
Workers' Compensation Audit Requirement

The workers' compensation audit is performed after the expiration of the policy period to determine the actual premium for the policy period of coverage.

Audits also document subcontractors or contract labor paid during the audit term. You will be asked to provide proof of their work comp coverage or active exemptions. Without, you may be charged premium for uninsured subcontractors or contractors on your audit. The audit is a REQUIREMENT of your policy and must be completed annually or at cancellation. Below is a summary of what is required to conduct the audit. Additional documents may be requested as needed.

Workers' Compensation Audit Checklist

The record requirements below would be for the timeframe of the policy period being audited:

DETAILED DESCRIPTION OF YOUR BUSINESS OPERATION

Determines the correct workers' compensation classification codes for the period of coverage being audited.

OWNERS, OFFICERS, AND PARTNERS INFORMATION - INCLUDING PAYROLL INFORMATION

List of all officers by name, duties, and their gross earnings, including bonuses and fringe benefits. Include copies of valid exemptions if the officers are exempt from workers' compensation. Include if they are active or inactive.

EMPLOYEE PAYROLL RECORDS FOR ENTITIES COVERED BY YOUR WORK COMP POLICY

- Payroll Summary with overtime separated by employee.
- Provide work performed by each employee.
- State Unemployment Tax Reports (Florida RT-6 reports), Federal 941s and 1099s, if applicable.

SUBCONTRACTOR AND CONTRACT LABOR (All Others Besides Employees Paid)

- Subcontractor/contract labor detail report and work performed.
- Provide each subcontractor's, contractor's, cash laborer's proof of work comp coverage/exemption.

CASH SOURCE DOCUMENTATION- Provide one from the below list upon request:

- A Profit and Loss for the audit term is preferred.
- If a Profit and Loss is not available, one of the below tax forms or accounting records can be used.
 - Sole proprietor or partners filing separate: 1040 Schedule C (Profit or Loss from Business)
 - Partnerships and LLC members: 1065 (U.S. Return of Partnership Income) and 1125A (Cost of Goods Sold)
 - Corporation/LLC: 1120 (U.S. Corporation Income Tax Return) with 1125A (Cost of Goods Sold) and applicable statements or attachments.
 - Complete bank statements with copies of the cancelled checks when none of the above are available.

FCBI operates on a fund year that starts in April. Policies effective January, February and March will be part of the prior year. For example, if the policy starts 3/1/2022, it is called a 2021 FCBI fund year; while a policy starting 4/1/2022 is a 2022 fund year.