1. **Bureau of Workers’ Compensation (BWC) Audit Process**
2. **Summary of the regulatory audit process**

**Audit Purpose**

The purpose of the BWC Audit is to assure that individual and group self-insured employers are meeting the regulations set forth in Article X of the Workers’ Compensation Act and PA Code Title 34, Chapter 129.

**Auditors**

The auditors who will conduct the audit are employees of the Department of Labor and Industry, Bureau of Workers’ Compensation, Health and Safety Division. The name of your auditor will be listed in Part I of the Pre-Audit Worksheet.

**Notification**

Once your agency is selected to receive an audit, you will be notified 60 days prior to the scheduled audit date. The notification will come to your agency in a letter from the Health and Safety Division of the Bureau of Workers Compensation. The notification letter will list the date of the audit and be accompanied by a request for an exchange of information. The information requested by the notification letter must be provided at least 45 calendar days prior to the audit and includes the following:

1. The name, address and telephone number of the contact person.
2. A list of all agency locations within the commonwealth that are covered by self-insurance. Include the name, address, and point-of-contact for each location.
3. A list of all safety committees that received recognition by the Bureau of Workers’ Compensation.
4. The name, location, status (whether staff or contracted), and qualifications of each accident and illness prevention service provider.

**Pre-Audit Exchange of Information**

The purpose of the exchange information is to provide the auditor with pertinent information about your agency’s nature of business and Accident and Illness Prevention Program (AIPP). The information prepares the auditor and allows for a more efficient and effective review. The exchange of information takes place by using a Pre-Audit Worksheet that is sent to you by the auditor assigned to your agency. The following is an outline of the pertinent information regarding the Pre-Audit exchange of information:

1. At least 15 calendar days prior to the audit, the individual self-insured employer shall provide the Bureau with:
   1. The name and mailing address of the employer.
   2. A description of your operations including the type of work performed or services provided.
   3. A list of any changes that have been made to your AIPP since the submission of your last annual AIPP report.
   4. List the accident and illness prevention training provided during the current reporting period.
   5. The results of Accident Analyses conducted during the current reporting period.

1. If the information necessary for the audit is not furnished, the BWC may cancel the audit and issue a final determination of inadequate. If issued, the BWC will notify the employer and initiate appropriate action regarding continuance of self-insurance status.

**Pre-Audit Preparation**

To ensure a successful outcome, agencies must prepare in advance for the audit. To assist with the preparation, it is recommended that you contact the Office of Administration and use the services of a safety and health consultant to conduct a pre-audit program review. In addition to contacting a consultant, you should begin to gather supportive data for the information requested in the notification letter. The Workplace Safety and Health Manual is the primary focus of the audit. The manual and related program documentation provides the evidence of implementation the auditor will seek to support your agency’s compliance with the standards prescribed in PA Code Title 34, Chapter 129, Subchapter C.

**On-Site Audit Procedures**

The assigned auditor will mail you a copy of the On-Site Audit Agenda prior to the audit. The following is a list of the areas addressed during an on-site audit.

1. Orientation Conference
2. Information Review
   1. Annual AIPP report review
   2. AIPP provider qualifications review
   3. AIPP required program elements (A through O)
   4. Protocols or standard operating procedures (P Elements)
3. Closing Conference (Audit Outcome)

**Audit Outcome**

The outcome of the audit will be explained at the conclusion of the audit during the closing conference. Depending on the finding, the auditor will assign a preliminary rating of adequate or inadequate. If a preliminary rating of adequate is assigned, no further action is required by the self-insured employer. However, suggestions for program improvement may be provided, but are not mandatory. If a preliminary rating of inadequate is assigned, the auditor will explain the areas of deficiency and the mandatory recommendations so the employer can immediately begin the necessary corrective actions.

**Written Audit Reports**

1. After the conclusion of the audit, the BWC will issue a written report of the findings. The report will indicate whether the BWC has issued a final rating of adequate or a preliminary rating of inadequate.
2. If a preliminary rating of inadequate is assigned, specific deficiencies will be listed along with the actions necessary to correct them.
3. Within 60 calendar days from the date of the written audit report, the individual self-insured employer shall provide written proof of correction that it has complied with the BWC’s recommendations.
4. At the end of the 60 calendar day correction period, a final rating of adequate or inadequate will be assigned. The individual self-insured employer will receive notification of this final determination.
5. If the individual self-insured employer believes that it will take more than 60 days to implement the recommendations, it shall file a plan of correction.

**Audit Plan of Correction**

1. An individual self-insured employer shall file a plan of correction to implement audit report recommendations for any deficiency requiring more than 60 days to correct.
2. The plan shall include a timetable for correction that is acceptable to the BWC.
3. Progress reports shall be filed by the individual self-insured employer detailing corrective actions at the end of each 30-day period of the correction plan period.
4. The BWC may conduct follow-up visits with the employer in order to confirm the information submitted in the progress reports.
5. At the end of the correction plan period, a final rating of adequate or inadequate will be assigned and the individual self-insured employer will be notified of the determination.
6. The audit process is completed if an adequate rating is granted. All flies pertaining to the audit of the employer will be reviewed and the employer’s name will be placed into the random audit selection file.
7. A finding of inadequate will be forwarded to the Director of the Bureau of Workers’ Compensation for consideration as to whether or not to continue self-insurance status in addition to the possibility of civil penalty assessment.