

## Premium Audit Preparation

# Tips for Contractors & Subcontractors

Preparing for your premium audit can be easy when you know what information is needed and how to keep it organized.

If your business uses contractors and subcontractors, this guide is designed to provide you with an overview and tips for preparing for your audit with Beacon Mutual. In addition to assembling your business records, it is important to have a representative, who is knowledgeable about the business operations, available to meet with the auditor to respond to questions involving operations, job descriptions, officers and owners, and other significant information about your business.

### Contractor & Subcontractor Required Records

The most common records required for businesses using Contractors and Subcontractors:

- Gross payroll records (preferably year-to-date payroll registers or payroll reports by job)
- Quarterly payroll tax reports (RI DET-TX-17s and Federal 941s)
- Cash disbursement journal/business checkbook/general ledger for review for subcontractor payments
- Subcontractor certificates of insurance (see below)
- A listing of jobs performed during the period
- Copy of invoices and a DWC-09 Certificate of Workers' Compensation Insurance temp agency (if temporary services were used)

**Tip:** Always request the certificates of insurance from the individual/contractor at the time you engage their services. Store and alphabetize the certificates so you can readily access them, and request/obtain new certificates – as needed – when certificates expire.

### Construction Job Classifications

Each distinct type of construction or erection operation may be assigned to the class that specifically describes the operation if separate payroll records are maintained for each operation.

The auditor will review your project contracts and/or invoices in order to determine which classification codes are applicable. Each project may be subject to an individual classification.

### Project Specific Classifications

When all of the carpentry work in connection with the construction of residential dwellings is performed by employees of the same carpentry contractor or general contractor responsible for the entire dwelling construction project, the work is assigned to the appropriate code.

- Dwellings not exceeding three stories in height, Code 5645 applies
- Dwellings exceeding three stories in height or commercial buildings and structures, Code 5403 applies

**Tip:** Keep records classified according to jobsite and location.

General contractors are classified by job only if the records are maintained accordingly.

### Subcontractor Required Records

The following documentation is required for each subcontractor:

- Workers' Compensation insurance certificate(s) effective for the period contractor worked for you OR
- General Liability insurance certificate(s) effective for the period contractor worked for you AND
- DWC11-IC\* filing with Rhode Island's Department of Labor and Training

Additional records if As applicable:

- Copy of Job Contract Agreement(s)
- Business invoice(s) submitted to you from the contractor
- Wrap-up (OCIP/CCIP) projects:
  - a. Project contract
  - b. Certificate of workers' compensation insurance specific to the project
  - c. Actual payroll for the wrap-up (OCIP/CCIP) is required

\* The DWC11-IC "Notice of Designation of Independent Contractor" form is filed and maintained by the State of Rhode Island's Department of Labor and Training. Additional information and instructions for filing the form on-line can be obtained at the RI Department of Labor and Training's website: [dlt.ri.gov/wc/employers/](http://dlt.ri.gov/wc/employers/)

**Note:** Providing these documents does not preclude Beacon Mutual or the Rhode Island Workers' Compensation Court from determining that an employer/employee relationship existed between you and the contractor.

Looking for more information? Call Beacon at 401.825.2667

To reach the Premium Audit Team: Select Option #4, then Option #2 followed by Option #4 Premium Audit



<https://www.beaconmutual.com/employers/premium-audit/>

