

Fiduciary Audit File Guide

ABC Company 401(K) Plan

Audit Information

The Department of Labor (DOL) requires any plan with 100 or more eligible participants to be audited annually. However, the DOL/IRS may conduct an inspection or random audit at any time. This guide is meant to help you be prepared should your plan ever be audited. As a general rule, be sure to update these documents regularly, especially payroll files, and maintain all documents in the file for at least 7 years.

Who conducts the plan audit: Typically an independent third party accounting firm, but in some cases it may be the DOL or IRS.

What you should do to be prepared:

- Form a 401(k) Administrative Committee
- Hold committee meetings at least annually
- Take & retain committee notes (list of attendees, date, agenda, basic discussion notes)
- Regularly review administrative fees being charged to the plan for reasonableness
- Maintain a Fiduciary Audit File (documents that would be helpful to have quick access to during an audit).

The following items should be maintained and kept in your Fiduciary Audit File (can be electronic copies).

ABC Company 401(k) Plan

Audit File Documents

Plan Documents:

- IRS Approval Letter
- Adoption Agreement
- Summary Plan Description
- Plan Document
- Plan Amendments

Investment Advisor Documents:

- Service Agreement
- Investment Policy Statement
- Fee Analysis

Recordkeeper Documents:

- Custodial/Trust Agreement
- Recordkeeping Service Agreement (RSA)
- Rollover Service Agreement
- Authorization Agreement for ACH Debits
- Fee Disclosure 408(b)(2)
- Termination Letter for Prior Recordkeeper

Participant Notices:

- Blackout Notice
- Safe Harbor Notice
- QDIA Notice
- Participant Fee Disclosure 404a-(5) including Fund Fact Sheets

Custodial Documents:

- Service Agreement
- Fee Disclosure 408(b)(2)

Trust Documents:

- Trust Application
- Declaration of Trust
- Disclosure Memorandum
- Fee Disclosure 408(b)(2)

Ongoing Administrative Documents:

- Documentation of Internal Process:
 - Roles & Responsibilities
 - Payroll Process
- 401(k) Administrative Committee Meeting Minutes
- Annual Nondiscrimination Test Reports
- Annual Census Data
- Annual Statements
- Participant Distribution and Loan Forms
- DOL or IRS Correspondence
- Prior Year 5500 Filed with DOL including extensions if applicable
- Summary Annual Report
- Fidelity Bond Insurance
- Payroll Related Information (example: the employee census file)