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# DWCNewsline

Division of Workers' Compensation  
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## DWC issues audit standards for 2007

The Division of Workers' Compensation Audit and Enforcement Unit has issued its audit standards for 2007. Since January of 2003, the Audit Unit has been charged with conducting workers' compensation claims audits under Labor Code sections 129 and 129.5. The Audit Unit is required to conduct a profile audit review (PAR audit) of each of nearly 500 adjusting locations at least once every five years. Audit subjects that do not meet or exceed PAR performance standards are subject to a full compliance audit (FCA).

As part of the audit program, Labor Code section 129(b) requires the DWC administrative director to annually establish and publish a profile audit review standard and a full compliance audit standard for audits to be conducted in the following year. The standards are based on the prior final audit reports issued over the three calendar years before the year preceding the audit year. The 2007 standards are based on final audit reports from 2003 - 2005. The 2007 PAR standard is **1.83201** and the FCA standard is **2.21982**:

- The PAR performance standard for audits conducted in 2007 is **1.83201**. Audit subjects with PAR performance ratings of 1.83201 or lower will be required to pay any unpaid compensation, but no penalties will be assessed. If a PAR audit subject's performance rating is 1.83202 or higher, the audit will expand to a full compliance audit, and an additional sample of indemnity claims will be audited
- The FCA performance standard for audits conducted in 2007 is **2.21982**. FCA audit subjects with a performance rating of 2.21982 or less will be required to pay any unpaid compensation and penalties will be assessed for all violations involving unpaid and late paid compensation. If an FCA subject's full compliance audit performance rating is 2.21983 or *higher*, additional samples of denied claims as well as the expanded samples of indemnity claims will be audited. Penalties will be assessed for *all* violations as appropriate pursuant to Title 8, California Code of Regulations, sections 10111 through 10111.2.

More information on the performance standards that will be in use for the profile audit reviews and full compliance audits during calendar year 2007 is now posted on the DWC Audit and Enforcement Unit Web site at <http://www.dir.ca.gov/DWC/audit.html>.

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