



Premium Audit Guide

Preparing your business for an audit

ReturnToWorkSA provides work injury insurance that protects South Australian businesses and their workers in the event of a work injury.

Each year employers pay an insurance premium for work injury protection which helps to fund the Return to Work Scheme.

We support employers to accurately report all remuneration paid (or payable) to their South Australian workers each year within their Employer Remuneration Return.

Through premium audits we ensure that employers are paying the correct premium which helps the scheme to be sustainable.

The information provided in this guide will help you to understand the audit process, your obligations and how an audit can progress with limited business disruption.

What is a premium audit?

In a premium audit your business records are reviewed to ensure your work injury insurance premiums have been properly calculated and your employer registration details are correctly recorded.

We look at your payroll and financial records and consider your business activities so we can be sure the correct South Australian Industry Classification has been applied to your insurance premium.

An audit may confirm the remuneration declared by you or may show a discrepancy. Premium audits can find that a business is not paying enough premium, the right premium or even too much premium.

What is the audit process?

A premium auditor will contact you or your nominated business representative informing you that you have been selected for an audit. They will let you know what you need to provide and will support you to understand what you need to do during an audit.

In many circumstances the audit can occur without the need to visit your business. This would involve you providing the requested information and being available to discuss any matters that may arise, by phone, email or online via video.

The auditor may attend your business to meet with you or your representative. This is usually due to the size and complexity of your business or to support the exchange of information.

The outcome of your audit will be communicated to you and may include a premium adjustment, education or guidance.

Why is my business being audited?

A range of factors impact whether your business will be audited, including your industry classification, risk profile, claims performance, reconciliation history or even discrepancies identified between your declared remuneration and information obtained from other government agencies.

What if I don't want to be audited?

If you have been selected for an audit you are required to provide relevant information and to answer questions the premium auditor may have.

What information do I need to provide?

The auditor will ask you to provide specific information, including copies of documents, to enable them to complete the audit.

The following lists outline the type of information you will likely be asked for as part of your premium audit. You may be asked for other information that the auditor assesses is relevant to the audit of your business.

Requested information can be emailed, posted or collected in person, if the audit is conducted at your workplace.

The auditor will let you know specifically what is needed and can also clarify any questions you may have.

General information

- Description of business activities at each business operating location
- Names of company directors (including working and non-working director(s))
- Number of workers
- Name and details of the Return to Work Co-ordinator (if you have 30 or more workers)
- Current contact and authorised representative details.

Payroll and Financial Records

- Accountant prepared financial statements
- End of year remuneration calculations
- Revenue SA annual reconciliation return – payroll tax (if applicable)
- Fringe benefit tax return (if applicable).

End of Year Payroll reports showing each component of remuneration including:

- Gross wages and salaries
- Superannuation
- Allowances
- Bonuses
- Commissions
- Leave payments
- Salary sacrifice
- Income support payments
- Termination payments
- JobKeeper payments.

Subcontractors

- Taxable payment report (ATO)
- General ledger detailing subcontractor name(s), ABN number, payments made (excl. GST) for each audit year
- Supplier listing showing subcontractor/consultant names, ABN number and contact details
- Details of subcontractor registration with ReturnToWorkSA (including employer registration number)
- Subcontractor tax invoices.

Apprentices

- Confirmation of training letter
- Training contracts
- Details of remuneration paid to each apprentice during each full (or part) financial year.

Worker's Compensation

- Details of income support payments made to injured workers each financial year.

What happens from an audit?

If there is a discrepancy that impacts the premium that you should have paid, a premium adjustment will occur. This will either be a refund where you have overpaid your premium or a bill if you have underpaid your premium. Fines and penalty interest may also be imposed.

If you disagree with the audit outcome please speak to the auditor. If you still disagree you may apply to have the audit decision reviewed by completing an [application form](#) available on the ReturnToWorkSA website.

During an audit you will be provided with information to support you to understand and fulfil your work injury insurance obligations created by the *Return to Work Act 2014 (the Act)*.

Helpful tips for your audit

- ✓ Have a person available who is familiar with your business, your ReturnToWorkSA returns and who has access to your financial records to answer any queries the auditor may have.
- ✓ Be prepared for the audit and feel free to ask the auditor questions throughout the process.
- ✓ Be prepared to provide additional information on subcontractors (depending on your industry), including invoices and current certificate(s) of registration.
- ✓ Use the checklist provided below to help you work through the audit process.



Frequently Asked Questions

What if I pay my employees in cash?

Cash payments made to employees are part of remuneration and should be included in declared remuneration.

Are payments made to family members working in my business subject to premium/cover?

Yes, payments made to family members who are workers are subject to premium and should also be included in declared remuneration.

Do I need to provide all records listed in the checklist contained in this document?

The checklists give you guidance about what you may be asked to provide. The auditor will let you know specifically what you must provide. Your auditor can answer any clarifying questions you have about documents required.

If I employ workers interstate or Australia wide, do I need to provide financial statements?

Financial statements may be required if they contain information related to South Australian workers. Work injury insurance cover is required in South Australia for workers that have a 'State of connection' in South Australia.

Further information on how to determine a worker's state of connection, including a guide titled ['Insurance cover for cross border workers'](#) is available on ReturnToWorkSA's website.

What should I do if I am unable to provide records by the due date?

Discuss your circumstances and any request for an extension of time with the auditor.

I don't want to disclose my financial information – how do I know it's all kept confidential?

Section 185 of the Act requires confidentiality to be maintained except in certain limited circumstances where disclosure of information provided during an audit may be lawfully permitted for example if the disclosure is required under another Act or law, required by a court or tribunal or is made under the authorisation of the Minister.

What will happen if I fail or refuse to provide financial, payroll or other records requested by the auditor or answer their questions?

Premium auditors are authorised officers under section 183 of the Act so they are empowered to enter and inspect a workplace and may compel you to provide information.

You may commit a criminal offence if you do not comply with a request made under section 183 of the Act. You are not required to comply with a request made under this section where that information tends to incriminate you of another offence or is subject to legal professional privilege.

The maximum penalty for this offence is \$10,000.

I'm only a small business and haven't got time for an audit – can my accountant look after it?

Yes, your accountant can assist you with the audit so long as they are an authorised contact on your ReturnToWorkSA registration. Although your accountant may be assisting you, the obligation to provide information remains with you as the employer and not your accountant.

Checklist for your audit

- Payroll records - including end of year reports detailing wage, salary, allowance, termination, workers compensation and salary sacrifice payments
- Accountant prepared profit and loss
- Superannuation reports
- FBT returns
- Taxable payment report
- Payroll tax annual reconciliation
- General ledger for contractors/consultants (as per profit & loss)
- Apprentice contracts and remuneration calculations
- ReturnToWorkSA end of year remuneration calculations
- Details of labour hire payments
- Details of current contacts, directors and general business information
- Description of main activity of business

Further information

If you have any general questions about your premium audit please contact ReturnToWorkSA:

Email: premiumcompliance@rtwsa.com

Phone: 13 18 55

Website: www.rtwsa.com

Address: 400 King William Street, Adelaide SA 5000

If you are deaf or have a hearing or speech impairment you can call ReturnToWorkSA through the National Relay Service (NRS) www.relayservice.com and ask for 13 18 55.

For languages other than English call the Interpreting and Translating Centre on 1800 280 203 and ask for an interpreter to call ReturnToWorkSA on 13 18 55. For Braille, audio or e-text call 13 18 55.

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