

Laborers Funds Administrative Office of Northern California, Inc.

The basic flow of an LFAO Trust Fund Audit

The employer will receive a letter from LFAO notifying them that a Trust Fund audit will be conducted.

Employer prepares the documents that are necessary to provide to the LFAO auditor:

PRIMARY DOCUMENTS REQUIRED

1. Individual Earning Records (Compensation/Payroll)
2. W-2/W-3 Forms, 1096 & 1099 forms
3. Reporting forms for ALL Trust Funds
4. State DE-7, DE-6, DE-9, DE-9C Tax Report
5. Worker's Compensation Insurance Monthly Reports
6. Subcontractor invoices

*In addition, we will require any other records necessary to determine if all hours audited have been paid to any Trust Fund.

SUPPLEMENTAL DOCUMENTS

1. Employee Time Cards
2. Payroll Journal
3. Quarterly Payroll Tax Returns (Form 941)
4. Check register and supporting cash vouchers
5. Form 1120-1040 or Partnership Tax Returns
6. General Ledger – portion relating to payroll

If discrepancies are found, the employer and the LFAO Audit Analyst will work together to resolve and close the audit.

LFAO will send the employer either:

- Correspondence that there were no discrepancies and the audit has been closed.
- OR
- Correspondence that discrepancies were discovered along with an itemized list of the discrepancies.

The LFAO auditor will submit the completed audit to the LFAO Audit Analyst. The Audit Analyst will then send the findings to the employer.

The employer will receive a call from the LFAO auditor to schedule the audit at their place of business.

The audit will be performed on a date agreed upon by both parties.

AUDIT CANCELLATION POLICY

-Each employer shall provide the Administrator and/or the Payroll Auditor with all information necessary to carry out the purposes of the Trust Funds as required by the employer's collective bargaining agreement with the Union, and/or trust agreements, and shall permit an audit of its payroll records by the Payroll Auditor.

-If an employer refuses to provide the Administrator with the information necessary to carry out the purposes of the Trust Funds, or refuses to permit an audit of its payroll records after sufficient and reasonable efforts have been made by the Payroll Auditor, the matter shall immediately be referred in writing to the Attorney for appropriate action and the employer will be responsible for all travel and audit costs.

-If the employer cancels the scheduled audit on the day of the audit and the auditor is unable to schedule another audit for the same day, the employer shall be responsible for the audit costs, or if the employer cancels an audit that required the Payroll Auditor to have traveled a distance such that an overnight stay was required in order to conduct the audit, the employer shall be responsible for all travel and audit costs.

-If the employer requires the Payroll Auditor to travel outside of California in order to conduct any part of its payroll audit, the employer shall be responsible for the costs associated with such out-of-state travel.

-If the employer has scheduled their audit more than two times without giving a reasonable explanation as to why the audit could not be conducted or if the auditor is unable to complete a scheduled audit due to an employer's failure to provide documents requested by the Fund Office, and the audit requires an additional day to be completed, the employer shall be responsible for any and all audit costs.