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**Employee Benefit Plan Audits and Auditors**

**Introduction**

ERISApedia.com is pleased to announce the release of the 2020 edition of “A *Study of Employee Benefit Plan Audits and Auditors”.* This study was performed using the ERISApedia.com database of audited plan 5500 filings as of January 2020. We have prepared this study in a manner that allows a CPA firm to 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**

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 58,000 (or about 62%) of all EBP audits are being done by the firms that do 50 or more plan audits, there are about 11,000 plans currently being audited by firms that do five or less EBP audits.

**How ERISApedia.com Can Help**

As the chart below indicates, plan sponsors change audit firms frequently. This means that an audit firm must constantly prospect for new clients in order to maintain a suitable sized audit practice.

This data does not include new/first time plan audit engagements. The 2018 filings were not complete as of January 2020, so the number of changes for that year may be underreported.

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. The Plan Audit Prospecting database provides instant access to audit reports and ERISApedia.com’s **Plan Data Intelligence** **ReSource** offers full text search of 5500 attachments, including audit reports. Users can also search geographically by plan characteristics and demographics, as well as by audit firm name, or EBP audit practice size. The Plan Audit Prospecting database allows searches of plans that are nearing the participant-size threshold for an audit.

After less than five years, ERISApedia.com currently serves seven of the ten CPA firms currently performing the most plan audits. A large percentage of CPA firms that do more than 50 audits also use our product. (And those firms experienced growth in plan audits at 10 times the rate of our non-customers.) Smaller firms use ERISApedia.com to gain valuable market insight in order to grow their practice.

**About ERISApedia.com**

ERISApedia.com provides CPAs and other professionals working in the retirement plan space a complete suite of business development and marketing analysis tools based on the ERISApedia.com proprietary database of retirement plans. This database includes all information derived from the Form 5500 filings and is augmented by proprietary metadata and data normalizations. ERISApedia.com also provides customizable operational benchmarking reports that allow for benchmarking a plan against both a standard and custom peer group.

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

 and to modify the report as you see fit 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 8,600 audit firms doing 93,000 benefit plan audits (as of January 2020). Of the 8,600 audit firms currently listed as performing plan audits, only 1,889 firms are currently auditing more than five plans, with almost half listed as doing only one plan audit. Only 6% (565) are found to be performing 25 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 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 2017 to 2018. Not surprising, almost half were firms already doing 21 or more audits. This data shows that plan sponsors are migrating to firms with expertise and plan audit specialty.

**About Our Firm**

Insert information about your firm here. ERISApedia.com is able to provide the numbers for you if you do not have them readily available.

We currently audit \_\_\_\_\_\_\_\_ employee benefit plans, covering \_\_\_\_\_\_\_ participants and a total of \_\_\_\_\_\_\_\_\_\_\_ assets.