

How Top Firms Are Transforming EBP

From a Loss Leader into a
Growing Profit Center

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Employee Benefit Plan (EBP) audits are often perceived as low-margin, compliance-driven work — usually considered a necessity in order to protect audit client relationships, but rarely a priority.

This leads to challenges in sourcing these engagements with trained, motivated staff and can result in low margins, poor client experiences, and audit deficiencies.

However, the top-performing EBP practices are proving otherwise. What sets these firms apart?

They consistently achieve:

- Top quality of delivery and fewer inspection findings
- Significantly higher profitability
- Improved utilization and growth of their teams
- Optimized growth and expansion of plan portfolios
- Scalability and operational efficiency
- Long-term strategic client partnerships

This insights paper outlines proven strategies that top EBP firms use to elevate their EBP practice including:

01

Firms That Lead in Quality

lead the market, creating a long-term competitive advantage and embedding quality into every step of the audit process.

02

Planning, Planning, Planning

to avoid the October capacity crunch, partner bottlenecks, staffing issues, and the accompanying last-minute surprises.

03

Optimize Audit Processes & Resource Allocation

to drive profitability by strategically leveraging outsourcing to enhance productivity and drive significant financial growth.

04

Leveraging Technology & Artificial Intelligence (AI)

to automate routine tasks and improve quality, efficiency, effectiveness and consistency of delivery.

05

From Clock-In to Buy-In: Build a Culture That Inspires

because when teams understand the significance of EBP audits, they engage at a higher level, improving quality and profitability, while reducing risk.

By applying these strategies, firms increase realization rates, cut down on rework, reduce the risk of error, and transform their EBP audits into high-value, high-profit engagements.

Outcomes that Top Firms Achieve:



28% YoY Practice Growth



Significant Reduction in Costs to Serve



Improved Quality & Delivery Consistency



30%+ Profitability Gains



Stable Workforce Ensuring Efficient EBP Practice



Freed FTEs for High-Margin Work, Growth, & Well-being

Firms that lead in quality lead the market

In an era of intensified regulatory scrutiny, evolving regulations, and rising client expectations, quality is no longer just a compliance requirement, it's a strategic advantage. Poor execution exposes firms to penalties, financial losses, and reputational damage that can take years to recover from.

Firms that lead in quality consistently win more work, outlast the competition and deepen client trust.

Top firms embed quality into every stage of the customer journey. They recognize that excellence is achieved at the intersection of three critical performance objectives:

SERVICE DELIVERY:

Ensuring audits are efficient, accurate, and compliant.

CLIENT EXPERIENCE:

Building relationships, trust, and seamless collaboration.

ECONOMICS:

Improving realization rates and driving long-term profitability.

While many factors contribute to success, there are pivotal 'Moments That Matter'—high-impact touchpoints where all three objectives converge. These moments present a disproportionate opportunity for value creation but also carry significant risks if mismanaged.

Most Firms Manage Performance Objectives Independently

Service Delivery:



Client Experience:

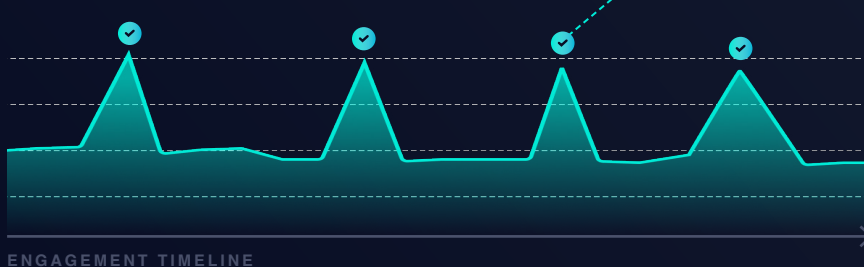


Economics:



Key Moments That Matter

Engagement Management:



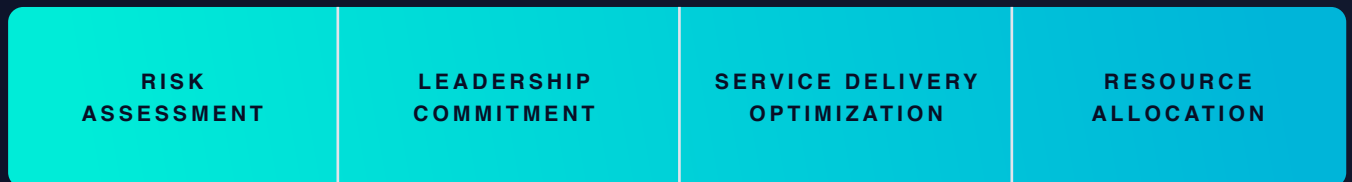
- ✓ Service Delivery
- ✓ Client Experience
- ✓ Economics

The best firms don't leave these moments to chance, they plan for them. They understand that delivering excellence in these key moments has a transformative impact on client trust, audit efficiency, and financial performance.

	Resource Management & Specialized Team Assignment	Accurate Scoping & Robust Risk Assessment	Audit Kick-off & Planning Meeting
SERVICE DELIVERY	Ensuring audit quality by staffing specialized, experienced EBP professionals.	Mitigating audit risks through precise scoping, clear identification of risk areas, and explicit partner involvement.	Aligning auditors and client teams on methodology, timelines, and responsibilities early in the process.
CLIENT EXPERIENCE	Building client confidence through team expertise and continuity.	Aligning expectations early, enhancing transparency and trust.	Demonstrating proactive communication, setting clear expectations, and building initial trust and alignment.
ECONOMICS	Higher realization rates from reduced errors, minimized rework, and optimized efficiency.	Avoiding overruns and ensuring profitability through clearly defined audit boundaries and shared understanding with the client.	Preventing misunderstandings and scope creep, optimizing utilization through early identification of issues.

SQMS 1: A Turning Point for Quality Management

With the latest standard on quality control management (SQMS 1) becoming effective on December 15, 2025, all firms—including their EBP practices—must apply a risk-based approach to quality. This requires designing, implementing, and operating a quality control framework that incorporates:



The best firms are not aiming to just comply with SQMS 1, they are using it as a catalyst to redefine audit quality and gain a competitive edge.



In today's competitive landscape, **quality is what separates leading firms** from the rest.



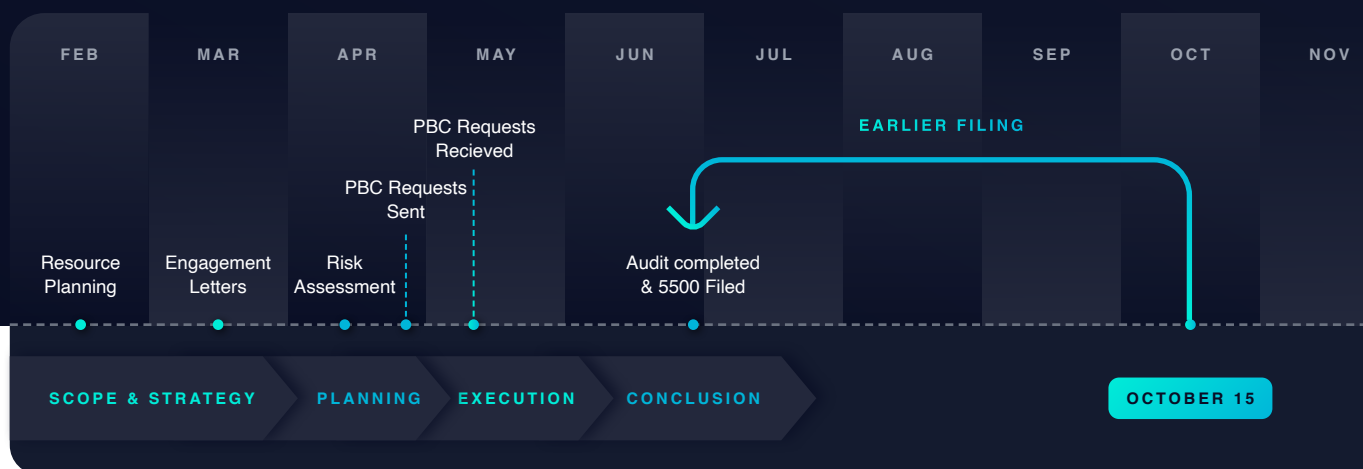
Planning, Planning, Planning

The best audits start with meticulous planning and proactive client engagement. Top firms know that a lack of planning leads to last-minute fire drills, inefficiencies, and increased risk of deficiencies.

Leading firms take a disciplined, strategic approach to planning, scoping, and securing client commitments. They invest time in learning about the plan's activity to properly scope and design the audit. This results in reduction in pressure, improves quality, efficiency, strengthens customer relationships, and improves the audit team's experience.

✓ Plan Smarter

Top firms begin their planning much earlier, they perform their resource planning in February, have their engagement letters out by March, and already begin work on plans in April. They proactively secure the Third-Party Administrator (TPA) audit package, payroll records, and additional client-prepared schedules well in advance, achieving earlier audit delivery, timely Form 5500 filings, and significantly reduced rework.



✓ Upfront Commitments

Leading EBP audit providers educate their clients around timelines and milestones and secure upfront commitments.

✓ Regular Partner Involvement

Partners must plan and monitor effectively to ensure audits are being performed as expected and the timeline remains on track. When issues arise, early escalation is key; immediate partner involvement is crucial to a successful engagement, waiting until review is too late.

✓ Scoping the Audit

Proactive communication with those charged with governance is not only essential under professional standards but also critical in shaping the audit approach. A well-scoped audit allows firms to anticipate potential risks, design the relevant audit response, allocate the right resources, and avoid inefficiencies that can lead to deficiencies. The best firms don't just go through the motions, they ask the right questions to tailor their audit plan to the specific risks and complexities of the plan.

Key Questions for Scoping an EBP Audit:

SERVICE PROVIDER CHANGES:

Have there been any changes in payroll providers, custodians, or trustees?

INTERNAL SYSTEM UPDATES:

Have any internal systems (e.g., payroll or recordkeeping) changed since the last audit?

MERGERS & ACQUISITIONS:

Has the plan been impacted by any mergers, rollovers, or consolidations?

CONTRIBUTION COMPLIANCE:

Are you aware of any late deferral contributions, and if so, have they been corrected?

REGULATORY OVERSIGHT:

Have you received any communications from regulatory agencies regarding the plan?

KEY PERSONNEL CHANGES:

Have there been key personnel changes that might affect plan operations?

WORKFORCE CHANGES:

Have there been major layoffs (RIFs), restructuring, or significant hiring that could impact plan compliance?

INVESTMENT ADJUSTMENTS:

Have there been any significant changes to the plan's investment portfolio (beyond standard fund performance adjustments)?

“The best firms assess EBP audits properly—they don't cut corners or compromise, they invest in team training, they implement robust processes and have dedicated partners that are continuously plugged in. They follow a disciplined, risk-based approach, ensuring every audit is properly scoped and designed from the start. These firms generally experience high success in quality and client satisfaction.”



Donna Massanova CPA

Retired Managing Partner, Advisory Board EBP Practice Lead

Optimize Audit Processes & Resource Allocation to Drive Profitability

The best of the best obsess about process uniformity and ensure the appropriate level of expertise and resources are allocated.

Standardize Firm Methodologies & Working Papers

This enables them to break complex processes down into clearly defined and easy to manage levels of work, to optimize their entire audit process with:

- ✔ More structured workflows that lead to predictable audit timelines, reduced overages, and stronger realization rates.
- ✔ Consistent documentation reducing rework and review time, minimizing unbillable hours.

Taken together, these outcomes eliminate variability in the way the work is performed and make it easier to assign specific tasks to team members based on their skill level and expertise.

Strategically Use Alternative Delivery Models

Enhanced Scalability & Talent Retention

- ✔ They avoid overloading their core teams with multiple busy seasons performing lower-margin work.
- ✔ They outsource to protect profit margins and ensure their FTEs remain focused on value-driven work.

Not all resources are created equal:

While lower-cost outsourcing options exist, firms must carefully evaluate alternative delivery models to balance cost savings with audit quality. Top firms prioritize skilled resources that drive efficiency, reduce risk, and enhance client trust—ensuring that profitability is never achieved at the expense of quality.

Apply the Right Resource & Delivery Model

Ensuring alignment of tasks with the **right level of specialized resources**, reduces cost-to-serve and improves audit quality. Top firms further **leverage alternative delivery models & automation** for lower-margin, high-volume tasks, allowing their FTEs to focus on premium services that generate higher realization rates.

Firms that successfully implement resource alignment see **20-30% efficiency gains & higher net rate per hour**

Work Assigned to the Best Level Resource



Centralize Project Management

Enabling improved communication with clients, reducing inefficient back-and-forth and improving and enhancing the end client experience.



Leveraging Technology & Artificial Intelligence (AI)

Why It Matters: The Perfect Opportunity for Automation

EBP audits are uniquely positioned for automation and optimization because of their standardized, repeatable nature. Unlike other more variable audit engagements, EBP audits generally follow uniform testing procedures, and structured reporting requirements due to their regulatory oversight—making them an ideal fit for technology-driven transformation. The result? Faster, higher-quality audits, enhanced compliance, stronger client relationships and significantly increased profitability—creating a true competitive advantage.

AI in EBP Audits

When discussing any system or technology in auditing, it's crucial to differentiate between:

01 “Around the Audit”

Supporting the Audit Process – Performing supporting activities but not performing audit procedures or evidence gathering, example – AI rephrasing an email that you send to a customer.

Firms are currently leveraging AI “around the audit” such as:

63% are using AI for Communication

AI can draft and refine emails, ensuring clear, professional, and client-friendly messaging in seconds.

40% are using AI for Meeting Transcripts

AI-powered transcription tools capture meetings, summarize discussions, and generate action items – keeping teams aligned and audits on track.

41% are using AI for Task Automation

Data Extraction - Instantly pull structured data from PDFs and spreadsheets which is then audited

References:

Karbon (2025) The State of AI in Accounting: Emerging Trends, Challenges, & Opportunities. Karbon. Available at: [<https://karbonhq.com/resources/state-of-ai-accounting-report-2025/>] (Accessed: 2025/02/28).

02 “In the Audit”

Directly Performing Audit Procedures – The analysis of data, identification of anomalies, or even risk assessment procedures.

Artificial Intelligence (AI) is poised to revolutionize EBP audits. More and more use cases are constantly being found to use AI “in the audit”, some areas which firms are adopting:

- **Aggregate Key Data Sources**
TPA reports, payroll reports and census files regardless of file type and format can be analyzed and combined into a single unified data model which can then be used to pre-populate audit working papers.
- **AI-Enhanced Risk Identification**
Flag unusual transactions, missing contributions, or late remittances automatically—reducing sample sizes and improving risk-based testing.
- **Automatic Sample Selection**
By educating AI on your firm’s sampling methodology, risk assessment and providing the relevant TPA and Payroll reports, AI is able to work through it systematically and select samples for audit purposes.



Luna Execute (Makosi)
AI Workflow & Project Management

WHAT IT DOES:

Converts customized EBP audit plans into structured workflows, integrating task assignments, Prepared by Client (PBC) request tracking, and real-time progress monitoring. Luna Execute leverages AI and automation functionality to assist with the execution of routine workpaper sets.

- ✔ Real-time status reporting for full visibility.
- ✔ AI task automation to execute better, faster and cheaper.
- ✔ Task assignments to keep everything on track.



AuditMiner
Automated Data Extraction & Workpaper Generation

WHAT IT DOES:

Extracts essential audit data directly from TPA reports, generating structured workpapers like trial balances, participant activity reports, and contribution schedules.

- ✔ Saves hours on every audit engagement by eliminating manual data entry.
- ✔ Seamlessly integrates with Engagement, CaseWare, and AdvanceFlow.
- ✔ Enhances accuracy and efficiency, reducing input errors.



OnPoint EBP
Cloud-Based Audit Engagement Solution

WHAT IT DOES:

Provides a fully cloud-based engagement platform tailored for EBP audits, incorporating AICPA methodology and compliance frameworks.

- ✔ Automates financial statement drafting and disclosures.
- ✔ Facilitates a risk-based audit approach using plan profile data to tailor audit procedures.
- ✔ Generates structured audit programs & checklists to ensure compliance and efficiency.



Suralink
Cloud-Based PBC Request Management

WHAT IT DOES:

Transforms the PBC process with a real-time, cloud-based tracking system, reducing email clutter and confusion.

- ✔ Enables seamless client-auditor collaboration on document submissions.
- ✔ Provides real-time request tracking, reducing follow-ups and missed deadlines.
- ✔ Improves audit transparency and efficiency for both firms and clients.

From Clock-In to Buy-In: Build a Culture That Inspires

Many firms treat EBP audits as a secondary priority, but top firms know better. They recognize that poor planning and execution risks regulatory compliance failures, reputation damage, and lost revenue. Poor quality within an EBP audit practice can heavily impact the firm's professional reputation and standing which will trickle down to the client, poor service and non-compliant audits put a client at risk in meeting their fiduciary responsibilities.

Winning firms take a deliberate, strategic approach to the culture of their EBP practices, ensuring that teams see EBP audits as mission-driven work, not just a checklist task. When teams grasp that the real-world impact of their audits is to help protect the financial future of individuals, much like themselves as participants of their company's plans, and that it is immensely important for society as a whole, they bring greater energy, focus, and accountability—raising quality, reducing risk, and enhancing client trust.



Cultivate a culture where every audit matters—because it does. Top firms instill a deep sense of purpose, ensuring that their teams see beyond the numbers and checklists. A team that believes in the mission doesn't just complete audits—they go the extra mile, challenge existing methods and assumptions, and drive client value.

They **secure buy-in by reframing EBP audits** from a routine compliance exercise to a **critical responsibility**—one that safeguards real people's retirement savings. When auditors understand the real-world impact of their work, engagement increases and quality improves.

A study by Harvard Business Review found that employees who understand the “why” behind their work are **47% more engaged** than those who don't. Firms that communicate purpose see higher retention and better performance.



Winning firms have **leadership that shows up with passion, energy, and commitment—and their teams follow suit.** When leaders genuinely believe in the importance of the EBP practice, they inspire the same dedication in their teams. Culture starts at the top—if leadership isn't fully invested in elevating EBP audits, their teams won't be either. The best firms don't just manage their EBP practice; they **champion** it, ensuring it's seen as a strategic priority.



Top leaders **give top support** and **equip their teams** with cutting-edge technology, standardized processes, and the right training to ensure every audit is best-in-class. By committing to **annual training** on EBP regulations, risk assessment and related audit response, and evolving standards, they create a culture of continuous improvement and expertise.



Best-in-class firms **reward excellence**, they understand that **accuracy, risk identification, and client impact matter just as much as efficiency.** The best leaders actively recognize and celebrate those boots on the ground who flag risks early, challenge the status quo, and earn strong client feedback. Highly trained and properly prepared staff are pertinent to quality, because when quality and critical thinking are valued, the team takes ownership, pride increases, and audit standards rise—creating a culture where excellence is the expectation, not the exception.

Conclusion

As demonstrated throughout this paper, top-performing firms are embracing **strategic planning, optimized audit processes, cutting-edge technology, and a culture that prioritizes quality and client relationships**. Together, these key concepts, when implemented effectively, will allow firms to unlock new levels of profitability, client trust, and operational efficiency.

By embedding quality into every stage of the audit process, firms can redefine service delivery, enhance client experiences, and drive long-term economic growth. Smarter planning, proactive scoping, and resource optimization ensure audits are completed efficiently with reduced risk, while technology—such as AI and cloud-based tools—automates routine tasks and frees up resources for higher-value work.

To fully unlock potential, firms must view EBP audits not merely as compliance requirements but as critical responsibilities that safeguard clients' financial futures. Those who embrace this shift and focus on value creation at every stage will transform their audit practice, improve outcomes, and foster stronger client relationships.

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