

Editor's Note: Association Newsletter Article – September 2010
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Auditing Your Policy

Pinnacol's experienced auditing staff specializes in Colorado workers' compensation statutes and regulations. Our auditors ensure your audit is accurate and help you understand:

- The classification of your business and workers
- How premium is calculated
- How to forecast future premium costs

Audits are conducted at the end of the policy period to close out the policy for that period. Every policyholder is audited to ensure the premium paid is accurate based on the actual payroll and exposure. Your premium is calculated using estimated figures, and the audit determines premium based on actual figures. In some cases, audits can result in a return of premium. In addition, audits help to ensure no business has an unfair advantage because of incorrect classification or payroll assignment.

Audit types:

- Self-Audit — Policyholders complete the audit using step-by-step instructions. Self-audits may be mailed back to Pinnacol or filed online at pinnacol.com.
- Field Audit — On-site at the policyholder's business or payroll location, a Pinnacol auditor will conduct the audit, which usually takes less than two hours.
- Office Audit — This audit is conducted by appointment at Pinnacol's office. Call 303.361.4000 for an appointment.

During the audit, information about the policy will be reviewed including:

- Ownership
- Business operations
- Duties of employees
- Payments to subcontractors

Documentation needed to complete a Pinnacol audit may include, but is not limited to:

Employee Records

- Unemployment Insurance Tax Reports (UITRs)
- 941 or 943 federal tax returns, whichever you submit
- Payroll records for the audit period
- Individual earnings records

Subcontractor Records

- Reports that show payments to subcontractors
- Proof of workers' compensation insurance for subcontractors
- Documentation to support independent contractors

Records that show payments to workers not paid through payroll

- Detailed check register and/or cancelled checks
- Cash payment journal

If you need help with your Pinnacol audit, please contact your Pinnacol marketing manager.

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