

## **2022 403b Audit Overview**

**October 23, 2023**

We successfully completed the 403b audit for calendar year 2022 and submitted it on time. We have attached the audit, internal control letter and governance communication. As you may recall, the reporting requirements to the governing board shifted in 2021, requiring the auditor to note all reportable findings in the internal control letter regardless of either their materiality or their inclusion in the audited financial statements.

The internal control letter notes one significant deficiency and five other reportable findings:

### **Significant Deficiency**

The significant deficiency was the result of incomplete filing of the Form 5500 in both 2019 and 2021. The Form 5500 was filed on time with the audit report but did not include the financial statements. We have since amended the 2021 filing and have engaged our 403b provider to assist in amending the 2019 filing.

This was **not** a material weakness and will not impact our financial audit.

### **Reportable Findings**

#### *Payroll Corrections Not Made*

There were instances of employees who received over-contributions to their 403b. This was a result of voided checks that did not result in forfeiture of contributions. We had understood that this would be handled by ADP and Principal but it was not. We have now put controls in place to ensure that voided checks result in a proactive step on our part to reverse the associated 403b contribution.

#### **Contribution Calculation**

ADP erroneously calculated a 403b contribution for **a single** employee. We are now verifying the contributions monthly to ensure accuracy.

#### **Employee Matching Contribution Calculation Quarterly Versus Pay Perion and Definition of Compensation and Bonus Exclusions**

Both of these items require a plan modification. We are reaching out to our broker to assist in amending the plan.

## **Timing of Contributions**

Approximately \$150K in contributions were submitted to the 403b plan, however, they were not submitted within 45 days of the withholding. We are currently calculating the interest penalty for these contributions and, once complete, will make the associated lost earning payments.