

POLICY NUMBER: POL-45

Chapter:
EMPLOYER SERVICES

Subject:
AUDIT OF EMPLOYER ACCOUNTS

Effective Date:
December 12, 1995

Last Update:
July 24, 2019

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 as outlined in *Workers Compensation Board policy*, POL-19, Employer Registration, are subject to audit by the Workers Compensation Board.
 2. An audit is a formal examination and verification of an employer's operational and financial records to determine compliance under the *Workers Compensation Act* with respect to:
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- employer registration requirements;
 - employer operations and designated industry classification as defined by Workers Compensation Board policy, POL-42, Employer Classification;
 - employer payroll as outlined in Workers Compensation Board policy, POL-14, Assessable Payroll and Assessment Billing.
3. An audit is also an opportunity to provide education to an employer with respect to payroll reporting, industry classification, and Workers Compensation Board programs and services.
4. Employers are required to maintain and make available for examination by the Workers Compensation Board, detailed, accurate, and proper operational and financial records. These records may be audited by the Workers Compensation Board at any time.

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

5. The Workers Compensation Board requires employers to provide all records, documents, or information pertaining to business operations upon request. The Workers Compensation Board may take possession of, examine, remove, take extracts from, or obtain reproductions of any information that is relevant to an audit, a verification, or inquiry.
6. The Workers Compensation Board conducts audits at the site where the records are maintained. Where the Workers Compensation Board determines it is not necessary or feasible to conduct the audit onsite, the employer will be required to submit the records to the Workers Compensation Board for audit.
7. The Workers Compensation Board 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
 - Audit history

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8. The Workers Compensation Board 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 Workers Compensation Board may address the matter in accordance with POL-80, Fraud Prevention and Investigation.
10. Assessment adjustments resulting from an audit will be limited to the three (3) year period prior to the year in which the audit is conducted.

Where there is deliberate misrepresentation on the part of the employer with respect to the operational and/or financial information submitted to the Workers Compensation Board, the Workers Compensation Board may retroactively adjust the employer's assessments for more than three years.

HISTORY:

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