

SAS 136 audit rules reveal Pooled Employer Plan (PEP) opportunities

It's a fact: Plan sponsors with 100 or more employees participating with balances can expect annual ERISA retirement plan audits. Now, the Statement on Auditing Standards (SAS) 136 by the American Institute of Certified Public Accountants (AICPA) has brought more responsibilities for managing those audits — which could impact sponsors' time and bottom line.

But with evolving regulations come opportunities for audit-eligible sponsors to explore: **Pooled Employer Plans (PEPs) eliminate individual plan audits, delivering cost- and time-savings, and helping limit risk.**

SAS 136 ups the ante on audit duties

While audit rules have always existed, under SAS 136, sponsors have more ducks to keep in a row. Here's a quick breakdown of what the guidelines mean — and where to focus when bringing forward solutions:

- Plan sponsors acting as **3(16) administrators will have more obligations** when it comes to their annual ERISA audits.
- The limited scope audit of the past is replaced by a new version — the **ERISA 103(a)(3)(C) audit** — which **requires approval and more due diligence tasks, like:**
 - **In-depth financial information review and reporting**
 - **Additional Form 5500 filing steps**
 - **More complex written disclosure obligations**
- Additional duties may mean **higher audit fees, more liability** and **more time spent** on annual audits.

PEPs reduce hassles and audit expenses

A PEP is a qualified retirement plan adopted by multiple employers, with a Pooled Plan Provider (PPP) acting as the lead sponsor. For tax and audit purposes, the government recognizes the PEP as a single plan — **eliminating the annual ERISA audit for the individual businesses that join, and helping employers save money and time.**

Beyond removing the audit, PEPs offer additional advantages:

- Removing Form 5500 filing requirements
- Taking over many administrative responsibilities on an employer's behalf
- Reducing fiduciary responsibilities and limiting liabilities compared to those of a fiduciary on an individual plan



[Set up time with your Lincoln representative](#) to learn more about how you can add value for 401(k) clients dealing with audits — and how PEPs can help.

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