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**Employee Benefit Plan Audits and Auditors**

**Introduction**

ERISApedia.com is pleased to release “*A Study of Employee Benefit Plan Audits and Auditors”.* Our study was performed using the ERISApedia.com database of audited plan 5500 filings as of February 2019. We have prepared this study with the intent that a CPA firm can share the findings with its current and/or potential employee benefit plan (EBP) audit clients. Please feel free to modify the report as you see fit and to add any information about your firm.

**About the Study and Study Methodology**

Our study was performed using the ERISApedia.com database of audited plan 5500 filings. Auditor data from these filings has been normalized to allow more accurate searching.

A recent DOL report, mentioned in the attached study, found that there was ***"a clear link between the number of employee benefit plan audits performed by a CPA and the quality of the audit work performed."*** The study further recommended that DOL auditors revise case targeting to focus on CPA firms with smaller employee benefit plan audit practices and that audit plans with large amounts of plan assets. To address this need we have developed extensive meta data that allows unique search capability such as searching for plans that are audited by a firm that does less than X number of audits. While approximately 53,000 of all EBP audits are being done by the firms that do 51 or more plan audits, there are almost 11,000 plans currently being audited by firms that do five or less EBP audits.

The ERISApedia.com database also allows searches of plans that may require audits in the near future.

**How ERISAPedia.com Can Help**

There is a great deal of "movement" going on currently with some CPA firms growing their practice and others leaving that part of their practice to be served by other firms. Firms of all sizes can benefit by prospecting for new plan audit opportunities. As the chart below indicates, audit clients change firms frequently. This data does not include new/first time plan audit engagements.

The **CPA Plan Audit Prospecting ReSource** by ERISApedia.com allows users to quickly and easily identify plans and details about a plan, as well as information about the audit firms currently doing EBP audits. Users can search geographically by plan characteristics and demographics, as well as by audit firm name, or EBP audit practice size.

After less than four years, ERISApedia.com currently serves seven of the ten CPA firms currently performing the most plan audits and over half (57.3%) of the firms doing fifty or more audits are using our prospecting resource. These firms are also finding valuable market insight and growing their practice.

ERISApedia.com serves audit firms of all sizes and the customers in each size category experienced growth on average.

**ERISApedia.com Results**

More than two dozen firms doing less than ten audits are using our prospecting resource to grow their practice. As a group, these firms are showing gains in their plan audit count by an average of 15% with the firms doing five or less audits growing their practice by over 30% on average. The average NET plan audit count growth for firms using our CPA Plan Audit Prospecting ReSource is approximately 7.5%. One third of our customers grew by double digits.

**About ERISApedia.com**

ERISApedia.com provides financial advisers, asset managers and other financial professionals working in the 401(k) investment space a complete suite of business development and marketing analysis tools based on the ERISApedia.com proprietary database of 401(k) plans. This database includes all information derived from the Form 5500 filings and is augmented by the underlying investment assets and proprietary Meta data including operational and portfolio benchmarking.

ERISApedia.com also provides retirement plan administrators, plan sponsors and attorneys a product suite of compliance tools. The compliance tools provide users with easy access to compliance information and important retirement industry materials. With a platform that combines search tools and a user-friendly interface, ERISApedia.com provides tools for our customers to get answers and win clients.

[Please feel free to share this study with current and/or potential clients.

Please feel free to modify the report as you see fit and to add any information about your firm.]

**A Study of Employee Benefit Plan Audits and Auditors**

**By ERISApedia.com**

(An independent plan compliance, data aggregation and information service provider)

**Executive Summary**

The US Dept. of Labor (DOL) advises Employee Benefit Plan (EBP) sponsors that "[s]electing a qualified CPA who has the expertise to perform an audit in accordance with professional auditing standards is a critical responsibility in safeguarding your plan’s assets and ensuring your compliance with ERISA’s reporting and fiduciary requirements." The DOL goes on further to explain "To ascertain the qualifications of a CPA firm to perform your Plan’s audit you might want to consider… The number of employee benefit plans the CPA audits each year, including the types of plans…"

A study (Assessing the Quality of Employee Benefit Plan Audits) performed by the DOL found that a significant number of employee benefit plan audits were deficient. The DOL study also found that there was ***"a clear link between the number of employee benefit plan audits performed by a CPA and the quality of the audit work performed."*** The study further recommended that DOL auditors revise case targeting to focus on CPA firms with smaller employee benefit plan audit practices that audit plans with large amounts of plan assets.

**Key Findings: The Numbers Tell the Story**

Research by ERISApedia.com, shows that there are approximately 8,300 audit firms doing approximately 89,400 benefit plan audits (as of February 2019). Of the 8,300 audit firms currently listed as performing plan audits, only 1,878 firms are currently auditing more than five plans with almost half listed as doing only one plan audit. Only 8% (655) are found to be performing 21 or more plan audits.

Number of plan audits performed

**Planning Opportunity for Plan Sponsors**

The statistics of audits performed as well as the DOL statements should encourage EBP sponsors to evaluate their audit firm. It has also created an opportunity for CPA firms with competency and capacity in the field of EBP audits to improve service and increase new client satisfaction for some plan sponsors.

Data from the DOL database shows just over 600 CPA firms had a net increase in plan audit count (gained more plan audits than lost) from 2016 to 2017. Not surprising, almost half were firms already doing 21 or more audits. Potentially showing migration of plan audits to firms with expertise and plan audit specialty. (This net gain calculation only takes into consideration previously audited plans that disclosed an auditor change and does not account for first time audited plans added into a practice.)

**About Our Firm**

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We currently audit \_\_\_\_\_\_\_\_ employee benefit plans, covering \_\_\_\_\_\_\_ participants.