

FREQUENTLY ASKED QUESTIONS IN PAYROLL AUDITING

1) Q: Why did the union select me for an audit?

A: The union had nothing to do with it. The plan determines who will be audited, and the plan is managed by an equal number of labor and management trustees. The selection process may have been at random, where all employers have an equal chance of being selected for an audit. It may have been a result of complaints from a participant or of something a plan employee noticed during the processing of remittance reports. Or the plan may audit all employers on a cycle, and the selected employer's number just came up.

2) Q: How long will the audit take?

A: A half day, a full day or multiple days. The actual time depends on such factors as the volume of records and how auditable the records are that must be examined.

3) Q: I am too busy to sit with the auditor all day. Do I have to?

A: No. If the records are set aside for the audit, the employer often needs to spend little time with the auditor, except to explain records, answer questions and be available for the exit interview. Usually the actual time spent with the payroll auditor is less than one hour.

4) Q: I only want to give you payroll records for collectively bargained employees, not for office staff or company officers. Why is that a problem?

A: The Supreme Court ruled in the case of Central States Southeast and Southwest Area Pension Fund v. Central Transport, Inc., that an employer must produce payroll records for all employees for the payroll auditor. He or she must look at all payroll records in order to judge for him or herself who the collectively bargained employees are. In some instances, the employer may object to showing individual salaries for officers and office employees. In this case, the auditor may give the employer permission to blank out individual salaries and leave in the name and total so the overall payroll may be verified.

5) Q: Why should I have to pay contributions on nonunion employees? They cannot get benefits.

A: The plan cannot discriminate in favor of a participant just because that participant is a union member. If a job is covered by a collective bargaining agreement (CBA), the employer must remit contributions for all employees performing work under the collective bargaining agreement. Once the individual earns enough credits, benefits will be provided in accordance with the Trust Agreement.

6) Q: If my employees are working in a different jurisdiction than their Home Fund, where should I contribute their fringe benefits?

A: Fringe benefits are to be paid to the appropriate Fund Office in the jurisdiction of where the work is being performed at the fringe benefit rates for that Signatory Fund. In some cases, fringe benefits can be reciprocated to the employee's Home Fund.

7) Q: Why should I pay on temporary employees or summer help? They will never receive a pension.

A: Not all employees for whom contributions have been remitted will receive enough credits to earn a pension. The actuary takes into account that the pension fund will have the benefit of contributions made for some individuals, even though a pension will never be paid to those individuals.

8) Q: The local union could not provide any workers when I needed them. Why should I contribute for workers that I hired without the local's help?

A: The reporting obligation is for all individuals covered by the CBA, regardless of how obtained.