

# Audit Season is Upon Us

## What is an audit?

An audit is an independent examination of information and documents to verify that each Participant is correctly classified and that their premiums are properly determined.

## Why am I being audited?

Every Participant receives an annual audit. The audit will establish and verify that all of your reported payroll, contract labor and uninsured subcontractors are correctly accounted for and properly classified.

One of the most important benefits of the audit is the annual review of your company's operations. If you changed operations during the year, we may need to adjust your classification schedule. An incorrect classification could cost you and/or the Fund unnecessarily.

## What records do I need to have ready for the auditor?

The auditor will need to look at:

- Payroll records including time sheets that allocated the employees time under various trades
- Quarterly reports such as federal 941's and NM SUTA reports to verify total payroll expense
- Employee's federal W-2 / W-3 and subcontractors 1099's
- General Ledger accounts for payroll, contract labor and subcontractors
- Certificates of Insurance for all subcontractors
- Invoices for uninsured subcontractors that break out labor from materials
- Other records that may be pertinent to the Participant's operations

## Who will conduct my audit?

Builders Trust has established a working relationship with several independent Premium Audit Consultants or PACs. This group of professionals will be responsible for contacting and visiting Participants to complete the annual audit.

In addition, Builders Trust employs an in-house Premium Audit Manager who may travel throughout the state to assist PACs and conduct several audits in addition to reviewing all audits prior to being billed.

This process insures that all rules and policies are administered consistently and fairly to all Participants.