

PAYROLL *briefs*

DELIVERING BUSINESS INSIGHTS

Preparing for Your Next Benefit Plan Audit: Getting Your Records in Order

For companies that provide benefit plans to over 100 eligible employees, spring usually means annual audit season is just around the corner.

Undergoing a benefit plan audit can be a stressful time for any plan administrator – especially if you’re scrambling to compile the required documentation and meet deadlines. The best strategy for having a smooth and efficient audit process is preparing early, familiarizing yourself with the process, being aware of the timeline and keeping your documents updated and organized year-round.

Records to Have Ready

As a plan administrator, you are responsible for coordinating all the data needed to complete the employee benefit plan audit timely. Gathering all the plan-related records well before the auditors come knocking on your door can help make the process go much smoother. Make sure you have the following documents ready to go before your next audit:

- Extended plan document, including executed amendments
- Current year census with payroll, withholding and contribution data
- List of all parties in interest
- Loan documents for all participants
- Copies of prior years’ Form 5500 filed with the Department of Labor
- Copies of prior years’ audited financial statements
- Board minutes and/or 401(k) administrative committee minutes as it pertains to the plan
- Trust and record-keeping agreements with plan custodian and record keeper
- Copy of the plan’s fidelity bond insurance
- Internal Revenue Service determination or opinion

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More Records Ahead

Keep in mind, there are some potential changes coming to Employee Retirement Income Security Act of 1974 (ERISA) benefit plan audits.

The American Institute of Certified Public Accountants' Board recently voted to issue a new auditing standard that could impact employee benefit plans audited for periods ending on or after Dec. 15, 2020. Among other things, this will require a few extra documents to be gathered before the audit can begin.

If passed, the new standard will require plan management to provide a written acknowledgement to the auditor indicating an understand of its responsibilities, along with a final or near-final Form 5500 for review prior to issuance of the financial statement opinion.

Start Preparing

Whether your employee benefit plan is about to be audited for the first time or you are a seasoned veteran to the game, it's never too early to start preparing for your next audit. Being prepared before can help make the process fast and efficient, which helps to keep costs down.

Don't forget, DM Payroll Services is here to help you with the process. We reduce your time spent on collecting your records by automating your annual census data and employee benefit plan reporting needs for you. We capture payroll, employee deduction, 401k loan and company-match data in a user-friendly report formatted to your administrator's standards with one-quick hit of a button.

Leveraging resources of our affiliate CPA and advisory firm Doeren Mayhew, we can also connect you with experienced, independent employee benefit plan auditors to help you satisfy your ERISA compliance needs.

For more information on our 401k reporting services, or Doeren Mayhew's employee benefit plan auditing services, [contact us today](#).

U.S. Department of Labor Proposes Revision to Overtime Regulations

The U.S. Department of Labor recently announced a proposed rule to revise federal overtime regulations that would make more than a million new Americans eligible for overtime.

Currently, employees with a salary below \$455 per week (\$23,660 annually) must be paid overtime if they work over 40 hours per week. This proposal would boost the standard salary level to \$679 per week (\$35,308 annually). Employees earning more than this salary level may be eligible for overtime, depending on their job duties.

The proposal also increases the annual compensation requirement for "highly compensated employees" from \$100,000 to \$147,414.

Additionally, if passed the proposed regulation guarantees periodic reviews to update the salary threshold, which hasn't been updated since 2004. It also will allow employers to use nondiscretionary bonuses and incentive payments paid annually or more frequently to satisfy up to 10 percent of the standard salary level.

The public is now able to submit comments [here](#) on this proposal for a 60-day period ending on May 21, 2019.

Employers should continue to comply with the current federal overtime regulations and consider all applicable state overtime requirements that may exceed federal levels.

Stay tuned! DM Payroll Services will keep you up-to-date if new overtime rules are put into place.