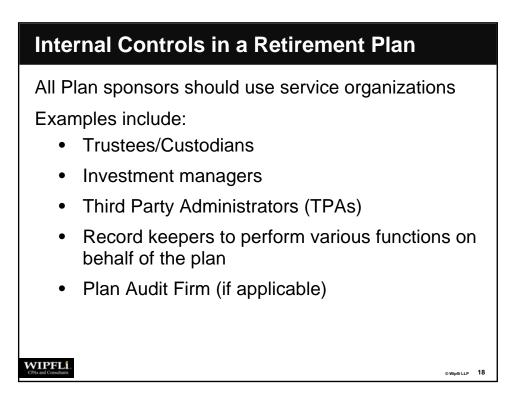


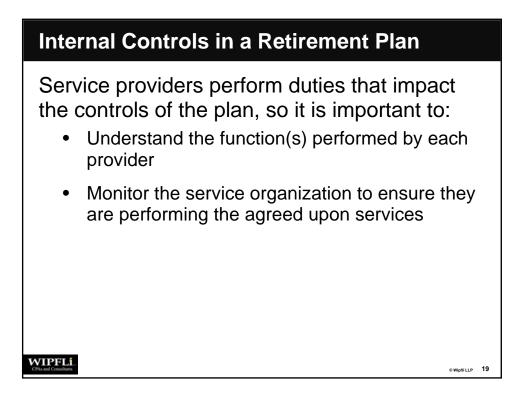


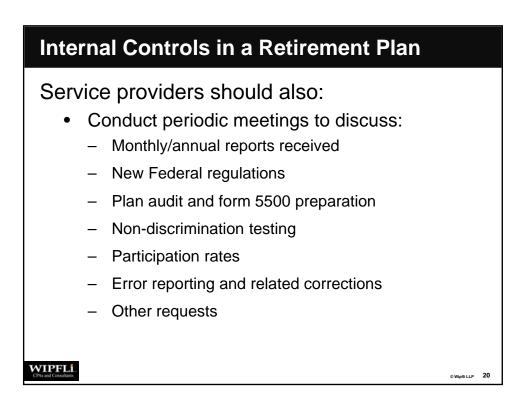


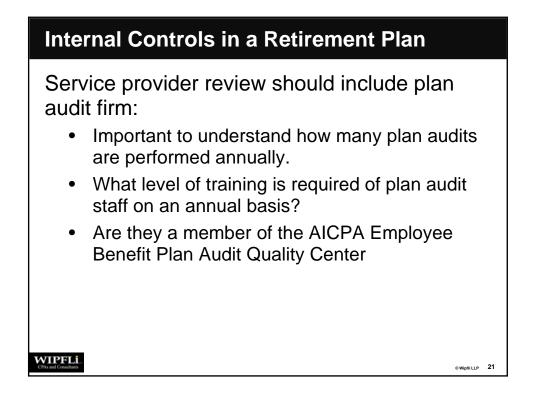




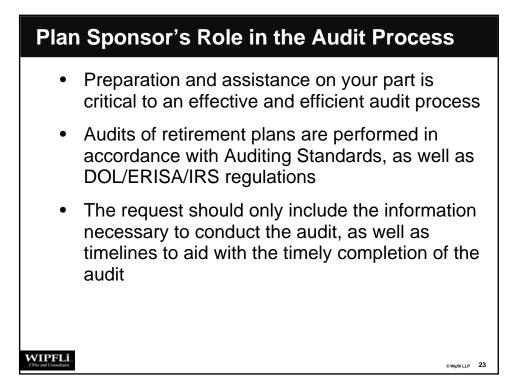


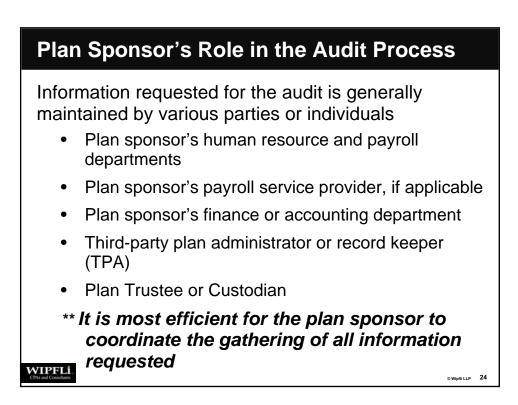


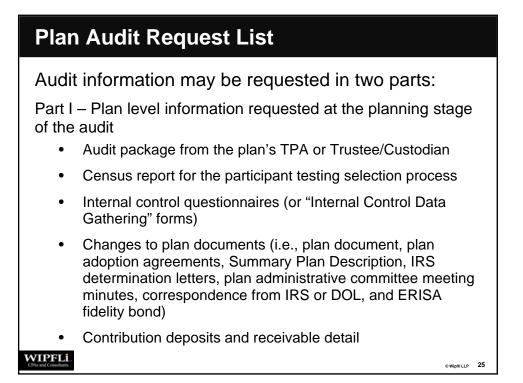












# Plan Audit Request List

Part II – Participant level information requested for detailed participant data testing

- Payroll
- Eligibility
- Contributions
- Rollovers
- Investment, expense, and forfeiture allocations
- Distributions
- Participant loans

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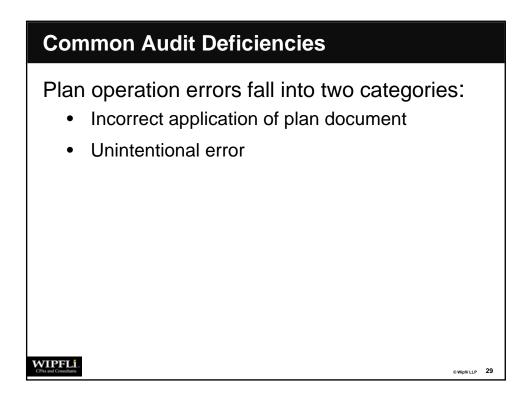
# Plan Audit Request List

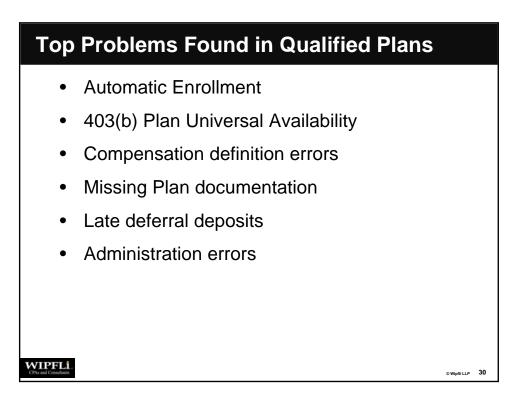
Why is the census report important to the audit process?

- The census report allows the auditor to make judgmental selections for participant testing
- To determine completeness of the report it must be reconciled to the YTD payroll register
- The census report completeness is important to the discrimination testing process as well

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## **Automatic Enrollment**

### Requirement:

Employees are automatically enrolled in the plan unless they elect otherwise

### Correction:

- Enroll employee as soon as discovered
- Notify employee of error
- Determine if employer corrective contribution is required
  - Required if missed entry occurs more than 3 months following eligibility date

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### **Automatic Enrollment** Monitor: Review employee census at least 30 days prior to ٠ each entry date to determine upcoming newly eligible Maintain file with list of all employees who received automatic enrollment notification As employees enroll, make notation on enrollment list ٠ For those that do not complete enrollment by entry ٠ date, instruct payroll to setup automatic election amount Maintain copy of automatic enrollment notice in employee's personnel file for audit purposes WIPFLi © Wipfli LLP 32

# 403(b) Plan Universal Availability

### Requirement:

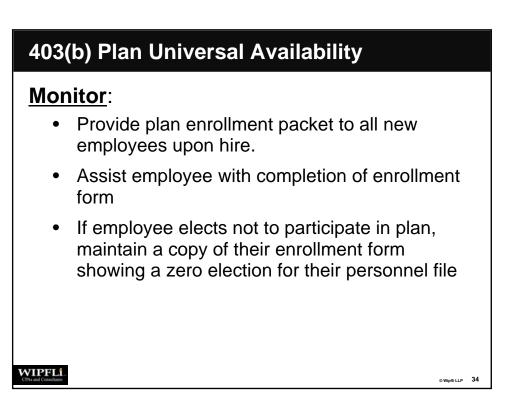
Salary deferrals must be available to any employee:

- Cannot have an hour requirement or waiting period
- · Limited employee class exceptions may be applied

### Correction:

- Notify employee of error
- Book an employer contribution receivable for plan correction – IRS VCP has provisions for corrective contributions. Self correction may be available, if not material

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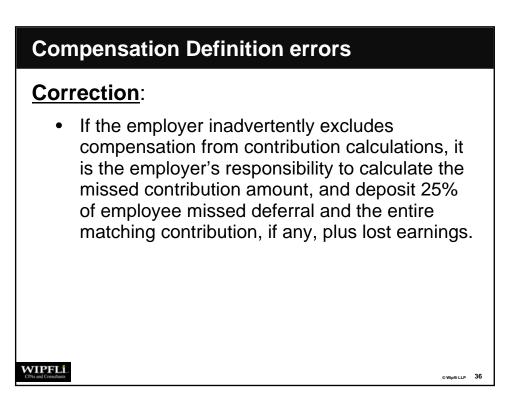
# **Compensation Definition errors**

## Requirement:

The definition of compensation for contribution calculation purposes is specified in the plan document.

- Wrong definition of compensation is #1 issue detected by plan auditors
- Plan allocation is based on compensation in excess of compensation limits
- Improper exclusion of bonuses, overtime, commissions, or other compensation from deferrals, or for calculating match or non-elective contributions

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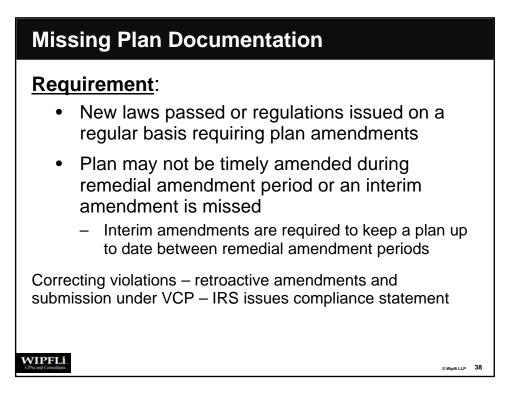


# **Compensation Definition errors**

## Monitor:

- Review plan document to ensure clear understanding of plan compensation definition.
- Ensure that all involved with the plan operations, especially payroll, understand this definition.
- Review setup of contribution codes in payroll to verify that contributions are being calculated correctly in the payroll system.

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# **Missing Plan Documentation**

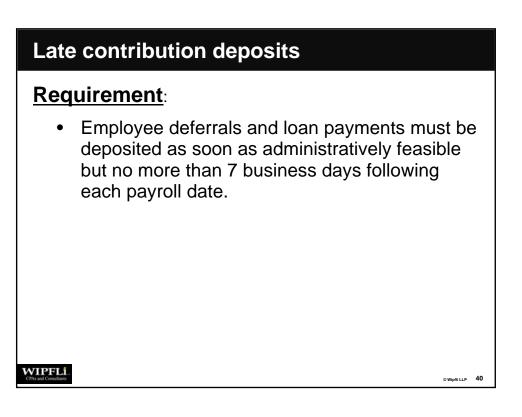
### Correction:

- Retroactive amendments and submission under VCP – IRS issues compliance statement.
- There is a filing fee to get the compliance statement from the IRS (starts at \$750 for small plans)

#### Monitor:

- Always discuss plan amendments with your TPA to ensure completed prior to application
- Review plan restatement process with TPA/attorney to ensure that you understand your responsibility with regard to this process.

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## Late contribution deposits

## Correction:

- Employer deposits lost earnings on late deposits. Late deposits must be disclosed on the plan's audited financial statement and Form 5500 through the plan year that all corrections are completed.
- Employer files Form 5330 reporting the late deposit, and pays excise tax of 15% of lost earnings amount to the IRS.

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M	onit	or:								
SC	hedu	le to	ontribu track ti their a	ming	of de					
			Contribution	n Reconcilia	ation & Tes 12/31/1	t of Timely D	eferral Dep	osits		
					12/31/1	4				
					12/51/1	4	(A)	(B)	(A) - (B)	
	Payroll	Date			12/31/1	4	(A)	(B) Total	(A) - (B)	x
	Payroll Pay	Date Remitted	Employee	Employer	12/31/1	Employer	(A)	. ,	(A) - (B)	X Number of
			Employee	Employer Match	Loans		(A) Total	Total	(A) - (B) Difference	
1	Pay	Remitted				Employer Non-		Total Per Trust		Number of
2	Pay	Remitted				Employer Non-		Total Per Trust		Number of Days 0 0
	Pay	Remitted				Employer Non-		Total Per Trust		Number of Days

## **Administration errors**

#### Loans

- Plan sponsor or TPA permits loans when plan does not permit
- Loan repayment period is for more than 5 years
- Loan repayments do not follow amortization schedule (at least quarterly payments are required)
- Missing documentation to support residential loan

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