

## **External FAQ on Work Comp Audits**

Below is a list of frequently asked questions regarding the payroll audit process at Church Mutual Insurance Company, S.I. (a stock insurer)<sup>1</sup>. If you have any questions not addressed below, please contact our Premium Audit Unit by email at [premiumaudit@churchmutual.com](mailto:premiumaudit@churchmutual.com) or by calling (800) 554-2642, select Option 4, Extension 4000.

▶ ***What is my audit or policy period?***

Your audit period is the same as the policy period. It is located at the top right corner of the payroll audit request. It is always looking back at the prior year.

▶ ***What is the reason for the audit?***

Your workers' compensation coverage was based on estimated payroll. When your policy expires, we send out the audit form to gather the actual payroll for the audit period. Each state bureau requires we obtain payroll audit information at the end of the policy term. This is also a condition of your workers' compensation policy.

▶ ***Why do I report payrolls for the prior year?***

Your workers' compensation coverage is based on estimated payrolls. Once your policy expires, we send out the audit form to gather the actual salaries you paid your employees and compare the two.

▶ ***Who do I list on the audit form?***

List anyone who receives a W-2 or 1099. This includes past employees if they received compensation during the audit period. This may include a W-2 form and past contractors if they received a 1099 form for the audit period. If a contractor has their own workers' compensation coverage they would not need to be listed.

▶ ***Do I include people that were paid less than \$600 during the audit period?***

Yes, include everyone that was paid during the audit period. There is no minimum amount of payroll.

▶ ***Do I need to include guest speakers and interim pastors?***

Yes, anyone that was paid would be included even if it was only once.

▶ ***Do I include bonuses?***

Yes, bonuses are included.

▶ ***Do I include utilities?***

Yes, if it is an allowance. No, if it is reimbursed.

▶ ***Do I include health insurance premiums?***

Yes, if the portion paid by the employee is included. The portion paid by the employer is not included.

▶ ***Do I include mileage?***

No, reimbursements are not included.

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- ▶ **What wages do I report?**  
Report the gross wages. This is the amount of an employee earnings before taxes and other deductions are taken from the paycheck.
- ▶ **Should I include part-time people or people who no longer work here?**  
Yes, include anyone part-time or full-time who was employed during the policy period. Include any former employees if they were paid during the audit period.
- ▶ **Do we have to include those who receive a 1099 form instead of the W-2 form?**  
Yes, individuals who receive a 1099 form are like those who receive a W-2. Their payroll needs to be recorded as they are eligible for coverage under the workers' compensation policy.
- ▶ **Why do we have to include contracted individuals?**  
Contracted individuals may be eligible to receive workers' compensation benefits under your policy unless they carry their own workers' compensation insurance. If they have their own workers' compensation coverage, a copy of their certificate of insurance for the time period of the audit must be mailed with the payroll audit information. The certificate of insurance serves as proof of workers' compensation insurance coverage. If they do not have their own workers' compensation coverage, their payroll must be provided to us.
- ▶ **What amount should be included for contracted individuals?**  
Only include the amount paid for labor. Materials would not be included in the audit figures.
- ▶ **Should housing allowance be included in the total payroll or the housing allowance column?**  
You can include it in the salary payroll and indicate "included" in the housing allowance column or separate the payroll from the housing allowance, placing each amount in the appropriate column. We will then add the two columns together. Regardless, we only need it reported once.
- ▶ **What is Rent-Free Living?**  
As a condition of many employment agreements, an employee may be provided an apartment or a house at no charge. The value of these accommodations are includable.
- ▶ **How do I report Rent-Free Living?**  
This value is determined by using the fair market value of similar accommodations in the vicinity or you can write, 'Yes' in the column and we will use our standard yearly rate.
- ▶ **What if Rent Free Living was not provided for the entire audit period?**  
Indicate the number of weeks or months rent-free living was received and/or the fair market value for the time it was given.
- ▶ **What is the Meals column for?**  
Traditionally, this would be used for camps where employees are provided free meals as part of their employment. When free meals are provided to an employee, please indicate the value of the meals shown in your records or if not available, indicate the total number of meals that were provided. If meals were not provided, please leave blank.
- ▶ **What is the Company Use Only column for?**  
Please leave this column blank. It is used by the Church Mutual® auditors.
- ▶ **Can I fax my audit information?**  
Yes, the fax number is (715) 539-4721.

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▶ **Can I email my audit information?**

Yes, the audit along with any additional documents can be emailed to [premiumaudit@churchmutual.com](mailto:premiumaudit@churchmutual.com). Please make sure all documents have the account and policy number listed on them.

▶ **What if my audit is not going to arrive by the due date listed on the audit?**

There is no penalty for being late, so long as it is received in a timely manner. However, you only need to submit it once either by mail, fax, email, or online through our website.

▶ **Can I download an audit form from the website?**

No, there is not a downloadable form; however, you can submit your audit using our online audit located at [www.churchmutual.com](http://www.churchmutual.com). Once you have submitted the audit, you are able to save and/or print a copy of the audit for your records.

▶ **Do I have to use the form, or can I attach a spreadsheet?**

Yes, you can use a spreadsheet, but be sure to include the following information:

- Name of the entity we insure.
  - Account and policy number.
  - Name of each employee and/or contractor.
  - Job title of each employee and/or contractor.
  - Gross salary of each employee and/or contractor.
  - Housing allowance or rent-free living amount for each employee and/or contractor.
  - Meal allowance (number of meals or total dollar amount) for each employee/contractor.
- This is mainly for insureds that operate a camp.

▶ **Can I send the report from my accounting software or do I have to use the form?**

Yes, you can send a report; however, please make sure it still has the basic requested information as listed in the prior question. Remove or black out any Personal Identifiable Information (PII) before submitting the payroll audit request. PII are items such as (but not limited to) social security numbers, driver's license numbers, home address.

▶ **My policy with Church Mutual is cancelled. Why do I have an audit form to fill out?**

Even though your coverage is cancelled, the payroll information we are requesting is for the period coverage was provided.

▶ **I received the second request but have already sent our payroll audit in. What should I do with this?**

If you have already completed or are working on the first request, you can disregard the second request. Multiple forms are sent out.

▶ **I have received the second request but never received the first request. What should I do?**

Please complete the audit and return it to us. We send out multiple requests for the audit information.

▶ **Is there a penalty for being late?**

No, there is no penalty for being late if the audit is received in a timely manner.

▶ **I missed the due date listed on the audit. Will my policy be cancelled?**

There is no penalty for being late, but please complete the audit and return it to us as soon as possible to avoid any additional charges.

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- ▶ ***What if I do not submit an audit at all?***  
We may apply an Audit Noncompliance Charge. If you submit an audit after we have applied an Audit Noncompliance Charge, we will revise your premium. Failure to cooperate with this policy provision may result in the cancellation of your insurance coverage, as specified under the policy.
- ▶ ***If an employee leaves or starts, do we need to inform Church Mutual?***  
You do not need to inform us right away. Wait until you receive your audit request form. Then, list everyone that worked during the audit period.
- ▶ ***My policy states the number of employees is more than what we have. Why?***  
The number of employees field is the total number of employees reported for the audit period. The number of employees listed on the policy does not affect the premium. The premium is based on the amount of payroll reported.
- ▶ ***What is the reason for the audit charge?***  
Generally, the estimated payrolls on the policy were lower than the actual payrolls reported causing an increase.
- ▶ ***What if I made a mistake on my audit, how do I correct it?***  
You can submit a revised audit making note of the corrections and why. It will be reviewed to determine if a revised audit should be processed. Or you can contact us by email at [premiumaudit@churchmutual.com](mailto:premiumaudit@churchmutual.com) and ask if a correction is needed.
- ▶ ***Will I get any paperwork after the audit is processed, other than the bill?***  
Yes, you will receive a final audit statement in the mail.
- ▶ ***Can you give me a premium breakdown between the church and the school or day care?***  
The final audit statement will be mailed after the audit is processed. It will breakdown the audit by each code.

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