

How to Prepare for the Work Comp Audit

The annual premium audit determines your company's **actual** Workers' Compensation insurance premium, as opposed to the **estimated** premium original used for the policy. Below are suggestions that may help you avoid mistakes that could increase your premium.

Before the auditor arrives, decide who will be the primary contact. This contact person should be someone who is familiar with the work done by all departments and all employees, and familiar with the payroll records the auditor will be reviewing. It is usually to an employer's advantage to provide detailed information to the auditor. If the auditor has to make assumptions about the exposures he or she may make worst-case assumptions that could increase your premium. Have your designated contact person review prior years' audit billing statements. This will help your contact person understand issues that will likely come up during the audit.

Review your payroll documents to make sure that the records will allow the auditor to readily break out overtime pay and discount it back to straight time. If the auditor cannot break out the overtime you probably will not get a discount.

If your company uses subcontractors, make sure you have on file certificates of insurance documenting that these 1099 people have their own Workers' Compensation insurance. If you don't have them, but they did carry their own Workers' Compensation insurance, your company may be charged for this exposure.

Remember that most construction companies can use more than one work comp classification code for the work they perform. You can divide the payroll of an individual employee between multiple classifications. Payroll records must document the actual hours spent by such employees in each of the classifications. An estimate of time spent in each kind of exposure will not suffice. If the payroll records do not document the hours spent in each kind of work, all the employee's payroll will go into the most expensive classification applicable.

When the auditor is finished, make sure to ask to be sent a print out of the worksheets. These worksheets will provide you with a roadmap to understand how the audit was conducted, how the final payroll numbers were derived and what payroll was placed into which classification codes.

When you receive the actual audit billing statement review it carefully. Check for the following:

Experience modification factor should be no higher on the audit than on the original policy

Classification Codes on the audit should be the same as the original policy, unless there has been some change in your company's operations since the policy began.

Year End Information

If your company needs assistance with your year end closing, please call our office to schedule your appointment. Our calendar is already filling in.

Once again this year we are offering our year end closing guide for you do-it-yourself people. The guide will provide step by step instructions for closing a calendar year end and a fiscal year end. The price is \$75.00. If you purchased the guide last year then your in good shape this year. Closing procedures have not changed.

Also, there are no major changes in tax forms this year. Should you have any envelopes left over from last year they will work this year. Once again this year we will be providing tax forms at cost to our customers. Pricing this year as follows:

W2 Laser 8 Part form - 35¢ each

1099 Misc Laser 4 Part - 25¢ each

Double Window Envelopes - 15¢ each

All laser forms print 2 per page. Please contact our office to place your order at support@wrightoffice.com.



Tuesday, November 4th is Voting Day
You count. Make your voice heard!

Tech Support Calls From Our Customers



How do I apply an a/r credit that is on my aging report?

Open the 3-3 Cash Receipts window and fill in the header portion just as you would for any cash receipt. In the grid, do the following:

In the Credit column of the original invoice, type the amount of credit to apply as a positive number. In the Credit column of the credit invoice, type the amount of credit to apply as a negative number. The amounts in the Credit column must net to zero. Select File and Save.

How can I remove invoices on my a/p aging that nets to zero?

Set to pay the positive and the negative a/p invoice at menu 4-3. Preview the set to pay report to ensure the net is zero. Go to print post checks. Select your report and form. You must print a zero dollar check to complete the process. Check the box that says Print \$0 Checks. Complete the check printing process as you normally would. You will now get a zero check. If you do not want to print on an actual stock check, you may print on plain paper. Be aware that a check number will be used and the next time you print checks, you may have to modify the starting check number.