

Return of Earnings Audit Discrepancy: What Employers Should Do



Every South African employer registered under the Compensation for Occupational Injuries and Diseases Act (COIDA) must submit a *Return of Earnings (ROE)* each year.

This ensures that contributions to the Compensation Fund are accurate and that your business remains compliant.

Submitting your ROE correctly is essential because it directly affects whether you can obtain your *Letter of Good Standing*, a document often required for tenders, contracts, and day-to-day business operations.

But what happens if the Compensation Fund flags your submission for a discrepancy audit? Employers become extremely anxious and fear losing their Letter of Good Standing, which could result in their company being closed or receiving a huge fine.

In this article we will explain what employers must do in the event of a discrepancy audit.

What is an ROE audit?

An audit is a formal examination or review of records, processes or systems to ensure accuracy, compliance and integrity.

It is a deep dive to verify that everything is being done properly and honestly and that there were no unintentional errors or omissions in the submitted documentation.

What triggers a discrepancy audit?

A discrepancy audit is triggered when the actual or provisional earnings of the current financial year are lower or more than 50% of the actual or provisional earnings submitted for the previous financial year's ROE.

If your business is flagged for an audit by the Compensation Fund, there is no need for concern.

You can engage directly with the Workmen's Compensation Office by submitting the required documentation.

Once the audit has been finalised and the revised invoice settled, your business will again be eligible to receive a Letter of Good Standing or LOGS.

Process to follow when a business is under audit

Audit Initiated

- Your business is flagged for review—usually due to discrepancies in your ROE, missing payments, or randomly selected.

Audit Conducted

- Your payroll records, employee classifications and prior ROE submissions are reviewed by the Workmen's Compensation Office.

Audit Cleared

- Once everything checks out, the Workmen's Compensation Office will finalise the audit and calculate the correct assessment fee.

Invoice Issued

- o Your company will receive an invoice based on the audit findings. This usually differs from your original submission.

Payment Made

- o The company must pay the full amount on the invoice. Non-payment will result in the business not receiving a Letter of Good Standing. **Please note that if the amount is substantial, the Workmen's Compensation Office may consider approving a payment plan.*

Letter of Good Standing Issued

- o After payment is confirmed, the Workmen's Compensation Office will issue your Letter of Good Standing.

What documents will be required by the Compensation Fund?

The Compensation Fund will request various documents:

- o Affidavit (reason for variance) signed by a Commissioner of Oaths / SAPS
- o Audited Financial Statements
- o Detailed Payroll Report
- o SARS EMP 501 / Tax Clearance
- o CF-2A form / ROE form
- o Power of Attorney (where necessary).

Conclusion

The ROE audit is more than just a regulatory requirement; it is a vital step in ensuring transparency, accuracy, and fairness in how businesses contribute to the Compensation Fund. By embracing the audit process and maintaining proper records, employers not only protect their workforce but also position themselves for long-term compliance and credibility. Staying proactive today means fewer complications tomorrow.

SERR Synergy assists businesses with a wide range of health and safety services that ensure full compliance with health and safety regulations. We have a dedicated team of COIDA experts in our Occupational Health and Safety department ready to assist, advise and submit the necessary information to ensure COIDA compliance.

About the Author: Fikile Mahlangu is an experienced COID Practitioner who started her journey with SERR in 2020 as a COID Admin Assistant. She strives for excellence and results, effortlessly obtaining claim numbers and resolving complex scenarios remating to Workmen's Compensation. She recently completed a Business Administrative Programme and is motivated to improve, empower and develop through continuous learning. She is known as the COIDA Queen of SERR Synergy.

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