

401(k) Audit Readiness Checklist

Most retirement plan compliance issues don't stem from bad intentions. They occur when key controls, oversight activities, and administrative processes break down over time. Use this audit readiness checklist to identify potential warning signs that auditors frequently associate with compliance failures, operational deficiencies, and fiduciary risk.

COMPLIANCE AREA	YES	NOT SURE	NO
1. Employee contributions are deposited promptly and consistently after each payroll. • Deposit timing is consistent each pay period • Payroll and recordkeeping systems are aligned • Deposit audits are performed regularly	☐	☐	☐
2. Eligible employees are enrolled on time and no participants are accidentally excluded. • Entry dates are applied correctly • No eligible employees are excluded • Periodic eligibility audits are conducted	☐	☐	☐
3. Employer match and profit-sharing contributions are calculated accurately. • Plan formulas are clearly documented and understood • Contributions are calculated correctly each period/year • Compensation definitions are applied correctly • Calculations are reviewed by a TPA or advisor	☐	☐	☐
4. Annual nondiscrimination testing is completed and reviewed. • ADP/ACP testing is completed annually • Top-heavy testing is evaluated • Mid-year projections are run (if applicable) • Corrections (refunds or contributions) are processed timely • Safe harbor design is considered (if needed)	☐	☐	☐
5. Plan operations consistently follow the written plan document. • Amendments are adopted on time • Required restatements are completed • Staff understands key plan provisions	☐	☐	☐
6. Form 5500 responsibilities, deadlines (or extension), and filing processes are clearly assigned. • All data is complete and accurate • Required schedules and attachments are included	☐	☐	☐
7. Plan fees are reviewed, benchmarked, and documented regularly. • 408(b)(2) disclosures are received and reviewed • 404(a)(5) participant disclosures are distributed	☐	☐	☐

COMPLIANCE AREA	YES	NOT SURE	NO
8. Investments are reviewed through a documented oversight process. - Investment Policy Statement (IPS) is in place - Investments are reviewed regularly (e.g., quarterly) - Underperforming funds are evaluated and documented - Decisions are recorded in meeting minutes - Advisor support is engaged appropriately	☐	☐	☐
9. Loans, hardship withdrawals, and distributions are processed according to plan rules. - Loan repayments are tracked correctly - Distributions are processed accurately and timely - Hardship withdrawals meet required criteria - Periodic transaction audits are completed	☐	☐	☐
10. Fiduciary decisions and committee actions are documented and retained. - Fiduciary committee is established (if applicable) - Roles and responsibilities are clearly defined - A fiduciary audit file is created and maintained - Regular meetings are held and documented - Decisions are recorded (minutes, rationale, outcomes) - Fiduciary training is conducted regularly	☐	☐	☐

Common Warning Signs

(Check all that apply)

- ☐ No formal compliance calendar exists
- ☐ Retirement plan tasks are spread across multiple departments
- ☐ Manual spreadsheets drive key administrative processes
- ☐ Your organization has experienced rapid growth or turnover
- ☐ Plan responsibilities recently changed hands
- ☐ The plan has not undergone a formal compliance review in the last 12 months
- ☐ You're unsure who is accountable for key compliance functions

Your Compliance Risk Score

(Count all "Not Sure" and "No" responses)

0-2 Responses | Low Risk

Your plan appears to have strong compliance controls in place. Continue regular monitoring and reviews.

3-5 Responses | Moderate Risk

Potential process gaps may exist. A targeted compliance review could help identify areas for improvement before they become costly correction issues.

6+ Responses | Elevated Risk

Your plan may be vulnerable to operational or fiduciary compliance issues that warrant immediate attention.

Get a Second Opinion on Your Plan

If your score indicates moderate or elevated risk, your retirement plan may benefit from additional review. Schedule a complimentary consultation with one of our retirement specialists to discuss potential compliance risks, fiduciary responsibilities, and opportunities to strengthen plan oversight.

[Schedule a Consultation](#)