

ASK THE CPA



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Q What should you expect in a 401(k) plan audit?

A The best way to minimize audit-related stress is to be prepared. Start by asking yourself the following questions:

- 1) What are your 401(k) plan's provisions and what processes are in place to maintain compliance with those provisions?
- 2) Eligibility – Did eligible participants receive timely notification and the resources to enroll, and were those not eligible prevented from participating?
- 3) Deferrals – Were deferral amounts/percentages updated in your system, properly withheld from payroll and timely remitted to the plan?
- 4) Employer Match & Profit Sharing – Were the proper amounts contributed to each participant?
- 5) Loans & Distributions – Were loans and distributions administered in accordance with the plan's provisions?
- 6) Payroll – Was the proper compensation amount utilized when calculating deferrals and employer contributions?

For more information, contact Colleen Crandall, CPA at cgrundall@friedmanllp.com.