



**KNOW
WHAT
YOU NEED.**

PREPARING FOR AN AUDIT

A LOOKOUT SERVICES WHITE PAPER

THE MORE YOU KNOW, THE BETTER PREPARED YOU ARE.

Federal law requires business owners to verify that employees are authorized to work within the U.S. The process begins their first day on the job, with the Form I-9, but continues long after the papers are submitted. Certain documentation requires re-verification, for instance, and employers must keep information on file for three years or a year after a worker leaves, whichever is longer.

The government performs periodic audits throughout the year to ensure that companies are taking appropriate measures. While each audit is unique, understanding the ins and outs of the general process can help any business go in with the correct information.

Did you know?

- U.S. Immigration and Customs Enforcement (ICE) has recently placed added emphasis on audits. In Fiscal Year 2013, the organization audited 3,127 employers.
- Fiscal Year 2013 generated \$15 million in fines from federal audits, a substantial increase from the \$1 million in 2009.
- All businesses risk facing ICE audits. While certain red flags, such as prior violations, might increase a company's likelihood, the federal government also performs inspections at random to ensure companies meet legal requirements.

Source: *Business Management Daily*

KNOW THE PROCESS.

Just as no two companies are exactly alike, no two audit procedures are, either. Still, each audit follows a general path. Here is a closer look:

- The process begins when ICE issues a **Notice of Inspection**, alerting a company to the upcoming inspection. Companies have at least three business days to gather and submit Forms I-9 and other necessary documentation.
- Requested information varies case-by-case, but may include **Articles of Incorporation, payroll data, business licenses** and more. Timeframes also vary, as ICE may request paperwork going several years back, or solely records for current employees.
- Auditors then inspect the documentation for violations, missing information and other compliance issues and notify employers of results. Common notices include:
 - **Notice of Suspect Documents:** Alerts the employer that documentation indicates an employee is unauthorized to work and lays out potential penalties if that employee remains on-staff.
 - **Notice of Discrepancies:** Alerts the employer that ICE was unable to determine an employee's eligibility to work.
 - **Notice of Technical or Procedural Failures:** Lays out violations ICE found throughout the investigation and alerts the employer that they have 10 business days to correct the forms before the failures are reclassified as violations.

- **Warning Notice:** Alerts the employer that, while violations were found, they do not carry a monetary penalty. Serves as a reminder that future compliance is expected.
- **Notice of Intent to Fine:** Issued for a variety of violations, including those that are substantive, uncorrected technical, based on knowingly hiring unauthorized workers and continuing to employ unauthorized workers.
- **Compliance Letter:** Alerts the employer that the company was found to be in compliance.

Source: [U.S. Immigration and Customs Enforcement Website](#)

KNOW HOW LOOKOUT SERVICES CAN HELP.

Our team understands that, between the staggered deadlines and minute details, managing your company's employment verification information can be confusing. We bring you tools to ease the audit process if your company goes under the microscope.

- Lookout's **I-9 Intelligence Software** allows you to print hard copies of I-9 forms, your change history and employee reports for both active and termed employees.
- Enhanced data exports place your company's in-depth information into a spreadsheet that you can send directly to the auditor.
- The Lookout staff can upload and send data securely, giving you and your auditor the opportunity to view or print files without compromising your privacy.
- Although Lookout does not give legal advice, we offer clients 24/7 access to a secure server with information regarding the audit process, I-9 regulations and other useful documents.

DO YOU HAVE WHAT YOU NEED TO
TAKE CONTROL IN THE EVENT OF AN AUDIT?

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