

FACTS SHEET – April 2002

Workers Compensation Wage Audits

If you employ staff sooner or later your business will be subject to a wages audit by your insurance company.

Typically an audit of wages will cover the previous five years (yes, **five** years). The auditor, usually a qualified accountant, will commence with a review of matching the group certificates of employees for each of those years to that information contained in the actual declaration of wages for workers compensation that you annually complete.

If there is a difference penalties will most probably result.

Apart from the back premiums, penalties and interest that may accrue, the cost of the audit will also include the cost of your accountant to attend and the time and effort that you provide.

If your period of workers compensation insurance is for a year other than that of the financial year, then the audit will necessarily take longer and any associated costs will be more.

TIP: ensure that your workers compensation is paid and lodged on an annual basis in line with your financial year, usually ending 30 June. If you do that, we advise that the workers compensation audit may be far less costly in time, your stress and accountants fees.

If your insurance company contacts you to arrange an appointment to audit your wage records in relation to your workers compensation – contact us immediately. We have experience in dealing with these types of audits on behalf of our clients.

Important: *The information contained in this Facts Sheet is not advice. Many of the comments in this Facts Sheet are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances. Also please note that changes to legislation may occur quickly.*

For more information, or if you would like assistance, please contact Farmilo & Co.

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