



**GELMAN, ROSENBERG & FREEDMAN**  
CERTIFIED PUBLIC ACCOUNTANTS

# **The 5500 Experience from the Auditor's Perspective**

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# The 5500 Experience from the Auditor's Perspective

## Nonprofit Retirement Plans: What You Must Know

## Jacqueline A. Oneto, CPA

Partner, Gelman, Rosenberg & Freedman CPAs

- 17 years of experience in auditing and accounting
- Specializes in employee benefit plans audits, including 401(k), 401(a), 403(b), profit-sharing, pension and health and welfare plans
- Member of:
  - AICPA's Government Audit Quality Center
  - AICPA's Employee Benefit Plan Audit Quality Center
  - Greater Washington Society of CPAs
  - Maryland Association of CPAs



# Employee Benefit Plan Audit Requirements

- Is your plan subject to audit?
  - “Small” plan or “large” plan
- Audit requirements for employee benefit plans
  - 100 or more participants (audit required under ERISA)
  - 80/120 rule [DOL 29 CFR 2520.102-1(d)]
  - Definition of participant as defined by ERISA Sec. 3(7)



## Last year you filed a 5500–SF...

< 100 participants



- File Form 5500–SF
- Does not require audit report

100 – 120  
participants



- Can elect to file Form 5500–SF
- Does not require audit report

> 120 participants



- **Must file** Form 5500 – Schedule H
- Requires audit report



## Last year you filed a 5500 – Schedule H...

<100 participants



- File Form 5500–SF
- Does not require audit report

≥100 participants



- **Must file** Form 5500 – Schedule H
- Requires audit report



# Employee Benefit Plan Audit Requirements

- Audit requirements for employee benefit plans (continued)
  - 403b plans (safe harbor; DOL transitional relief)
    - DOL 29 CFR 2510.3-2(f)
    - DOL FAB 2009-02
    - DOL FAB 2010, 01
  - Full-scope vs. DOL Limited-scope audits
    - DOL 29 CFR 2520.103-8
  - First-time audits special consideration
  - Employer's responsibilities



## Understanding the Employee Benefit Plan Audit

- What is the purpose of a plan audit?
  - What is the audit designed to accomplish and what are the auditor's responsibilities?
    - Audit of plan financial statements, not audit of compliance



## Common Plan Compliance Issues

- Timeliness of employee deferrals
  - Late payments of employee contributions and loan repayments
    - DOL Sec. 2510.3-102
- Compliance with plan document
  - Correct calculation of employer-matching and discretionary contributions
  - Definition of compensation
  - Eligibility requirements





## Common Plan Compliance Issues

- Non-discrimination testing
- Late filing of Form 5500
- HR and finance departments
  - Involvement in audit and plan oversight
  - Payroll errors





# The 5500 Experience from the Auditor's Perspective

## Nonprofit Retirement Plans: What You Must Know

The screenshot shows the EFAST2 Filing - Welcome page. At the top, there is a navigation bar with the United States Department of Labor logo, a search bar, and links for 'Subscribe to E-mail Updates', 'All DOL', 'EBSA', and 'Advanced Search'. Below the navigation bar, there are links for 'A to Z Index', 'Site Map', 'FAQs', 'DOL Forms', 'About DOL', and 'Contact Us'. The main content area is titled 'EFAST2 Filing - Welcome' and contains the following text:

EFAST2 is an all-electronic system designed by the Department of Labor, Internal Revenue Service, and Pension Benefit Guaranty Corporation to simplify and expedite the submission, receipt, and processing of the Form 5500 and Form 5500-SF. These forms must be electronically filed each year by employee benefit plans to satisfy annual reporting requirements under the Employee Retirement Income Security Act (ERISA) and the Internal Revenue Code. Under EFAST2, filers choose between using [EFAST2-approved vendor software](#) or this website (IFILE) to prepare and submit the Form 5500 or Form 5500-SF. Completed forms are submitted via the Internet to EFAST2 for processing.

If you filed a Form 5500/5500-SF last year and are returning to EFAST2, [login](#) and go to User Profile to review your PIN and other registration information.

If you are new to EFAST2, [register](#) for an EFAST2 account if you are preparing, signing, or submitting a completed Form 5500/5500-SF.

To search for submitted 2009 or 2010 Form 5500/5500-SF filings, use the [Form 5500/Form 5500-SF Search](#).

**People are Asking...**

- Frequently Asked Questions about EFAST2
- Frequently Asked Questions about EFAST2 credentials
- EFAST2 and IFILE User Guides
- EFAST2 Tutorial
- Information about the Delinquent Filer Voluntary Compliance Program (DFVCP)
- Electronic filing webcasts
- Disaster relief information

**New and Noteworthy**

- New 5500 Version Selection Tool will help you determine which version of the Form 5500 and schedules to use.
- Going Forward, Year Two of Electronic Filing with EFAST2 - A Compliance Assistance Webcast Archive
- Effective March 29, 2011, the address for the Delinquent Filer Voluntary Compliance Program (DFVCP) lockbox will change to: DFVC DOL, PO Box 71361, Philadelphia, PA 19176-1361. There is no overnight delivery address. Note that submissions to the DFVCP also can be done electronically. To do so, follow the DFVCP penalty calculator instructions for online payment.
- EBSA announces new E-signature option for Form 5500 and 5500-SF electronic filing • Fact Sheet • FAQ for Small Businesses • Update to the EFAST2 FAQ

## Final Steps

- Final steps and filing your 5500
  - EFAST 2 – Form 5500 and attachments now available to public within 48 hours



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## Questions & Answers

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