

POLICY NUMBER: POL-45

Chapter:
EMPLOYER SERVICES

Subject:
AUDIT OF EMPLOYER ACCOUNTS

Effective Date:
December 12, 1995

Last Update:
May 18, 2023

REFERENCE:

Workers Compensation Act R.S.P.E.I. 1988, Cap. W-7.1, Sections 72 (1), (10), (11)
Workers Compensation Act General Regulations, 1988, Section 7
Workers Compensation Board Policy, POL-14, Assessable Payroll and Assessment Billing
Workers Compensation Board Policy, POL-42, Employer Classification
Workers Compensation Board Policy, POL-19, Employer Registration
Workers Compensation Board Policy, POL-80, Fraud Prevention & Investigation

PURPOSE STATEMENT:

The purpose of this policy is to describe employer responsibility with respect to the audit of their operational and financial records by the Workers Compensation Board.

POLICY:

1. All employers who are required to register with the Workers Compensation Board (WCB) as outlined in Workers Compensation Board policy, POL-19, Employer Registration, are subject to an audit.
 2. An audit is a formal examination and verification of an employer's operational and financial records to determine compliance with:
 - Employer registration requirements.
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POLICY NUMBER: POL-45

- Employer operations and industry classification as defined by Workers Compensation Board policy, POL-42, Employer Classification.
 - Employer payroll as outlined in WCB policy, POL-14, Assessable Payroll and Assessment Billing.
3. An audit is also an opportunity to provide education to an employer on payroll reporting, industry classification, and WCB programs and services.

Audit Selection Process

4. The WCB will select employers for audit based on, but not limited to, the following:
- Annual assessment amount
 - Annual payroll
 - Number of operations
 - Compliance history
 - Variance in payroll submissions
 - Previous audit history

Employer Responsibilities

5. Employers are required to maintain and make available to WCB staff detailed and accurate operational and financial records of their business operations for the prior seven assessment years. These records may be audited by the WCB at any time.

Employers who have workers in two or more industries are required to keep separate records for each established industry.

Audit Process

6. In conducting an audit, the WCB requires the employer to provide all records, documents, or information relating to their business operations for the previous three (3) assessment years. The WCB may take possession or make copies of this information while conducting the audit process. The WCB Assessment Auditor will work with employers to identify all records relevant to the audit process and will protect the privacy and confidentiality of all information received.
7. The WCB generally conducts audits at the WCB office through an examination of the records, documents and information provided by the employer. This documentation

POLICY NUMBER: POL-45

may be provided to WCB in hard copy or submitted through a secure electronic portal.

Where the WCB determines it is necessary to conduct the audit at the employer's work site or at the site where the records are maintained, the WCB will work with the employer to schedule a date and time to perform the audit.

Results of Audit Process

8. The WCB may apply a penalty, as set out in the *Workers Compensation Act* General Regulations, against an employer for the following reasons:
 - Failing to keep proper and adequate operational and financial records.
 - Refusing to permit examination of operational and financial records.
9. Where an employer provides untrue or inaccurate statements, the WCB may address the matter in accordance with POL-80, Fraud Prevention and Investigation.

HISTORY:

May 18, 2023 – Amendments to clarify audit process and employer responsibilities.

July 24, 2019 - Non-substantive changes to policy references.

November 26, 2015 - The policy was updated on a number of fronts, including in relation to employer obligations, penalties, and selection criteria.

March 30, 2006 - The policy was updated as a result of the 60-month policy review process. The name of the policy was changed from "Field Audits" to "Audit of Employer Accounts".

May 18, 2000 - Replaced "Board" with "Workers Compensation Board" and amended format.

February 4, 1999 - Reviewed and reaffirmed with the Board of Directors.

Board of Directors Approval Date: December 12, 1995