Employee Benefits Series

How To Lower the Risk of a DOL Audit

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A U.S. Department of Labor (DOL) audit of your welfare benefit plan could happen at any time. Sometimes the DOL chooses a company because an employee complained about a welfare benefit plan or due to a mistake made on a Form 5500. The checklist below can help you prevent and be prepared for a DOL audit.

- ❑ Maintain all documents related to welfare benefit plans in one location.
- ❑ Designate one person at the company to take charge of the welfare benefit plans.
- ❑ Respond in a timely fashion to all participant and beneficiary questions.
- ❑ Review and understand all plan documents.
- ❑ Make sure all ERISA-covered benefit plans comply with relevant laws such as Health Care Reform and HIPAA.
- ❑ Distribute Summary Plan Descriptions (SPDs), with accompanying benefit plan component documents such as benefits booklets and certificates of insurance, to all plan participants within 90 days of becoming covered under the plan.
- ❑ Administer all ERISA-covered benefit plans, including group health plans and other welfare plans, in accordance with a written Plan Document.
- ❑ Respond to participant and beneficiary requests for an SPD and Plan Document within 30 days after a written request or risk a penalty of $110 per day, per participant or beneficiary for each violation.
- ❑ Inform participants of any material change to the plan either through a revised SPD or in a separate document, called a Summary of Material Modifications (SMM).
- ❑ Distribute required notices, such as COBRA and SBC notices, within required timeframes.
- ❑ If Form 5500 must be filed, be sure to complete all components accurately and file before the required deadline.
- ❑ Establish written procedures for disputes and claims resolution.

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