

Preparing for an Audit

If you have been selected for a physical audit or a telephone audit, the auditor will ask you for specific records. The type of records needed depends on the type of policy, the type of business you have, and the records you keep.

Some of the records that may be asked for:

- Payroll records, including a payroll journal and summary, federal tax reports (941s), state unemployment reports, and individual earnings records. The payroll journal should show monthly totals and division of payroll by type of work performed. Individual earnings records should indicate the type of work performed, date hired, and/or date terminated. Gross payroll and overtime should be totaled by the month and quarter.
- Cash disbursements journal stating monthly totals disbursed to various accounts, including materials, subcontractors, and casual labor.
- Sales journal, including all goods and services sold, rented, and/or distributed, as well as service, repair, and installation. Sales or excise taxes collected separately and submitted to the government need to be identified in order to be excluded.
- Books of original entry, including source documents
- General ledger
- Job contracts
- Certificates of insurance from your subcontractors for construction operation

Other Information

- A comprehensive description of your business operations. May include brochures or other promotional items describing your products/services.
- A detailed explanation of the job duties of each employee.