

Payroll Audit Resources

Helpful Hints and Tips

When preparing for your audit keep these helpful hints in mind. They will save you time and help prevent any potential errors.

A premium audit is conducted at the end of every policy period to determine if the appropriate amount was paid for your workers' compensation insurance. Your final premium audit is based on actual payroll, operations, and job classifications for the expired policy period.

The more you can prepare ahead of time, the smoother the audit process will go for both the auditor and the yourself and yield more accurate results.

- Try to have all requested information organized and easily accessible to make it less cumbersome on yourself on audit day.
- Be prepared to answer basic questions about the business and records. Have someone with complete knowledge of the business be present for ease of answering questions and reviewing the audit when meeting with the auditor.

Please note that our helpful hints and tips may not be all encompassing and that the auditor may request additional documentation.

Payroll Records to include:

- Payroll Journal and Summary
- Federal Tax Reports – 941's that cover the audit period
- State Unemployment Reports and Individual Earnings Records
- All Overtime Payments Shown Individually

Employee Records

- Include a detailed explanation of the job duties of each employee
- Include Number of Employees
- Hours, Days or Weeks Worked Annually

Cash Disbursements showing:

- Payments to subcontractors
- Materials
- Casual Labor

Certificates of Insurance

- For All Subcontractors
- For All Independent Contractors

A detailed description of your business operations

Payroll Audit Resources Helpful Hints and Tips Continued

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Attempt to keep on file a copy of all applicable subcontractor certificates of insurance which shows workers' compensation coverage throughout your policy year to avoid subcontractor payroll being applied to your policy.



Separate out overtime paid by the employee and have summarized by job classification.

Separate out federal payroll by state, if applicable, to help save time and yield more accurate results.



Make sure to review the auditor's report before they leave your facility or conclude the virtual audit to understand how and why the auditor classified your employees.

