



5 Advantages of Modern EBP Audit Software



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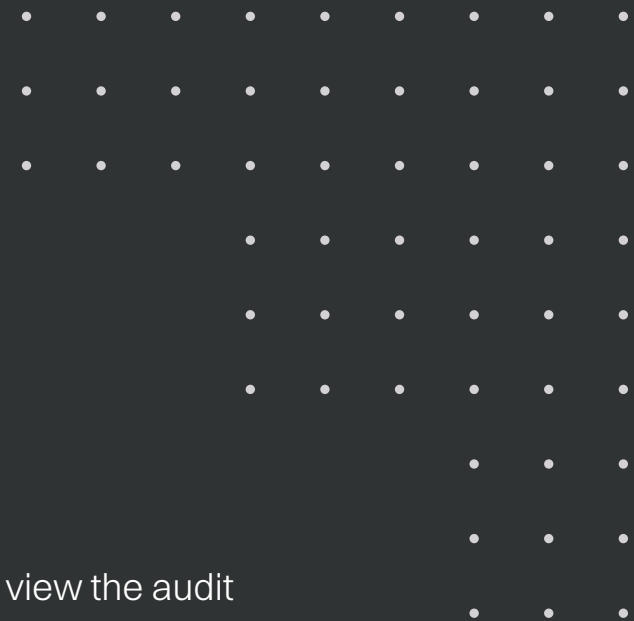
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Introduction

Employee benefit plans are a cornerstone of the U.S. labor market. For employees and their families, they offer a safety net of retirement, health and various other benefits that provide financial stability during the transition to post-work life or in the event of serious health issues. For employers, a generous benefit plan can help attract the best talent and serve as an expression of how much an organization values its employees.

Benefit plans, especially at larger organizations, can have a significant dollar value and involve a complex array of assets and investments, designed to grow over time. So ensuring the plans are healthy and operating according to the legal and regulatory requirements that govern them is crucial. That's why the U.S. Department of Labor (DOL) typically requires benefit plans with more than 100 participants to be audited annually.

Accounting firms play a crucial role in this process by carrying out Employee Benefit Plan (EBP) audits. In doing so, however, they face two significant challenges. The first is that plan sponsors often don't see substantial value in conducting an EBP audit. The audit won't boost the confidence of the sponsor organization's stakeholders, such as investors, customers and banks, by proving that its business processes and procedures are operating optimally. Instead, EBP audits take place because they're required by the DOL.

As a result, plan sponsors typically want their EBP audits to be as fast and cost-effective as possible. This places pressure on EBP auditors to wind up their work quickly to ensure the engagement is profitable. Efficiency is all-important.

The second challenge EBP auditors face is that while plan sponsors may not be too picky about the quality of their EBP audits, the Employee Benefits Security Administration (EBSA), a DOL agency that ensures private benefit plans meet the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), is very concerned about EBP audit quality. The EBSA performs a statistical sample of EBP audits to evaluate their quality and issues periodic reports.

The most recent DOL Audit Quality Study, issued in November 2023 and based on

examinations of EBP audits from the 2020 filing year, discovered one or more major deficiencies in 30 percent of the audits. That's an improvement from 39 percent in the previous DOL study from 2015, but it still leaves much room for improvement.

EBP auditors are stuck between the proverbial rock and a hard place. On the one hand, they must complete their audits quickly to ensure they're profitable. On the other hand, they can't afford to make mistakes. A poor-quality audit can lead to additional work or fines for plan sponsors. And it can hurt

the reputation of the firm that conducted the audit, potentially resulting in unhappy clients and a loss of business.

Fortunately, there are intelligent technology solutions available to mitigate these problems and enable firms to deliver effective EBP audits with greater efficiency than ever before. Let's look at the top five advantages firms can enjoy by deploying them.

Benefit plans can involve a complex array of assets and investments.



1. Smarter engagement management

Poor workflow and inadequate documentation can result in excessive time spent on EBP engagements and potentially poor-quality audits — especially for firms that have new or inexperienced EBP auditors. Redundant data entries, as well as under-auditing or over-auditing, are also risks.

Many auditors still closely follow a workflow template from a practice aid or a third-party program. Unfortunately, these guides stick to the same rigid workflow and can become outdated quickly, leading to additional time spent on an engagement.

Instead, EBP firms can employ intelligent software solutions that enable auditors to understand each plan and its provisions in more depth. This makes it simpler to plan engagements in detail before moving on to

the fieldwork, ensuring no detail or step is missed. Auditors will have an outline of what information they need and why they need it, making it easier to coordinate with plan sponsors, third-party administrators, investment trustees and other parties.

Employing one unified software solution for all EBP audit processes allows firms to store their engagement files in a central location, where auditors can easily retrieve documents and see how far the engagement has progressed. If files aren't stored centrally, it's possible multiple versions of the same file could exist, making it easy for auditors to miss steps, repeat steps or have different people working on the same task.

EBP software also makes auditors more efficient by significantly reducing the amount of manual work they have to perform. An intelligent software

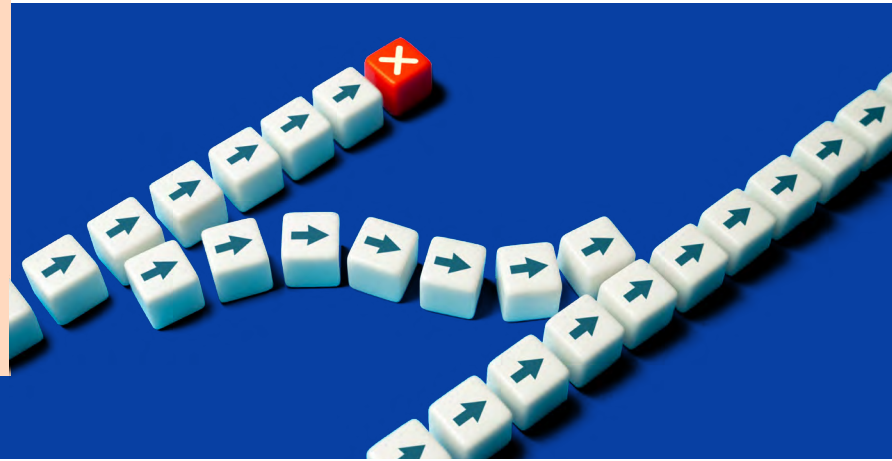
solution can use data entered in one field to populate other fields within the engagement that require that same data point. This includes an intelligent engagement planning process, the automation of financial statements and documents and more comprehensive analytics, saving auditors the hassle of entering the same information multiple times.

EBP audit standards and guidance change over time, so firms must keep up with the latest updates. A smart solution incorporating the latest guidance from the American Institute of Certified Public Accountants (AICPA) can help ensure audits follow all the latest guidelines.

4 features of smart engagement management:

- Data is entered once and populated throughout the engagement file
- Files are stored in a central location
- Dynamic workflow gives auditors a better understanding of the plan
- Regular updates help auditors incorporate revised standards and guidance





2. Improved risk identification with a guided approach

EBP audits differ from typical financial statement audits. Auditors do need to validate the financial statement numbers, but there are other factors they must also consider.

Benefit plans are governed by strict regulatory rules about how they are allowed to operate. In a simple scenario, a plan may invest in mutual funds with the employees contributing and the employer matching those contributions up to a set amount. Plans like this are more straightforward to audit because the funds have a value that's easy to calculate.

However, some EBPs allow employees to contribute to alternative investments, such as derivatives. Or employees could contribute to Roth IRAs or do self-directed investing with their contributions. These factors can make some EBPs more challenging to audit.

Software that includes built-in guidance based on the feedback and knowledge of veteran EBP auditors and the AICPA can go a long way to helping firms easily handle these complications. If auditors aren't sure why the software solution is insisting on a particular audit requirement,

they can follow the guidance to see why it is being included.

Using a dynamic software solution is also crucial because all benefit plans are unique. The software needs to be able to take the specific details around each plan into account to ensure an efficient and effective audit.

Alternative investments can make some EBPs more challenging to audit.

3. Better collaboration with colleagues and clients

Like many other businesses, firms that provide assurance services are increasingly incorporating remote work into their operations. However, without the proper tools, a dispersed workforce can raise communication and coordination issues. If firms don't have one central location for all their data and documents, they can wind up with multiple versions of the same file, making it difficult to know which is the most recent. Or they could have multiple auditors working on the same task, wasting valuable time.

Cloud-based EBP audit software makes it easier to coordinate tasks.

Remote work can also make training and mentoring less-experienced staff more challenging because they aren't regularly in contact with veteran EBP auditors who can

guide them through the correct processes and procedures.

Incorporating a cloud-based EBP audit software solution makes it easier to coordinate tasks, avoid duplication of work and communicate better with colleagues and clients.

Auditors can easily manage documents because there's only one centrally stored version. If multiple auditors work on the same document, they'll see everyone's changes in real time. Firms don't need to worry about team members working on their own versions of the same document and then having to merge everyone's changes.

A cloud-based EBP audit solution also makes sending and receiving information to and from clients easier. They can securely sign off on documents and electronically send their auditor documents and data through a secure portal.



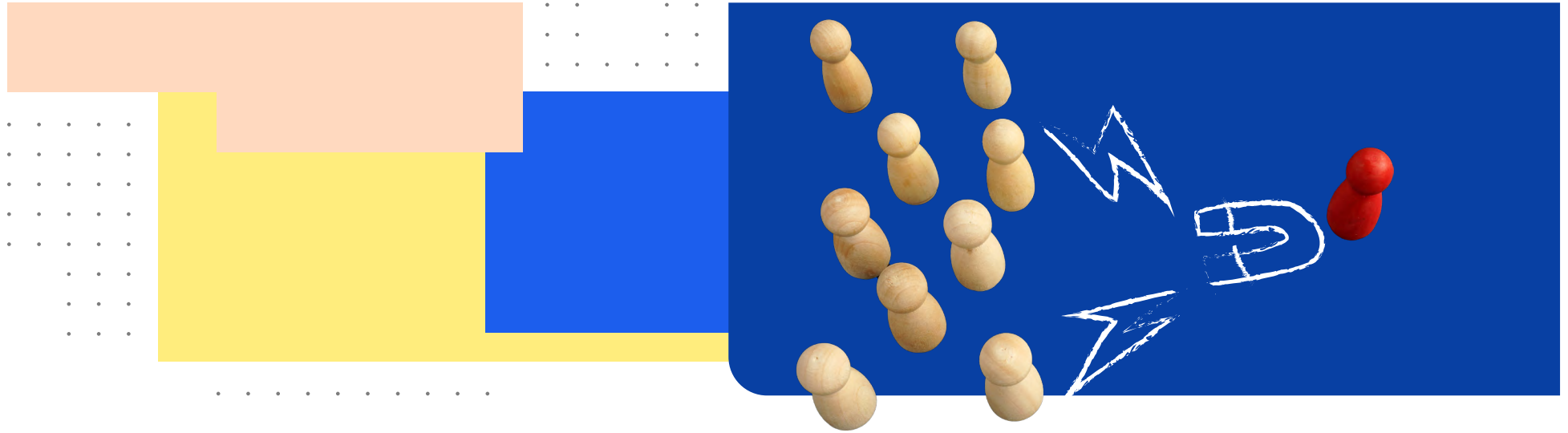
4. Exciting new ways to view the audit

An EBP audit software solution can include embedded tools, such as graphs and charts, allowing auditors to include compelling year-over-year visualizations for their clients. Data from prior years can easily be converted into a bar graph and compared to data from the current year, illustrating changes such as the amount of employer and participant contributions or plan performance.

In addition to better visualization, EBP solutions provide consistency. Customized footnotes and disclosures and automatically generated draft

financial statements can be customized to each plan's circumstances and used across all engagements within a firm. This saves firms time and ensures clients receive standard, professional-looking draft statements and notes that look the same every time, no matter which auditor has completed them.

EBP audit software can generate compelling year-over-year visualizations of key data.



5. Greater ability to attract top talent

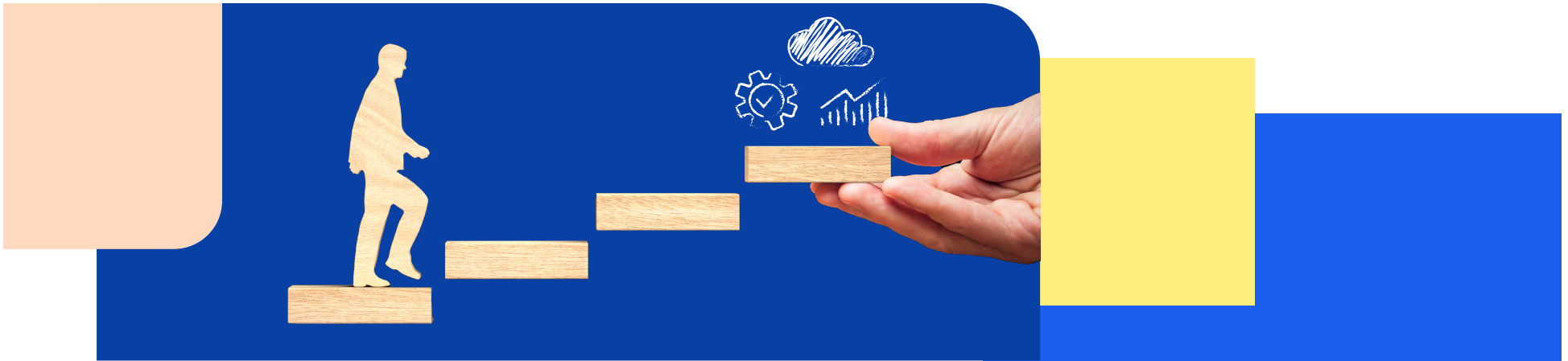
Firms that want to set themselves apart from their competitors need to hire the best and brightest accounting graduates available. Yet hiring and retaining talented auditors isn't easy. Caseware's *2024 State of Accounting Firms Trends Report* found 88 percent of respondents described finding and hiring the right talent as either "somewhat challenging" or "extremely challenging."

The traditional audit method is known for its highly manual, time-consuming process, where

Cutting-edge EBP software eliminates repetitive work.

auditors spend most of their time on less-rewarding, mundane tasks. But cutting-edge EBP software eliminates the repetitive work and empowers staff to focus on more complex client challenges, allowing them to spend their time on the parts of the audit that deliver valuable insight to clients.

A cloud-based audit solution can give EBP firms a competitive advantage in attracting new talent. Young auditors today expect to be able to use technology to help them perform their jobs to the best of their abilities. Digital audit technologies can help guide them through the entire engagement process, offering appropriate references to EBP audit guidelines and flagging potential risks. This can help less-experienced EBP auditors learn on the job while delivering high-quality, comprehensive audits of which they can be proud.



Paving the way to more intelligent EBP audits

Completing high-quality EBP audits can be time-consuming. Auditors need a thorough understanding of the benefits plan — which can include complex investments — to know how the plan operates, calculate contribution levels, assess risks and determine the overall viability of the plan before they even begin their audit work.

With plans and EBP guidelines becoming ever more complex, you can't rely on spreadsheets and manual processes. This approach takes too much time and increases the possibility of making critical errors, missing potential risks and omitting important documentation.

Modern EBP audits conducted with the help of cloud-based software solutions can make your

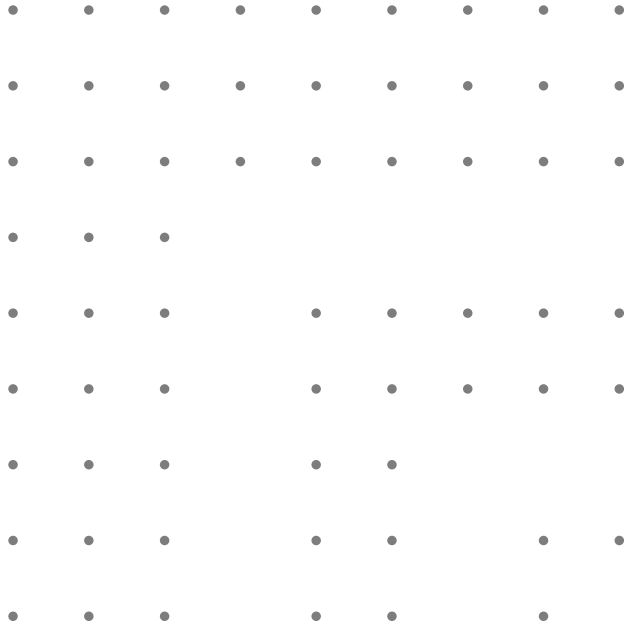
audits faster and more accurate. This allows you to be more efficient and deliver better value to clients. This software can:

- Help you understand your client profile
- Guide you through an engagement from beginning to end
- Build out details for a specific benefits plan
- Help you plan your audit in detail before beginning your fieldwork
- Assess potential risks
- Perform appropriate tests
- Generate your client deliverables

OnPoint EBP is an intelligent, cloud-based software solution that facilitates risk assessment and provides precise guidance

for high-quality audits. With OnPoint EBP, you can automate your workflows and intelligently build out your engagement files using checklists tailored for each engagement. The solution's comprehensive tools and AICPA guidance ensure you will meet all compliance requirements while not under- or over-auditing. Real-time collaboration features let your team stay connected – no matter where they're located.

[Find out](#) how OnPoint EBP can take your EBP engagements to the next level.



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