



## Section 403(b) Retirement Plan Financial Statement Audits



### Sample Auditor Request List for Plan Information

This document was prepared by the AICPA Employee Benefit Plan Audit Quality Center to provide examples of the types of documents, schedules and information that plan management may be asked to provide or make available to the plan's independent auditor. The plan auditor may also ask plan management for other information that is not on this list.

#### General plan information

- Executed copies of the latest plan documents and trust agreements, plus any amendments
- Copy of the summary plan description (SPD) and, any summary of material modification (SMM)
- Sample of enrollment packages provided to employees
- Listing of members of the board of directors/trustees, audit committee and internal committee responsible for plan oversight/governance
- Listing of key accounting and management personnel associated with the plan, including contact information
- Copy of employee handbook or personnel manual
- Copies of minutes from board/committee meetings
- Copy of most recent IRS determination or opinion letter for the plan
- Copy of proof of fidelity bonding related to benefit plans
- Copy of ethics and employee conduct policy, if not included in personnel manual
- Copies of fraud hotline (i.e., whistle-blower) logs and dispositions
- List of parties in interest:
  - Plan sponsor, trustees and administrator
  - Plan investment/asset custodians
  - Plan recordkeeper and others providing services to the plan, if any
  - Plan legal counsel (in-house and external, including ERISA counsel)
  - Payroll service provider
  - Others
- Contact information for legal counsel, third-party administrators and investment custodians
- Executed copies of agreements with service providers (trustee/asset custodian, recordkeeper, etc.), including updated/current rate schedules, if applicable
- If applicable, obtain login & password to access online reports from third-party administrators (particularly important for third-party administrators where information is only available electronically)
- Listing of population of available reports from third-party administrators, if available



- List of all employees and participants during the year, including dates of hire, including retirees and terminated employees who still have balances in the plan at any time during the year, and employees who were eligible to participate in the plan during the year but have elected not to
- Number of eligible plan participants at the beginning and end of the plan year
- Reconciliation of the participant listing at beginning and end of year to the number of W-2s issued for each year



### **Plan internal controls**

- Copies of any procedural/process memos or flowcharts detailing the key controls of the plan (eligibility, contributions, distributions, payroll, etc.)
- Copies of job descriptions
- Copies of accounting manuals
- Copies of internal control documentation of payroll and human resources systems
- Copy of SAS 70 from third-party administrators and service providers, along with documentation of the plan's responses to the "user controls" identified therein



### **Financial reporting information**

- Year-end reporting packages from third-party administrator (most recent plan year activity, when available) and investment statements
- For limited scope audit, copy of qualified bank or insurance company certification of plan investments held in accordance with 29 C.F.R. § 2520.103-5.
- Draft copy of financial statements, including:
  - Statement of Net Assets Available for Benefits at plan year end (with comparative statement as of prior plan year end)
  - Statement of Changes in Net Assets Available for Benefits for the plan year
  - Notes to financial statements, including description of the plan, summary of accounting policies, investment information disclosures, any related party transactions, any plan termination provisions, plan tax status
  - Supplemental schedules as required by instructions to Form 5500
- Copy of draft and final Form 5500 (when available)

### **Cash and investments**

- Copy of investment policy statements
- Statement of plan assets as of plan year end and plan activity for the year ended, including schedule of assets held and schedule of reportable transactions, as applicable
- Reconciliation of the aggregate of the participant accounts to assets per the trust statements, with explanations for any variances
- Statement of plan assets and plan activity for first quarter after end of the plan year
- Bank statements of all cash accounts held outside of the trust, if any
- Executed copies of the contracts/policies for any insurance contracts
- Access during audit fieldwork to participant balance reports as of plan year end
- List of any pending trades if the trust statements are not prepared on a trade date basis
- Schedule of transfers (mergers) from/to other plans that includes plan name, date of transfer, total assets transferred
- List of loans (issue date should be listed to identify new loans) outstanding at year end (if loans are allowed by the plan)



- Range of interest rates on loans outstanding at the end of the plan year
- Detail of any other accruals as of plan year end, if any (dividends/interest receivable)



### **Contributions, rollovers and forfeitures**

- Reconciliation of total participant contributions per the recordkeeper to total plan contributions per the trustee at the end of the plan year
- Payroll records for each location participating in the plan
- Detail listing of employee and employer contributions and loan repayments with pay period ending dates and dates when contributions/loan repayments were remitted to the trust
- Reconciliation of employee deferrals, employer match/discretionary and loan repayments per the trustee to payroll totals and amounts recorded by recordkeeper
- Contributions receivable detail (employee and employer) as of plan year end (if any)
- Employer matching and/or profit sharing contribution, if any, support (contribution authorization and wire transfer support)
- Detail of rollovers into the plan
- Detail of forfeiture accounts, if applicable
- Forfeiture statement for the year showing the amount of forfeitures utilized during the plan year and the beginning and ending balances of the forfeiture account
- Analytical comparison of total employee contributions and total employer contributions in the current year to the prior year and explanations of any significant variances
- Analytical comparison of current year contributions as a ratio to average active/participating employees as compared to prior year



### **Benefits payable and expenses**

- Listing of all distributions by type (e.g., hardship, termination, death, QDRO), made during the plan year (the listing should tie in total to total distributions per the trust statements)
- Distribution application forms for selected audit sample
- Detail of any benefits approved but unpaid as of plan year end, if any
- Report of disapproved benefit payment, if any
- List of and explanation of deemed distributions, if any
- Check register
- Documentation of the client and recordkeeper procedures for investigating long-outstanding benefit checks
- Detail of any administrative expenses paid by the plan or reimbursed by the sponsor (e.g., accounting fees, investment fees, legal fees, appraisal fees, trustee fees)
- Detail of any other accruals as of plan year end, if any (expenses payable)
- Documentation for any previous deemed distributions that have been repaid or have become current again
- Analytical comparison of total benefit payments in the current year to the prior year, including an explanation of any significant variances

### **Documents requested for selected participants**

- Personnel file information, including:
  - I-9 Form noting date of birth, date of hire
  - employment application





- salary information sheet or hourly rate form
- 403(b) enrollment or opt-out form
- Copies of 1099-Rs
- Timecards
- Payroll registers
- Participant statements (either printed or online) for individuals selected for contribution, eligibility and distribution testing
- Investment election form or record
- Distribution request form
- Canceled checks for selected audit sample
- Loan request form, including promissory note and amortization schedule
- Rollover contribution request form, including copy of check or evidence of wire transfer

### **Compliance testing documentation**

- Copy of the year-end compliance testing required by the Internal Revenue Code including documentation of any action required by the testing results

#### **Employee salary deferrals:**

- Universal availability testing
- IRC §402(g) deferral limit testing

#### **Employer contributions:**

- IRC §410(b) coverage testing
- ACP testing, including refund calculations
- IRC §404 deduction limit
- IRC §401(a)(4) nondiscrimination testing
- IRC §401(a)(17) limitation on allowable compensation
- IRC §401(a)(5) and IRC §401(l) limitation on integration of social security/permitted disparity

#### **All 403(b) plans:**

- IRC §415 annual additions limit IRC
- §414(s) compensation testing
- IRC §414 controlled group/affiliated service group analysis
- IRC §401(a)(9) minimum required distribution calculations
- IRC §401(a)(31) mandatory transfers to an IRA or other eligible plan
- A reconciliation of total of employee deferrals and any matching contributions per the year-end compliance testing (ACP and 415 testing) to the amount per the trust statements
- Documentation of who is responsible for reviewing the deferral and Section 415 limits for compliance testing purposes

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