

New Effective Date for Audit Standard

Things will be changing in the retirement plan audit world for both plan sponsors and auditors alike to create more consistency and accuracy. A new audit standard, known as SAS 136, takes effect Dec. 15, 2021. The effective date was originally Dec. 15, 2020 but was delayed due to the pandemic.

Reasons for New Audit Standard

Audit deficiencies contributed to the need to put a new audit standard in place. The Department of Labor (DOL) found that 39% of 80,000+ audits filed with form 5500 had major deficiencies. Among the issues: inconsistent audit quality, inaccurate assessment of information provided and noncompliance. The auditors didn't fare much better. The Employee Benefits Security Administration (EBSA) concluded that auditors didn't properly evaluate or analyze important data they received from recordkeepers; they simply signed off on the data.

Limited-Scope Audits

Currently the Employee Retirement Income Security Act (ERISA) requires that a sponsor of a plan with 100 or more participants at the beginning of the plan year engage with an independent qualified public accountant to conduct an audit of the plan's financial statement. ERISA Section 103(a)(3)(c) gives plan sponsors the ability to elect limited scope audits.

Limited-Scope Eligibility Rules

Going forward, the letter the auditor will provide to the plan management representative will be more

detailed and require plan sponsors to provide more content. Plan sponsors must investigate and confirm they are eligible for this audit. If eligible, they'll then have to state in writing that they are eligible for the exception to the full-scope audit.

Additional Plan Sponsor Responsibilities

Plan sponsors will also need to provide a written report to plan auditors acknowledging they have taken responsibility for plan administrative duties. This could include acknowledging that plan documents are maintained, and remedial amendments are adopted in a timely fashion. In addition, they need to make representation that the plan is being operated according to provisions of the plan document and that they are maintaining sufficient records for any current or future benefits owed to participants.

The written representation will be attached to the auditor's opinion. Ultimately, SAS 136 offers more transparency about responsibilities for auditors and plan sponsors. A lot of what's in the standard falls on the auditor, but the biggest thing for plan sponsors to be aware of is that there is a renewed focus on active oversight of the plan.

Consult With Our Team

At Mariner Wealth Advisors, the Retirement Plan Solutions team can discuss these new requirements. We are committed to working with you and want to help you maintain accurate and complete records. It's in your best interest to understand the new responsibilities and evaluate your current procedures to make any necessary adjustments to comply with the new rule.

For more information visit: marinerwealthadvisors.com

Source:

["New Financial Audit Rule"](#)

The views expressed are for commentary purposes only and do not take into account any individual personal, financial, legal or tax considerations. As such, the information contained herein is not intended to be personal legal, investment or tax advice. Nothing herein should be relied upon as such, and there is no guarantee that any claims made will come to pass. The opinions are based on information and sources of information deemed to be reliable, but Mariner Wealth Advisors does not warrant the accuracy of the information.

Mariner Wealth Advisors ("MWA"), is an SEC registered investment adviser with its principal place of business in the State of Kansas. Registration of an investment adviser does not imply a certain level of skill or training. MWA is in compliance with the current notice filing requirements imposed upon registered investment advisers by those states in which MWA maintains clients. MWA may only transact business in those states in which it is notice filed or qualifies for an exemption or exclusion from notice filing requirements. Any subsequent, direct communication by MWA with a prospective client shall be conducted by a representative that is either registered or qualifies for an exemption or exclusion from registration in the state where the prospective client resides. For additional information about MWA, including fees and services, please contact MWA or refer to the Investment Adviser Public Disclosure website (www.adviserinfo.sec.gov). Please read the disclosure statement carefully before you invest or send money.

Securities Offered through MSEC, LLC, Member FINRA & SIPC, 5700 W. 112th Suite 500, Overland Park, KS 66211.