



E-COMP! Prepare for your Workers Compensation Audit

Gather the following information:

(I) Payroll Records

- Payroll journal and summary.
- Common records include payroll and disbursement journals, general ledger, cash receipt journals, checkbooks, 941's, state unemployment wage reports, 1099's, 1040c (Schedule C), 1120, 1065, etc.
- Business check book, check book record or bank statements.
- Federal Tax Reports – 941s for the audit period
- Records of holiday, vacation, sick time wages and housing allowances if a part of the premium calculation.
- State Unemployment reports and Individual Earnings Records.
- Details of any Payroll Separation for employees assigned or divided between more than one class code. Payroll for an employee can be split if two or more classifications can be applied to your business/employee, and you maintain a payroll record breakdown for the employee by job classification.(State Specific) Without adequate records, the entire payroll for the employee will be placed in the highest rated classification and payroll separation will not be apply. Class codes 8810- clerical/administrative, 8742- outside sales, 8748- auto sales, and 8871- clerical telecommuter cannot be split.
- Overtime payroll records. Overtime is generally included (State Specific) as “straight time” rather than time and a half, double time or other computation provided separate overtime records are maintained.
- If Officers are included make certain the appropriate maximums or minimum payrolls are applied.

(II) Other information

Employee Records:

- Job duties. Include a detailed explanation for each employee or job class, if available
- Hours, days, and weeks worked during the audit period.

Any cash disbursements or payments:

- Payments to subcontractors
- Materials

Certificates of Insurance:

- Obtain Certificates for all independent and subcontractors used during the audit period.
- Get current certificates of insurance for all independent and subcontractors you paid during the policy period.
- Make sure the certificates you obtain show evidence of the independent or subcontractor's Workers Compensation insurance during the time of service.
- Failure to provide evidence of the independent or subcontractor's Workers Compensation insurance will likely result in a premium charge for that class code..

A detailed description of your business operations.

Experience Modification Worksheet, if applicable, to verify or support the modification used for the audit.

(III) Make the Auditors job easy.

- Be prepared and have complete and accurate records available for review.
- Make sure an owner or employee thoroughly informed about the business and business operations is available to meet with the Auditor.
- Be straightforward and direct in the response to the auditor's questions.