



Preparing Your Client for a Successful Workers' Compensation Carrier Audit

For your clients with growing businesses, workers' compensation insurance is a necessity to protect their employees as well as their organizations. Part of the workers' compensation insurance policy includes the carrier audit.

Depending on your client's type of business and the carrier that provides coverage, audits can be performed annually, quarterly or sometimes even monthly. They can be conducted by mail, phone or in person with a scheduled visit to your premises. But no matter how or when an audit occurs, it's important to be prepared.

Success starts with preparation

You and your client may be contacted by the carrier or a carrier representative who will oversee the audit. But why wait for notification to start preparing?

For most companies, maintaining the required documentation is the biggest challenge, yet one of the most helpful ways to lessen the inconvenience and reduce the financial implications — with minimal headaches. With a system in place to stay organized all year long, you won't have to scramble to collect the required information.

You can help expedite the audit process by having these documents on hand for your clients:

- Quarterly reports
- Payroll registers
- Timecards
- Federal tax records
- State unemployment reports
- Overtime pay by employee
- Payments to subcontractors and their certificates of insurance (if a subcontractor provides materials as part of a job, be sure the invoice specifies payment for work and materials separately)

Clients that are using ADP for payroll may be able to obtain workers' compensation insurance through ADP's affiliate, Automatic Data Processing Insurance Agency (ADPIA), a national insurance agency with over 20 years of experience. ADPIA offers a simplified solution to paying workers' compensation premium payments. ADP's Pay-by-Pay® Premium Payment Program is a payroll enhancement service that helps reduce administrative requirements and reduces the risk of over or underpayment of premiums at the annual audit.

Clients using ADP's Pay-by-Pay receive a convenient management report that will be automatically emailed at no additional cost, each time payroll is run. This report contains employee-level information that helps track and manage workers' compensation premiums paid with each payroll to better prepare clients for their audit.

Once you have all the necessary documentation, designate a main contact person for all audit-related matters. Be sure to assign an employee who has thorough knowledge of your client's business operations so they can be as helpful to the auditor as possible.

Remember: If the auditor is unable to reach your client, the carrier will automatically estimate its payroll. This may result in additional costs and/or the cancellation of its current policy. By working closely with the auditor and your client, you can help the workers' compensation policy and premiums be as accurate as possible and prevent any disruptions in coverage.

Finally, be sure your client makes it a point to regularly check the accuracy of employee classifications and follow its state's rules for owners and officers. A simple error could possibly mean an additional premium payment at audit time.

A workers' compensation carrier audit can be a complex process for any growing business to grasp. By staying organized and on top of the details, you and your client's business can benefit and lessen the impact of the audit.



This information covers only the services provided through ADP's Pay-by-Pay Premium Payment Program for Workers' Compensation, a payroll enhancement feature of ADP's payroll processing services and does not involve the offer or sale of any insurance product.

All insurance products will be offered and sold only through Automatic Data Processing Insurance Agency, Inc., its licensed agents or its licensed insurance partners; 1 ADP Blvd. Roseland, NJ 07068. CA license #0D04044. Licensed in 50 states. Certain services may not be available in all states. Automatic Data Processing Insurance Agency, Inc. is an affiliate of ADP, LLC. This information is general and not intended as tax or legal advice. If you have questions on how this may apply to your specific situation, please consult your tax or legal advisor. The ADP logo ADP and Pay-by-Pay are registered trademarks of ADP, LLC. Copyright ©2014 ADP, LLC