

PAYROLL COMPLIANCE AUDIT EXPERIENCE

WHY ARE COMPLIANCE AUDITS PERFORMED?

The Employee Retirement Income Security Act of 1974 (ERISA) requires trustees to collect all contributions due to the plan. Delinquent contributions are considered a prohibited extension of credit to a party-in-interest (contributing employer). The U.S. Department of Labor Prohibited Transaction Class Exemption 76-1 exempts delinquent contributions from being considered prohibited if a reasonable, systematic, and diligent effort is made to collect the contributions. Compliance audits are an integral part of a plan's effort to comply with the class exemption.

HOW IS A COMPLIANCE AUDIT DEFINED?

A payroll compliance audit is a review of the contributing employer records to determine whether the employer is in compliance with the collective bargaining agreement and the plan's governing trust document.

Compliance audits benefit plan trustees by:

- Detecting whether the plan is receiving the proper amount of employer contributions.
- Providing information regarding whether the plan has accurate and complete participant data used to determine and provide benefits.
- Serving as notice to employers that the trustees are monitoring collections.
- Helping to avoid a qualified opinion on the plan's financial statements by providing evidence for the plan's auditor with respect to the completeness and accuracy of recorded employer contributions.

OUR PROGRAM

- Legacy has a dedicated staff of over 60 payroll compliance auditors.
- We conduct over 3,000 compliance audits nationwide from our Firm's three offices.
- We have developed an extensive payroll compliance audit program.
- Adjustments can be made as needed for individual clients.
- Our program can be implemented nationwide for clients with national employer reporting environments.

UNDERSTANDING THE ENVIRONMENT

Our payroll compliance audit programs are developed based on a thorough understanding of the collective bargaining agreements. Our compliance audit department plays a key role in fully serving our many employee benefit plan clients throughout the country.

