

NYSIF *Audit Essentials*

Why am I being audited?

Actually, you are not alone. The New York Compensation Insurance Rating Board (NYCIRB) requires an annual audit of any policyholder with a yearly premium of \$5,000 or more. NYSIF initially quoted your premium based on a number of factors: the type of work that your company does, the number of employees who work for you, and the type of responsibilities those employees have. Over time, these factors may change. Those changes may cause your premium to increase or decrease.

The purpose of the audit is to determine your proper premium by achieving the following:

- Determining the total amount of payroll subject to premium charge
- Ensuring that your employee classification codes are correctly identified
- Verifying the payroll division for each employee's job classification

How can I schedule my audit?

NYSIF's **Premium Audit Scheduling System (PASS)** allows you to conveniently go online to set your audit appointment at a date, time and location that work best for you. When it is time for your audit, we will mail an appointment letter with an assigned audit number to you or to your designated audit contact. Using your audit number and policy number, you or your representative can **access PASS** and schedule your audit.

If you receive your audit appointment letter before scheduling your audit, then NYSIF has already scheduled your audit. If that appointment is not convenient, please **access PASS** to reschedule.

Whether you schedule your initial audit or reschedule one that we have set for you, it is important to respond to all NYSIF audit correspondence and to have the audit conducted. You can access PASS at **nysif.com/auditscheduling**. If you choose to submit your audit documents electronically via our secure audit upload feature, you do **not** need to schedule an on-site audit.

How can I prepare for the audit?

Be ready for an audit by preparing year round and keeping your records accurate and available. **Here's what you can do:**

- Use the correct payroll classifications for your employees
- Report payroll accurately
- Check employee classification codes when workers change positions within your company, when new positions are created, or when job roles change. Change classification codes and payroll divisions accordingly.
- Notify NYSIF in writing and inform your underwriter of any changes to your company size, type of work, insured locations or stakeholders, all of which could affect your premium.

Audit Essentials

What will I need for my audit appointment?

Generally, a designated NYSIF auditor will come to your office. Please have the following audit documents available:

- Payroll book
- Payroll tax returns (941, NYS-45, NYS-45 ATT)
- Employee tax forms (1099, 1096, W-2, W-3)
- Cash book/Check book/Day book with cash expenses (disbursements and receipts)
- General ledger
- Income tax returns (1120, 1065, 1040, 990)
- Certificates of insurance for subcontractors used
- Contracts, bills and invoices (for labor, services and materials)
- Original insurance certificates (subcontractors/wrap-up jobs)

Is an on-site audit my only option?

NYSIF now offers a premium audit upload feature, which allows policyholders the option of securely submitting audit documents online, rather than having an on-site audit. To start the upload process, please visit nysif.com/auditupload, and have your policy number, audit number or appointment ID (from your audit letter) available.

How will I learn the audit results?

At the conclusion of your audit, the NYSIF auditor provides you with detailed audit worksheets, along with a Premium Audit Exit Interview Form. This form summarizes the audit findings and shows the calculations, which the auditor will also review with you. It is important to be available for this review. The auditor also makes these worksheets and exit forms available to you online within 24 hours of the audit. They can be accessed using your NYSIF account.

What happens if I do not schedule or reschedule my audit?

It is in your best interest to have an audit conducted. The audit is the best way for you to ensure that your company, type of work, number of employees and employee classifications are being properly represented so that you pay the correct premium. In cases where NYSIF is unable to conduct an audit, we provide an estimated audit, which can be up to 10 times the cost of the actual premium. Without the information that conducting the audit offers, we can only estimate the premium cost.