

# HELPFUL AUDIT HINTS

- I. Payroll - means actual payroll, commissions, bonuses, holiday pay, vacations or periods of sickness, pension plans and value of lodging/housing. Payroll does not include severance pay, payment to group insurance, tips or other gratuities.
- II. Overtime Wages - The amount of pay for overtime work that exceeds the employees' regular rate may be excluded from gross payroll. On the attached worksheet please **INCLUDE ALL REGULAR AND OVERTIME PAY**. We will deduct the excess. In order to receive the overtime deduction, you must submit documentation showing regular and overtime pay separately.
- III. **PAYROLL VERIFICATION** - Along with your worksheet you **MUST** return **TWO** or more of the following payroll verification forms: state quarterly payroll reports (4); 943 federal form showing annual payrolls; internal computer payroll sheets, ledgers, journals, copies of individual W-2's and W-3, or 1099's. The regular pay and overtime pay totals on the worksheet should equal your documented wages.
- IV. Owners, Partners or Executive Officers Exclusions - If any of these individuals have been excluded on your workers' compensation policy, please show these individual's payrolls separately.
- V. Subcontractors - You must report all subcontracted labor for which you did not secure a Certificate of Insurance. This could include truckmen, electricians, custom harvesters, hoe hands, gin repair or other outside labor services. We will need copies of the Certificate of Insurance or a charge will be made for this subcontracted labor. Evidence of a written contract may be submitted for independent trucking contracts.
- VI. H-2 A Employees – We need a breakdown of any payrolls to H-2 A employees that may be outside your normal payroll records.
- VII. Problem classification – Many employers attempt to use the class code "clerical" for management personnel. Please refer to the following definition that applies.

Clerical employees are employees engaged exclusively in bookkeeping, record keeping, correspondence or other office work where books and records are kept, or correspondence is conducted. This classification applies only to employees who work in areas physically separated from other operations by structural partitions and who are not supervisors.

Please give us a call at 1-800-798-2999 should you have any questions or need assistance in filling out your worksheet. Failure to supply the necessary information will cause us to request a physical audit by an outside firm.

**\* \* You must provide us with TWO (2) forms of Payroll Verification this year\* \***