
Workers' Compensation Audit

Prepared for:

Policy Number: **WC 410-17-91-7I**

Insured: **E-COMMERCE SUPPORT, INC.
P.O. BOX 2050
3440 ELLICOTT CENTER DRIVE
ELLICOTT CITY, MD 21041-0014**

Policy Term: 12/26/1998 - 12/26/1999

Audit Period: 01/01/1999 - 01/01/2000

Audit Date: 01/13/2000

Workers Compensation

Legal Entity: **Corporation**
 Agent ID: **610**
 Account Number: **EI - 410-17-91-7I 07/09/2000 000**
 Policy Number: **WC 410-17-91-7I**
 Insured Name: **E-COMMERCE SUPPORT, INC.**

Auditor ID: **45**
 Auditor Name:
 Audit Date: **01/13/2000 Physical**
 Audit Period: **01/01/1999 01/01/2000**
 Policy Period: **12/26/1998 12/26/1999**

INSURED INFORMATION

Contact: JIM STEALEY
Title: AUDIT MANAGER
Company Name: E-COMMERCE SUPPORT, INC.
Address: P.O. BOX 2050
 3440 ELLICOTT CENTER DRIVE
 ELLICOTT CITY, MD 210410014
Phone: (410) 461-7997
Fax: (410) 465-3171
E-Mail: e-audits.net

Entities

Number	Entity Name	Federal ID	Date Added	Date Deleted
0001	All Entities			

Locations

Location:		Added:	Deleted:
0001	All Locations Same as insured address.		

Location of Records

Sequence:	Territory:	Description:
1		Same as insured address.

Description of Operations

INSURED CONTRACTS WITH VARIOUS GOVERNMENTAL AGENCIES AND COMMERCIAL BUSINESSES PROVIDING NETWORK ADMINISTRATION AND PROGRAMMING. UTILIZATION OF OUTSIDE CONSULTANTS (PROFESSIONAL SERVICES) TO HELP IN BID PREPARATIONS. COMPUTER PROGRAMS ARE SET UP TO FIND AND EVALUATE WHICH JOBS TO BID ON AS THEY ARE POSTED TO THE PUBLIC JOB SECTORS ELECTRONICALLY. EMPLOYEES WORK AT VARIOUS JOB SITES FOR CLIENT COMPANIES AND ARE CLASSIFIED ACCORDING TO JOB CLASS AND JURISDICTION (STATE) IN WHICH THEY WORK. ELECTRIC MAINTENANCE (C/A #5191 - COMPUTER DEVICE: INSTALLATION, SERVICE OR REPAIR) IS FOR EMPLOYEES WHO WORK IN TOP SECRET CONTRACT INSTALLATIONS AND REPAIR & SERVICE DEVICES SIMILIAR TO COMMUNICATION DEVICES LIKE PORTABLE RADIOS. THAT THIS IS TOP SECRET WORK, SPECIFICS ARE NOT PROVIDED. EMPLOYEES IN SOUTH CAROLINA ARE ON CONTRACT TO DO ADMINISTRATIVE AND CLERICAL WORK ONLY. NO TECHS. THERE ARE WAREHOUSE WORKERS AT SOME OF THE MD INSTALLATIONS THE INSURED HAS CONTRACTS WITH.

Exposure Summary

State	Class Code	Description	Exposure	From	To
Entity:	0001	Location: 0001			
DC	8803	COMPUTER SYSTEMS: PROGRAMMERS/TRA	214,335	12/26/98	12/26/99
DC	8810	CLERICAL OFFICE NOC	0	12/26/98	12/26/99
MD	8810	CLERICAL OFFICE NOC	838,102	12/26/98	12/26/99
MD	5191	COMPUTER DEVICE SERVICE OR REPAIR	61,923	12/26/98	12/26/99
MD	7380	DRIVERS NOC	0	12/26/98	12/26/99
MD	8292	WAREHOUSING NOC	157,623	12/26/98	12/26/99
MD	8803	COMPUTER SYSTEMS: PROGRAMMERS/TRA	735,034	12/26/98	12/26/99
SC	8810	CLERICAL OFFICE NOC	208,936	12/26/98	12/26/99
SC	9014	BLDGS. NOC	119,545	12/26/98	12/26/99
VA	8803	COMPUTER SYSTEMS: PROGRAMMERS/TRA	81,017	12/26/98	12/26/99

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Audit Reconciliation

State	Class Code	Description	Exposure	From	To
Entity: 0001		Location: 0001			
DC	8803	COMPUTER SYSTEMS: PROGRAMMERS/TRA	214,335	12/26/98	12/26/99
DC	8803	Total	214,335	12/26/98	12/26/99
DC	8810	CLERICAL OFFICE NOC	0	12/26/98	12/26/99
MD	8810	CLERICAL OFFICE NOC	2,628,335	12/26/98	12/26/99
MD	8810	<BLDGS. NOC>	-119,545	12/26/98	12/26/99
MD	8810	<CLERICAL OFFICE NOC>	-208,936	12/26/98	12/26/99
MD	8810	<COMPUTER DEVICE SERVICE OR REPAIR>	-61,923	12/26/98	12/26/99
MD	8810	<COMPUTER SYSTEMS: PROGRAMMERS/TR	-1,030,386	12/26/98	12/26/99
MD	8810	<WAREHOUSING NOC>	-157,623	12/26/98	12/26/99
MD	8810	<DENISE SMITH>	-81,250	12/26/98	12/26/99
MD	8810	<JIM PALMER>	-17,875	12/26/98	12/26/99
MD	8810	<TERRY JONES>	-112,695	12/26/98	12/26/99
MD	8810	Total	838,102	12/26/98	12/26/99
MD	5191	COMPUTER DEVICE SERVICE OR REPAIR	61,923	12/26/98	12/26/99
MD	5191	Total	61,923	12/26/98	12/26/99
MD	7380	DRIVERS NOC	0	12/26/98	12/26/99
MD	8292	WAREHOUSING NOC	157,623	12/26/98	12/26/99
MD	8292	Total	157,623	12/26/98	12/26/99
MD	8803	COMPUTER SYSTEMS: PROGRAMMERS/TRA	735,034	12/26/98	12/26/99
MD	8803	Total	735,034	12/26/98	12/26/99
SC	8810	CLERICAL OFFICE NOC	208,936	12/26/98	12/26/99
SC	8810	Total	208,936	12/26/98	12/26/99
SC	9014	BLDGS. NOC	119,545	12/26/98	12/26/99
SC	9014	Total	119,545	12/26/98	12/26/99
VA	8803	COMPUTER SYSTEMS: PROGRAMMERS/TRA	81,017	12/26/98	12/26/99
VA	8803	Total	81,017	12/26/98	12/26/99

Payroll Verification

Entity: 0001		Location: 0001			
Verification Type:		Other			
Qtr Starting	Amount	Adjustment	Qtr Total	Description	
1st Qtr 1999	0	0	0		
2nd Qtr 1999	0	0	0		
3rd Qtr 1999	17,875	0	17,875	1099 PAID TO SECRETARY OF CORP.	
4th Qtr 1999	2,613,290	-2,830	2,610,460	W-2 TOTALS MINUS SEVERENCE	
1st Qtr 2000	0	0	0		
Gross Total:	\$2,628,335	Verification Total:	2,628,335	Deviation:	\$0

Class Codes

State	Class Code	Seq	Balance	Description
Entity: 0001		Location: 0001		
DC	8803	90		COMPUTER SYSTEMS: PROGRAMMERS/TRAVELING
DC	8810	60		CLERICAL OFFICE NOC
MD	5191	30		COMPUTER DEVICE SERVICE OR REPAIR
MD	7380	50		DRIVERS NOC
MD	8292	40		WAREHOUSING NOC
MD	8803	10		COMPUTER SYSTEMS: PROGRAMMERS/TRAVELING
MD	8810	20	Balance	CLERICAL OFFICE NOC
SC	8810	70		CLERICAL OFFICE NOC

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SC	9014	100	BLDGS. NOC
VA	8803	110	COMPUTER SYSTEMS: PROGRAMMERS/TRAVELING

Principals

State	Class Code	Name	Title	Dates	
Entity: 0001		Location: 0001			
MD	EXCL	TERRY JONES	PRESIDENT	12/26/98 12/26/99	1.000
	Min:	0	Max:	0	Payroll: 112,695
		ADMIN / EXCL BY END'ST		Amount Incl:	0
VA	EXCL	DENISE SMITH	CHAIRMAN	12/26/98 12/26/99	1.000
	Min:	0	Max:	0	Payroll: 81,250
		ADMIN / EXCL BY END'ST		Amount Incl:	0
	EXCL	JIM PALMER	SECRETARY	12/26/98 12/26/99	1.000
	Min:	0	Max:	0	Payroll: 17,875
		ADMIN / EXCL		Amount Incl:	0

Audit Worksheet

State	Class Code	Name	Dept	Empl. Dates	Total
Entity: 0001		Location: 0001			
Gross Payroll					
DC		GROSS PAYROLL		12/26/98 12/26/99	2,628,335
			Lump Sum:	2,631,165	Adjustment: -2,830
			Total Gross Payroll		2,628,335
Classified					
DC	8810	CLERICAL OFFICE NOC		12/26/98 12/26/99	0
		Duties: ALL TECHNICAL WORKERS			
			Lump Sum:	0	Adjustment: 0
DC	8803	COMPUTER SYSTEMS: PROGRAMMERS/T		12/26/98 12/26/99	214,335
			Lump Sum:	214,335	Adjustment: 0
MD	5191	COMPUTER DEVICE SERVICE OR REPAIR		12/26/98 12/26/99	61,923
		Duties: REPAIR PORTABLE RADIOS			
			Lump Sum:	61,923	Adjustment: 0
MD	8292	WAREHOUSING NOC		12/26/98 12/26/99	157,623
			Lump Sum:	157,623	Adjustment: 0
MD	8803	COMPUTER SYSTEMS: PROGRAMMERS/T		12/26/98 12/26/99	735,034
		Duties: PROGRAMMERS & NETWORK ADMINISTRATORS - TECHNICAL			
			Lump Sum:	735,034	Adjustment: 0
SC	9014	BLDGS. NOC		12/26/98 12/26/99	119,545
		Duties: MOVE FURNITURE/SET-UP CONFERENCES			
			Lump Sum:	119,545	Adjustment: 0
SC	8810	CLERICAL OFFICE NOC		12/26/98 12/26/99	208,936
			Lump Sum:	208,936	Adjustment: 0
VA	8803	COMPUTER SYSTEMS: PROGRAMMERS/T		12/26/98 12/26/99	81,017
			Lump Sum:	81,017	Adjustment: 0
			Total Classified		1,578,413
Principals					
MD	EXCL	TERRY JONES		12/26/98 12/26/99	112,695
		Duties: ADMIN / EXCL BY END'ST			
			Lump Sum:	112,695	Adjustment: 0
VA	EXCL	JIM PALMER		12/26/98 12/26/99	17,875
		Duties: ADMIN / EXCL			

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		Lump Sum:	17,875	Adjustment:	0
VA	EXCL	DENISE SMITH	12/26/98	12/26/99	81,250
		Duties: ADMIN / EXCL BY END'ST			
		Lump Sum:	81,250	Adjustment:	0
Total Principals					211,820

General Notes

Entity Loc

0001 0001 THERE WAS A NEW OFFICER ADDED MAY 20TH OF 1999; JIM PALMER - SECRETARY. DREW NO PAYROLL, BUT WAS PAID ON A CONSULTANT BASIS (1099 ISSUED). NOT SHOWN ON THE EXCLUSION ENDORSEMENT, BUT HAVE EXCLUDED PENDING COMPANY DISPOSITION AND DISCRETION. HIS PAY IS ADDED TO THE YTD ADP GROSS PAYROLL. REFLECTED BY THE VERIFICATION SECTION.

ALSO, THERE WERE 3 EMPLOYEES WHO DID NOT WORK FOR THE POLICY PERIOD BUT WERE ISSUED SEVERANCE PAY AT THE BEGINNING OF THE YEAR. THAT AMOUNT IS DEDUCTED FROM THE GROSS PAYROLL AND FIGURES ARE NOT INCLUDED IN THE AUDIT.

PROJECTS FROM CONTRACTS THE INSURED SUCCESSFULLY OBTAINS CAN VARY SIGNIFICANTLY DURING ANY GIVEN YEAR. THIS IS ONE REASON FOR EXPOSURE VARIANCES.

IN ADDITION, THE POLICY WAS WRITTEN IN DC FOR CLERICAL OFFICE EXPOSURE WHEN IN FACT, THE EMPLOYEES ARE DOING TECHNICAL COMPUTER RELATED WORK (NETWORK ADMINISTRATION); THESE ARE C/A #8803 AND NOT #8810.

ALSO, THERE IS A NEW PROJECT IN VA AND THERE IS BOTH A CLERICAL AND A TRAVELING NETWORK ADMINISTRATOR THERE. VA ADDED TO AUDIT; #8803 ADDED FOR THE NETWORK (TECH) ADMINISTRATOR. CODE #8810 CLERICAL NOC IS NOT APPLICABLE BECAUSE THE EMPLOYEE IS ALSO AN OFFICER OF THE CORPORATION EXCLUDED BY ENDORSEMENT.

FINALLY, CODE #9014 ADDED FOR EXPOSURE IN SC FOR EMPLOYEES WHO MOVE FURNITURE AROUND IN THE OFFICE AT THE PROJECT THEY ARE ASSIGNED. THIS ALSO INCLUDES SETTING UP AND BREAKING DOWN MEETING ROOMS...AND MOVING FURNITURE IN AND OUT AS WELL AS CLEANING UP AFTERWARDS. SINCE THESE EMPLOYEES CANNOT BE ASSIGNED TO A STANDARD EXCEPTION CLASSIFICATION, AUDITOR HAS ADDED AND USED #9014 - BLDGS NOC BY CONTRACTOR AS THIS IS INDUSTRY STANDARD FOR THIS TYPE OF SITUATION. FINAL DISCRETION IS LEFT TO COMPANY.

NOTE: 401K IS INCLUDED IN THE GROSS PAYROLL AND INCLUDED FOR THE AUDIT AND APPLICABLE CLASSIFICATIONS. THERE IS NO CAFETERIA PLAN. INSURED DOES NOT LEASE EMPLOYEES. W-2 VERIFICATION FIGURES TAKE INTO ACCOUNT ADDING BACK IN NON-TAXABLE WAGES AS SHOWN IN BOX 14.

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Records Requested/Audited

Entity: 0001 Location: 0001
Condition of Records: Good
Cooperation: Cooperative

R A Description
Entity: 0001 Location: 0001
 W-2 TOTALS

- | <u>R</u> <u>A</u> <u>Description</u> | <u>R</u> <u>A</u> <u>Description</u> |
|---|---|
| <input type="checkbox"/> <input type="checkbox"/> Social Security (Fed 941's) | <input type="checkbox"/> <input type="checkbox"/> Sales Journal |
| <input type="checkbox"/> <input type="checkbox"/> Sales Tax Reports | <input type="checkbox"/> <input type="checkbox"/> Cash Disbursements |
| <input type="checkbox"/> <input type="checkbox"/> State Unemployment Reports | <input type="checkbox"/> <input type="checkbox"/> Checkbook |
| <input type="checkbox"/> <input type="checkbox"/> Individual Payroll Cards | <input type="checkbox"/> <input type="checkbox"/> Job Costs Sheet |
| <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Payroll Book (Listings) | <input type="checkbox"/> <input type="checkbox"/> Receipts Journal |
| <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> General Ledger | <input type="checkbox"/> <input type="checkbox"/> Summaries |
| <input type="checkbox"/> <input type="checkbox"/> Certificates of Insurance | <input type="checkbox"/> <input type="checkbox"/> Financial Statement |

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Notice to Underwriter

Insured: **E-COMMERCE SUPPORT, INC.**
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Entity Loc

0001 0001 **Class(es) Added**
NARRATIVE IN EXPOSURE VARIANCE SECTION.

0001 0001 **Exposure Variance (20% or more)**
PROJECTS FROM CONTRACTS THE INSURED SUCCESSFULLY OBTAINS CAN VARY SIGNIFICANTLY DURING ANY GIVEN YEAR. THIS IS ONE REASON FOR EXPOSURE VARIANCES.

IN ADDITION, THE POLICY WAS WRITTEN IN DC FOR CLERICAL OFFICE EXPOSURE WHEN IN FACT, THE EMPLOYEES ARE DOING TECHNICAL COMPUTER RELATED WORK (NETWORK ADMINISTRATION); THESE ARE C/A #8803 AND NOT #8810.

ALSO, THERE IS A NEW PROJECT IN VA AND THERE ARE BOTH CLERICAL AND A TRAVELING NETWORK ADMINISTRATOR THERE. VA ADDED TO AUDIT; BOTH CODES #8810 AND #8803.

FINALLY, CODE #9014 ADDED FOR EXPOSURE IN SC FOR EMPLOYEES WHO MOVE FURNITURE AROUND IN THE OFFICE AT THE PROJECT THEY ARE ASSIGNED. THIS ALSO INCLUDES SETTING UP AND BREAKING DOWN MEETING ROOMS...AND MOVING FURNITURE IN AND OUT AS WELL AS CLEANING UP AFTERWARDS. SINCE THESE EMPLOYEES CANNOT BE ASSIGNED TO A STANDARD EXCEPTION CLASSIFICATION, AUDITOR HAS ADDED AND USED #9014 - BLDGS NOC BY CONTRACTOR AS THIS IS INDUSTRY STANDARD FOR THIS TYPE OF SITUATION. FINAL DISCRETION IS LEFT TO COMPANY.