

Case study: Employee Benefit Plans

For one company, McGladrey brings an audit team with extensive experience, early planning strategies and a continuous communication approach to ensure compliance and on-time filing.

Experience and understanding are keys to efficient and timely employee benefit plan audits

At one of North America's largest manufacturing companies, filing 5500s on time with the Department of Labor is a given. Compliance is essential, of course, so nothing is left to chance—including working with an audit team that shares that perspective. Following are some characteristics that contributed to the company's efficient and timely benefit plan audits and filings:

Experience

One of the most important components of an effective audit is experience. It's the difference between working with new junior staff members on the audit team every year and working with the same experienced team members from McGladrey year-to-year. Team continuity makes the process more efficient and the audit team's institutional knowledge greater with each passing year.

The ability to identify and then prioritize issues is another crucial element for an efficiently run audit process. Experience teaches discernment about whether an issue is a compliance finding and allows the team to act accordingly. Otherwise, team members could be chasing compliance windmills and raising undue concerns.

In addition, an experienced team can help resolve infrequent audit issues, such as when the historical data from companies acquired by this client were difficult to find, with some documentation lost entirely. An experienced team can identify alternative means of verification.

Planning

Not budgeting enough time for the audit puts a company at risk and can lead to frustration on both sides.

Although most filings are due in October, planning by the McGladrey team begins the previous spring. Time is budgeted to ensure issues will be addressed, questions can be answered and final reviews can take place well ahead of filing deadlines.

Proactive planning does not increase the hours spent on the audit; rather, it ensures the client has enough time to resolve issues, spends less time on administrative issues and still files on time.

Communication

With so many active employees—and others receiving pensions and related benefits—timely filings are vital. Consequently, clear, regular communication between the client company and McGladrey team members is of paramount importance. The McGladrey team often works on-site. While many issues can be addressed via email or by phone, the team knows it is often easier to walk through a process or explain a calculation in person.

The goal is to mitigate the chance for any surprises. If a problem is identified, the team works with the client to manage it. Steps are then taken to ensure the same problem does not occur in subsequent years.

Customized and expertise

Often, a benefit plan audit is seen as a commodity, something that must be purchased, but requires little in the way of customization or in-depth knowledge. But that is not how McGladrey sees the audit.

With this client's multiple benefit plans and several thousand active employees, a template approach is not appropriate or sufficient. Acquisitions that made up a significant part of this client's growth strategy resulted in the

need for a customized approach to testing new participant populations, as well as a good understanding of the reporting and filing complexities involved with plan terminations, mergers and divestitures.

In the end, it's about the power of being understood. This means taking the time to develop a mutual understanding of goals and planning accordingly.

To learn more, go to www.mcgladrey.com/ebp.

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