



Auditing Advisory

Employer Name _____ Policy Number _____

As part of your State Compensation Insurance Fund (State Fund) policy contract, you are required to maintain and provide to State Fund, when requested, proper payroll and remuneration records for all workers. **Payroll records must be maintained and available at a physical California location of the business.**

These records may include:

1. State and Federal quarterly reports (i.e. Tax Returns, DE9's & 941's, W-2, W-3, 540, 1040C)
2. Voluntary payroll reports to State Fund
3. Payroll Journal/Employee Earnings Record
4. General Ledger/Subsidiary Ledger
5. 1099 Forms and 1096 (if issued)
6. Sign-in logs or time cards for all employees
7. Check Register
8. Subcontractor license numbers
9. Subcontractor payment records
10. Cash book, petty cash book, cash voucher
11. Certificates of Insurance
12. Copies of checks and vouchers
13. Copies of client contracts/job orders/invoices
14. List of clerical (8810) and outside sales (8742) employees reported by name, title & duties
15. Profit Sharing Reports
16. Prevailing Wage Determination Sheet
17. Bonus Ledger/Commission Ledger

The audit will include a review of the following:

1. State Fund approved Client Notification Letter forms. A form is required for each class on the policy or utilized in payroll reports.
2. Original client job orders/invoices listing the type of service rendered names of employees, job duties and hours worked/amounts due.
3. If you use subcontractors, information with regard to employment status (i.e., copies of Certificate of Workers' Compensation, Contractors' Licenses, Business Licenses, Contract Agreements, Billing Invoices).

Your payroll records MUST be summarized (1) BY CLIENT (2) BY CLASS CODE and (3) BY EMPLOYEE, listing payroll by pay date and/or monthly. This summary report is required since all temporary agencies are audited by client.

- Temporary employees' wages earned should reflect name of client, address where work was performed, job duties, name and phone number of contact person(s).
- Temporary employees working at a construction site require the name of construction client, address, contractor's license # and documentation to support the construction classification used during this audit period, (i.e. time cards showing hours worked, start and stop times, hourly wage & duties performed).

Signing this form acknowledges your obligation to maintain proper payroll records and allow State Fund access to these records as a condition of your insurance contract. Failure to do so will result in policy cancellation.

Employer Signature: _____ **Date:** _____

Print Name & Title: _____