



PRICEKUBECKA **401(K) AUDIT**

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PRICEKUBECKA

HASSLE-FREE 401(K) AUDITS

Our CPAs perform
401(k) limited scope
audits nationwide
using technology
that delivers faster,
high-quality audits at
a lower cost.

COMPANY HISTORY

PriceKubecka realized CPA firms weren't progressing, despite the ever-changing accounting industry. Clients only received generic accounting services, like yearly tax returns and audited financial statements. So we went beyond the minimum to become a smarter, better CPA firm. We broke the stereotype of what a typical CPA firm looks like and we continue to grow and adapt to better serve our clients.

OUR AUDITING TECHNOLOGY

You'll love our hassle-free process. We've invested in the industry's most progressive technology to automate and reduce client and auditor work. We typically need less than five hours of your time. In addition, our auditing software creates a consistent, repeatable process tailored to your company's individual needs without disrupting your business.

AUDIT REQUIREMENTS

PriceKubecka approaches audits as a service for the benefit of stakeholders, including lenders and investors. Our audits help you run your business better for both verification and continuous improvement. We offer quality assurance services that add credibility to our clients' financial statements and meet the business and regulatory obligations under which they function.

401(K) AUDIT REQUIREMENTS

IT'S COMMON FOR CLIENTS TO HAVE NUMEROUS QUESTIONS ABOUT THE 401(K) AUDIT PROCESS. WE'VE ANSWERED A FEW OF THE MOST COMMON QUESTIONS WE HEAR.

ARE YOU READY TO HAVE A BETTER AUDIT EXPERIENCE?

FAQs

WE HAVE LISTED A FEW OF THE MOST FREQUENTLY ASKED QUESTIONS ABOUT A 401(K) AUDIT EMPLOYEE BENEFIT PLAN

CERTIFIED

Hire professionals. Experienced CPAs conduct error-free ERISA audits so you can file Form 5500 on time, every time.

REMOTE SOLUTION

No need for HR to host us in your offices. Remote audits just require a short kickoff call with a CPA to get started.

FLAT-RATE PRICING

Control costs and save thousands in out-of-pocket travel expenses with our low-cost solution.

401(K) AUDIT BASIC REQUIREMENTS

100 + ACCOUNT BALANCES

— Employers with 100 or more account balances at the beginning of a year are required to have an audit. Account balances include both active participants and terminated employees who have left money in the plan.

INDEPENDENT AUDITOR

— If required to be audited, the employer must find an independent, qualified auditor to perform the audit.

COMPLETE FORM 5500

— The audit report must be attached to Form 5500 and filed by the original deadline of July 31st or the extended deadline of October 15th.

AUDIT COMPLIANCE

— All aspects of the plan will be tested to ensure operations are in compliance with plan documents, laws, and regulations.

ANSWERED BY CERTIFIED ACCOUNTING PROFESSIONALS

Q. What are the Department of Labor and IRS audit requirements for a 401(k) plan?

A. A 401(k) plan's audit requirement is based on the number of participants with account balances as of the beginning of the plan year. The DOL terms an employee benefit plan as a "large plan" and requires it to be audited in any year that it has over 100 participants with account balances as of the beginning of the year (this includes both active and terminated participants). The audit must be attached to the Form 5500, which must be filed by July 31st, unless extended to October 15th. As with many other government regulations, there are exceptions:

- Exception 1 (Short Plan Years) – Even if it is classified as a large plan due to its size, if a 401(k) has a plan year lasting seven months or less (for example, if it started in August and is a calendar year plan), the audit can be deferred to the next plan year. If participation drops significantly the next year, and no audit is required, the short plan year will still have to be audited.
- Exception 2 (The 80/120 Participant Rule) – If there are 121 or greater participants with account balances at the beginning of a year, the plan must be audited, no other options. However, if the count is anywhere between 80 and 120, that year's requirement follows the prior year's audit requirement. For example, in year 1 there were 90 participants with account balances, so no audit was required. In year 2, participants with account balances climbed to 115. Even though participants with account balances was above the 100 threshold, because it was still less than 120, it could elect to file as a small plan again. In year 3 when participants with account balances rise above 121, the plan will be required to have an audit.

START NOW

— Avoid last-minute mistakes to meet the July 31 deadline. Start your 401(k) audit any time in the year.

SAVE TIME

— Eliminate time-consuming audit requests. We obtain auditor data directly from your record keeper.

FAST TURNAROUND

— Reduce the total hours to complete an audit by 50% and eliminate the need to train new auditors.

F A Qs

FREQUENTLY ASKED QUESTIONS REGARDING A 401(K) AUDIT

Q. How long will the audit take?

A. Because our audits are automated and performed remotely, clients need to provide minimal support to receive a fully compliant, error-free audit in weeks rather than months.

Q. What will my auditor request?

A. There is a lot of information we will need to complete your 401(k) audit. Granting us auditor access to your record keepers website, we can remove the document gathering burden. We will gather the basic plan documents, annual reporting documents, and payroll data so that you can focus on your business instead of the endless back and forth.

Q. How do I identify how many eligible participants are in my plan?

A. There are three types of eligible participants that need to be included in your number:

- **Active employees:** Start with understanding your plan documents. Your Adoption Agreement and Summary Plan Description detail whether there are any excluded types of participants. Examples of possible exclusions are union employees and leased employees. From there, the document describes the age and service requirements and the entry dates, which will allow you to calculate all eligible active employees.
- **Former employees:** As employees leave the company, they may or may not remove their account balances from the plan. Any employees no longer employed by the company who still have a balance in their account on the first day of the plan year still count as eligible participants.
- **Deceased employees:** Any deceased employees whose benefits have not been fully received by beneficiaries still count as eligible participants.

Q. Does the auditor need to be in my city?

A. No, with current technology an audit can be performed remotely regardless of which city or state your business resides. This also means that auditors no longer need to come to your office and disrupt your normal business practices. We perform audits nationwide. It's a win-win for everyone.

Q. Do I need a limited scope audit or a full scope audit?

A. First, let's clarify the difference between a limited scope audit and a full scope audit. A limited scope audit does not require the auditor to test investment information. The custodian holding the assets attests to the accuracy and completeness of this information, eliminating the need for an auditor to test it. If a certification cannot be obtained from a qualified institution (bank, trust company, or insurance company), a full scope audit must be performed. If you need assistance in determining whether you will need a limited scope or full scope audit, please call our office.

Q. What is the deadline for our 401(k) audit?

A. Form 5500 (with the audit report attached) is required to be filed by July 31. If needed, you can request a one-time extension by filing Form 5558. This will extend the deadline to **October 15**.

BENEFIT IN MORE WAYS THAN ONE WITH A PRICEKUBECKA 401(K) AUDIT

Although plan sponsors have recognized the benefits of using technology in their 401(k) operations, the trend toward a more digital approach hasn't been widely adopted by auditors. This causes tension when audit time comes around.

We redesigned our 401(k) audit process in response to changing technology because our clients don't have the free time to respond to a long list of outdated audit requests. This is what you can expect from us:

- Our auditing process is documented so you will know what's expected
- Our software performs repetitive tasks efficiently so you don't have to train new auditors every year
- Our remote auditing process allows us to perform quality 401(k) audits from our office so we don't take up your conference room and distract you from your daily work flow

401(K) AUDIT PRICING

Base fee for audited financial statements	\$10,000
Additional Charges, if your plan has any of the following special circumstances an additional fee will be accessed.	
• Finch integration is <u>not</u> provided, and payroll is pulled manually	\$500
• Change in recordkeeper during the year not disclosed	\$2,000
• Change in payroll provider during the year not disclosed	\$1,000
• Plan mergers, spin-offs or terminations not disclosed	\$1,500
• For operational defects that are discovered during the audit (not to exceed \$3,000)	\$1,500
• For prior year operational defects that remain uncorrected	\$1,000



contact us

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