
Workers' Compensation Audit

Prepared for:

Policy Number: **WC 408603759I**

Insured: **Mid-Atlantic Fastener Company
8810 Internet Court
Columbia, MD 21045**

Policy Term: 04/01/1998 - 04/01/1999

Audit Period: 04/01/1998 - 04/01/1999

Audit Date: 06/27/1999

Workers Compensation

Legal Entity: **Corporation**
 Agent ID: **C51402**
 Account Number: **EI-WC 408603759I 07/09/2000 000**
 Policy Number: **WC 408603759I**
 Insured Name: **Mid-Atlantic Fastener Company**

Auditor ID: **45**
 Auditor Name:
 Audit Date: **06/27/1999 Physical**
 Audit Period: **04/01/1998 04/01/1999**
 Policy Period: **04/01/1998 04/01/1999**

INSURED INFORMATION

Contact: Tom Jones
Title: Controller
Company Name: Mid-Atlantic Fastener Company
Address: 8810 Internet Court
 Columbia, MD 21045
Phone: (800) 432-1043
Fax: (410) 999-2929
E-Mail: premiumaudit.org

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		Insured's Same as insured address.

Description of Operations

Insured is a wholesaler & retailer of nails, screws, fasteners and other misc hardware supplies & tools. Multi-state operations with an outside sales force selling to retailers and industrial. Sale of air compressors with servicing for these and power tools that are sold. Mostly common carrier delivery; however there are a few drivers at specific locations doing local delivery.

Exposure Summary

State	Class Code	Description	Exposure	From	To
Entity:	0001	Location: 0001			
DE	951	Salespersons - Outside	0	04/01/98	04/01/99
DE	953	Clerical Office	0	04/01/98	04/01/99
FL	8010	Store: Hardware	24,325	04/01/98	04/01/99
FL	8742	Salespersons - Outside	29,752	04/01/98	04/01/99
FL	8810	Clerical Office	78,000	04/01/98	04/01/99
MD	8742	Salespersons - Outside	981,651	04/01/98	04/01/99
MD	3632	Machine Shop NOC	160,680	04/01/98	04/01/99
MD	7380	Drivers - Commercial	54,253	04/01/98	04/01/99
MD	8010	Store: Hardware	199,132	04/01/98	04/01/99
MD	8810	Clerical Office	363,482	04/01/98	04/01/99
NC	8010	Store: Hardware	66,071	04/01/98	04/01/99
NC	8742	Salespersons - Outside	122,824	04/01/98	04/01/99
NC	8810	Clerical Office	6,178	04/01/98	04/01/99
PA	926	Store: Hardware	191,272	04/01/98	04/01/99
PA	951	Salespersons - Outside	631,442	04/01/98	04/01/99
PA	953	Clerical Office	92,767	04/01/98	04/01/99
VA	3632	Machine Shop NOC	87,685	04/01/98	04/01/99
VA	7380	Drivers - Commercial	18,391	04/01/98	04/01/99
VA	8010	Store: Hardware	305,249	04/01/98	04/01/99
VA	8742	Salespersons - Outside	997,586	04/01/98	04/01/99
VA	8810	Clerical Office	136,906	04/01/98	04/01/99

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Audit Reconciliation

State	Class Code	Description	Exposure	From	To
Entity: 0001		Location: 0001			
DE	951	Salespersons - Outside	0	04/01/98	04/01/99
DE	953	Clerical Office	0	04/01/98	04/01/99
FL	8010	Store: Hardware	24,325	04/01/98	04/01/99
FL	8010	Total	24,325	04/01/98	04/01/99
FL	8742	Outside Salespersons	29,752	04/01/98	04/01/99
FL	8742	Total	29,752	04/01/98	04/01/99
FL	8810	Principals	78,000	04/01/98	04/01/99
FL	8810	Total	78,000	04/01/98	04/01/99
MD	8742	Salespersons - Outside	5,073,734	04/01/98	04/01/99
MD	8742	<Clerical Office>	-465,690	04/01/98	04/01/99
MD	8742	<Drivers NOC>	-72,644	04/01/98	04/01/99
MD	8742	<Excluded>	-22,555	04/01/98	04/01/99
MD	8742	<Machine Shop NOC>	-248,365	04/01/98	04/01/99
MD	8742	<Outside Salespersons>	-1,781,604	04/01/98	04/01/99
MD	8742	<Store: Hardware>	-786,049	04/01/98	04/01/99
MD	8742	<George Washington>	-305,023	04/01/98	04/01/99
MD	8742	<Jon Michael Phillips>	-292,110	04/01/98	04/01/99
MD	8742	<Ted W. Turner II>	-118,043	04/01/98	04/01/99
MD	8742	Total	981,651	04/01/98	04/01/99
MD	3632	Machine Shop NOC	160,680	04/01/98	04/01/99
MD	3632	Total	160,680	04/01/98	04/01/99
MD	7380	Drivers NOC	54,253	04/01/98	04/01/99
MD	7380	Total	54,253	04/01/98	04/01/99
MD	8010	Store: Hardware	199,132	04/01/98	04/01/99
MD	8010	Total	199,132	04/01/98	04/01/99
MD	8810	Clerical Office	245,439	04/01/98	04/01/99
MD	8810	Principals	118,043	04/01/98	04/01/99
MD	8810	Total	363,482	04/01/98	04/01/99
NC	8010	Store: Hardware	66,071	04/01/98	04/01/99
NC	8010	Total	66,071	04/01/98	04/01/99
NC	8742	Outside Salespersons	122,824	04/01/98	04/01/99
NC	8742	Total	122,824	04/01/98	04/01/99
NC	8810	Clerical Office	6,178	04/01/98	04/01/99
NC	8810	Total	6,178	04/01/98	04/01/99
PA	926	Store: Hardware	191,272	04/01/98	04/01/99
PA	926	Total	191,272	04/01/98	04/01/99
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PA	951	Total	631,442	04/01/98	04/01/99
PA	953	Clerical Office	92,767	04/01/98	04/01/99
PA	953	Total	92,767	04/01/98	04/01/99
VA	3632	Machine Shop NOC	87,685	04/01/98	04/01/99
VA	3632	Total	87,685	04/01/98	04/01/99
VA	7380	Drivers NOC	18,391	04/01/98	04/01/99
VA	7380	Total	18,391	04/01/98	04/01/99
VA	8010	Store: Hardware	305,249	04/01/98	04/01/99

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VA 8010	Total	305,249	04/01/98	04/01/99
VA 8742	Outside Salespersons	997,586	04/01/98	04/01/99
VA 8742	Total	997,586	04/01/98	04/01/99
VA 8810	Clerical Office	121,306	04/01/98	04/01/99
VA 8810	Principals	15,600	04/01/98	04/01/99
VA 8810	Total	136,906	04/01/98	04/01/99

Payroll Verification

Entity: 0001 Location: 0001

Verification Type: **Other**

<u>Qtr Starting</u>	<u>Amount</u>	<u>Adjustment</u>	<u>Qtr Total</u>	<u>Description</u>
2nd Qtr 1998	1,194,753	0	1,194,753	2'nd Q 1998
3rd Qtr 1998	1,268,288	0	1,268,288	3'rd Q 1998
4th Qtr 1998	1,372,890	0	1,372,890	4'th Q 1998
1st Qtr 1999	1,237,803	0	1,237,803	1'st Q 1998
2nd Qtr 1999	0	0	0	Payroll Summaries
Gross Total:	\$5,073,734	Verification Total:	5,073,734	Deviation: \$0

Class Codes

<u>State</u>	<u>Class Code</u>	<u>Seq</u>	<u>Balance</u>	<u>Description</u>
Entity: 0001 Location: 0001				
DE	951	10		Salespersons - Outside
DE	953	20		Clerical Office
FL	8010	40		Store: Hardware
FL	8742	50		Salespersons - Outside
FL	8810	60		Clerical Office
MD	3632	200		Machine Shop NOC
MD	7380	180		Drivers - Commercial
MD	8010	210		Store: Hardware
MD	8742	220	Balance	Salespersons - Outside
MD	8810	190		Clerical Office
NC	8010	70		Store: Hardware
NC	8742	80		Salespersons - Outside
NC	8810	90		Clerical Office
PA	926	100		Store: Hardware
PA	951	110		Salespersons - Outside
PA	953	120		Clerical Office
VA	3632	140		Machine Shop NOC
VA	7380	150		Drivers - Commercial
VA	8010	160		Store: Hardware
VA	8742	170		Salespersons - Outside
VA	8810	130		Clerical Office
WV	EXCL	30		Excluded - Monopolistic

Principals

<u>State</u>	<u>Class Code</u>	<u>Name</u>	<u>Title</u>	<u>Dates</u>
Entity: 0001 Location: 0001				
FL	8810	George Washington	VP / Sec.	04/01/98 04/01/99 1.000
	Min:	13,000	Max: 78,000	Payroll: 305,023 Amount Incl: 78,000
		Administration		
MD	8810	Ted W. Turner II	Asst. Treas.	04/01/98 04/01/99 1.000
	Min:	15,600	Max: 119,600	Payroll: 118,043 Amount Incl: 118,043
		Admin / Operations Mgr.		
VA	8810	Jon Michael Phillips	Pres. / Treas.	04/01/98 04/01/99 1.000
	Min:	5,200	Max: 15,600	Payroll: 292,110 Amount Incl: 15,600
		Administration		

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Audit Worksheet									
State	Class Code	Name	Dept	Empl. Dates		Total			
Entity:	0001	Location:	0001						
Gross Payroll									
MD		Gross Payroll						5,073,734	
04/01/1998:	1,194,753	07/01/1998:	1,268,288	10/01/1998:	1,372,890	01/01/1999:	1,237,803		
						Adjustment:	0		
Total Gross Payroll								5,073,734	
Classified									
DE	951	Outside Salespersons						0	
		Duties: Employees							
04/01/1998:	0	07/01/1998:	0	10/01/1998:	0	01/01/1999:	0	0	
						Adjustment:	0		
DE	953	Clerical Office						0	
		Duties: Employees							
04/01/1998:	0	07/01/1998:	0	10/01/1998:	0	01/01/1999:	0	0	
						Adjustment:	0		
FL	8010	Store: Hardware						24,325	
		Duties: Employees							
04/01/1998:	5,410	07/01/1998:	5,709	10/01/1998:	6,614	01/01/1999:	6,592		
						Adjustment:	0		
FL	8742	Outside Salespersons						29,752	
		Duties: Employees							
04/01/1998:	6,547	07/01/1998:	6,742	10/01/1998:	8,269	01/01/1999:	8,194		
						Adjustment:	0		
FL	8810	Clerical Office			04/01/98	04/01/99		0	
		Duties: Office Employees							
04/01/1998:	0	07/01/1998:	0	10/01/1998:	0	01/01/1999:	0	0	
						Adjustment:	0		
MD	7380	Drivers NOC						54,253	
		Duties: Employees							
04/01/1998:	15,898	07/01/1998:	12,657	10/01/1998:	12,880	01/01/1999:	12,818		
						Adjustment:	0		
MD	3632	Machine Shop NOC						160,680	
		Duties: Employees							
04/01/1998:	39,136	07/01/1998:	39,663	10/01/1998:	41,761	01/01/1999:	40,120		
						Adjustment:	0		
MD	8010	Store: Hardware						199,132	
		Duties: Employees							
04/01/1998:	49,007	07/01/1998:	50,397	10/01/1998:	53,397	01/01/1999:	46,331		
						Adjustment:	0		
MD	8810	Clerical Office						245,439	
		Duties: Employees							
04/01/1998:	60,088	07/01/1998:	58,916	10/01/1998:	64,103	01/01/1999:	62,332		
						Adjustment:	0		
NC	8810	Clerical Office						6,178	
		Duties: Employees							
04/01/1998:	2,750	07/01/1998:	2,828	10/01/1998:	452	01/01/1999:	148		
						Adjustment:	0		
NC	8010	Store: Hardware						66,071	

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04/01/1998:	Duties: Employees 15,744	07/01/1998:	16,240	10/01/1998:	17,266	01/01/1999: Adjustment:	16,821 0
NC 8742	Outside Salespersons						122,824
04/01/1998:	Duties: Employees 35,073	07/01/1998:	29,180	10/01/1998:	29,344	01/01/1999: Adjustment:	29,227 0
PA 953	Clerical Office						92,767
04/01/1998:	Duties: Employees 21,449	07/01/1998:	22,986	10/01/1998:	24,657	01/01/1999: Adjustment:	23,675 0
PA 926	Store: Hardware						191,272
04/01/1998:	Duties: Employees 45,517	07/01/1998:	47,750	10/01/1998:	50,221	01/01/1999: Adjustment:	47,784 0
PA 951	Outside Salespersons						631,442
04/01/1998:	Duties: Employees 149,236	07/01/1998:	162,432	10/01/1998:	173,417	01/01/1999: Adjustment:	146,357 0
VA 7380	Drivers NOC						18,391
04/01/1998:	Duties: Employees 9,972	07/01/1998:	8,419	10/01/1998:	0	01/01/1999: Adjustment:	0 0
VA 3632	Machine Shop NOC						87,685
04/01/1998:	Duties: Employees 15,520	07/01/1998:	19,683	10/01/1998:	22,219	01/01/1999: Adjustment:	30,263 0
VA 8810	Clerical Office						121,306
04/01/1998:	Duties: Employees 29,512	07/01/1998:	30,773	10/01/1998:	33,236	01/01/1999: Adjustment:	27,785 0
VA 8010	Store: Hardware						305,249
04/01/1998:	Duties: Employees 75,523	07/01/1998:	79,696	10/01/1998:	83,454	01/01/1999: Adjustment:	66,576 0
VA 8742	Outside Salespersons						997,586
04/01/1998:	Duties: Employees 228,792	07/01/1998:	245,646	10/01/1998:	276,237	01/01/1999: Adjustment:	246,911 0
WV EXCL	Excluded						22,555
04/01/1998:	Duties: Monopolistic State 6,000	07/01/1998:	5,419	10/01/1998:	6,535	01/01/1999: Adjustment:	4,601 0
Total Classified						3,376,907	
Principals							
FL 8810	George Washington			04/01/98	04/01/99	305,023	
04/01/1998:	Duties: Administration 72,288			07/01/1998:	72,288	10/01/1998:	88,159
						01/01/1999: Adjustment:	72,288 0
MD 8810	Ted W. Turner II			04/01/98	04/01/99	118,043	
Duties: Admin / Operations Mgr.							

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04/01/1998:	22,832	07/01/1998:	23,593	10/01/1998:	37,873	01/01/1999:	33,745	
						Adjustment:	0	
VA 8810		Jon Michael Phillips		04/01/98	04/01/99		292,110	
		Duties: Administration						
04/01/1998:	68,538	07/01/1998:	68,538	10/01/1998:	75,851	01/01/1999:	79,183	
						Adjustment:	0	
Total Principals								715,176

General Notes

Insured now utilizes more common carrier deliver and discontinued driver exposure in VA during policy period. More driving exposure now done from MD location.

Records Requested/Audited

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

<u>R</u> <u>A</u> Description	<u>R</u> <u>A</u> Description
<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 type="checkbox"/> <input 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

R A Description
Entity: 0001 **Location: 0001**
 Employee Master Listings by #
 Job Classification List Descri

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Internal Notes

New controller at insured's did not know individual job duties for company employees and could only provide auditor with a "master employee listings", listing each employee with a job classification code number, which then had to be cross referenced to each quarterly payroll summary provided. Then each job code number assigned to each employee by quarter had to be assigned to proper policy classifications. Auditor added up each individual for each classification for each quarter to arrive at classification quarterly totals as shown on audit worksheet. This was very time consuming, but there was no other way to obtain the correct information. Otherwise to list by each individual for entire company would have been too time consuming and not cost effective. Controller had indicated records were missing from past controller and auditor & controller had to work with what information was available to complete this premium audit.

Notice to Underwriter

Insured: **Mid-Atlantic Fastener Company**
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Policy Period: **04/01/1998 - 04/01/1999**

Entity Loc

0001 0001 **Exposure Variance (20% or more)**

Most exposures are within 20% of policy estimates. However, with a new controller, those exposures where variance is greater than or less than 20%, uncertain as to why. In review of audit, though, appears that business is growing - an increase in sales force would indicated a natural need for increases in the store (#8010) and other exposures. Auditor went by employee, by job class listing, to individual payroll earnings by quarter to arrive at audit exposures. As mentioned in internal notes, since controller was new and could not indicate what employees' job descriptions were, auditor had to look up each employee, by each quarter to a master job listings which gave a code #. Then each employee by code number had to be crossed referenced to a job class file description of what policy classification should be applied. Based on this time consuming method; auditor is confident that audit exposures arrived at are accurate.