

# How We Audit?



# Physical vs Virtual

- In 2020, in light of the Covid 19 Pandemic, all audits which were previously ordered as physical are now virtual.
- The process is the same for physical vs virtual audits with more emphasis on specific communication of audit needs for virtual audits.
- All virtual audits should be paired with a telephone audit to clarify operations and duties of staff.

# Receipt of Audit Documents

- As a refresher: WC/GL payroll audit documents should include: a payroll summary by person, with duties, for audit period; Quarterly Reports; Off period payroll totals; Names of Owners/Officers and their daily duties; Subcontractors/Contractors information; A brief description of operations; Gross Receipts
- Insured will email the above documents directly to the auditor and/or upload to a secure link

# Plan of Attack

Once you verify you are in receipt of all documents, you should approach each and every audit the exact same way.

1. Pull up/print out audit request
2. Verify the Insured's name and address on the audit request vs the supplied documents. If anything is different, make a note to address with Insured during phone interview

# Plan of Attack...cont'd

3. Look over the description of operations provided and see whether it “joshes” with the class codes on the policy. For example: If the class codes on the policy include 5190 for electrical work but none of the duties of employees is as an electrician, make a note to ask the Insured about this difference.
4. Look over the payroll and make sure how it was provided. For example: If the policy term is: 4/19/2019-4/19/2020, did the Insured provide the payroll for that period or adjust to: 5/1/19-4/30/20. Did Insured provide the payroll totals for the off period? Did Insured provide the applicable quarterly reports (2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> Quarters '19 and 1<sup>st</sup> '20)

# Plan of Attack...cont'd

5. Are the Owner's/Officers identified? Did they receive wages? Does the audit request indicate whether they are included/excluded on the audit?
6. Does Insured address subcontractors/contractors? If so, did they provide supporting documentation, such as a P & L and/or COI's?

# Plan of Attack...cont'd

7. If the premium basis includes gross sales, did the Insured provide them by month?

Once you have been through the provided information and believe you have all requested documents, you can now going to piece together the audit prior to the phone interview.

# Nexus Received Records Sample

Control ID: 11852 Insured: Wolverine Packing Co Policy: 05671290

## Progress Notes

Contact	Title	Phone	Display	Type	Note	Entry Date	Name
			False	Note	PWI Password: apple144433	3/4/2020	Mounta
			True	Agency Contacted	No valid number for insured or agent.	5/7/2020	Hope C
			True	No Call Made - Letter Sent	No valid contact information for Insured in either Michigan and/or PA. Mailing a letter to Insured's address on file.	5/15/2020	Hope C
			False	Scheduling Letter Note		5/15/2020	Hope C
			True	Letter sent to insured	by mail	5/18/2020	Mounta
			True	Carrier Contacted	Called insured at 313-259-7500 and left a voice mail message for Sue at ext 192	5/19/2020	Hope C
			True	Note	PWI access logged in.	5/29/2020	Policy H
			True	Note	PWI access logged in.	5/29/2020	Policy H

## Return Reasons

Entry Date	Reason	Note
No records to display.		

## Documents

Direction	Documents	Ext.	DateToSend	DateSent	DateReceived	Description
In	<a href="#">PolicyScan</a>	DOCX			3/4/2020	20172.docx
Out	<a href="#">VirtualLetter</a>	PDF	5/15/2020	5/18/2020	5/15/2020	
In	<a href="#">AuditForm</a>	PDF			5/29/2020	4206_001.pdf
In	<a href="#">AuditForm</a>	DOCX			5/29/2020	PA Audit Summary.docx

## Activity Log

Received audit records marked "In" and as "Audit Form"



# Audit Write Up

- Many auditors have different approaches to how they write up an audit. If we can impart anything to you of importance it is this:  
Develop your own approach and follow it with every single audit, no matter the State, type of audit, and/or audit exposure.
- Consistency of process is what will make you a good auditor and will allow less chance of mistakes.

# Audit Write Up: Key Questions

**Policy Information**

Audit Data

**Insured Information** [Get Directions...](#)

Control #: 11852 REF #:

Carrier: SWIF Contact:

Alternate Carrier:  Title:

Insured Name DBA: Wolverine Packing Co Email:

Insured Name 2:  Website:

Address:  ( ) - - Ext:

Address:  ( ) - -

City:  ( ) - -

State: MI Zip: 48207- Other:

**Location of Records** [Get Directions...](#)

Same as Insured

Name: Wolverine Packing Co

Contact:

Address 1: 2535 Rivard

Address 2:

City: Detroit

State: MI Zip: 48207-

Email:

Phone: ( ) - Ext:

Fax: ( ) -

Cell: ( ) -

Other: ( ) -

Polices Entities & Locations Estimates Split Periods Insured Signature

Drag a column header here to group by that column

Policy Number	Policy Type	Effective Date	Expiration Date	Cancellation D
▶ 05671290	WC	3/21/2019	3/21/2020	

# Key Questions: Description of Operations

### Description of Operations

Description of Operations is free typed in this space.

### Records Audited

Order	Audited	Record
1	<input checked="" type="checkbox"/>	Payroll Registers
2	<input checked="" type="checkbox"/>	Individual Earnings Records
3	<input checked="" type="checkbox"/>	Federal (941's) & State Unemployment Quarterly Reports
4	<input checked="" type="checkbox"/>	Sales/Receipts Journal

Record 1 of 10

Additional Records Audited

### Key Questions

Order	Question	Answer
1	Was premium overtime properly deducted?	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A
2	Were tips and severance pay excluded?	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A
3	Were pretax wages for 401k or 125 plans included?	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A
4	Were bonuses, commissions and shift differential included?	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A
5	Was the value of board or lodging included?	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A
6	Was casual or contract labor addressed on the audit?	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A
7	Were lease employees addressed on the audit?	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A
8	Did the insured request a division of employees payroll?	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A
9	If so, did the records reflect proper division?	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A
10	Did the insured use subcontractors?	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A
11	If so, were certificates on file for subcontractors used?	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A
12	Was aircraft operation addressed on the audit?	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A
13	Was OCIP/CCIP exposure addressed on the audit?	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A
14	Does the Davis-Bacon Act apply to this audit?	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A
15	Were all classifications on the policy accounted for?	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A
16	Was an owner or officer interviewed?	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A
17	Were all issues from prior year's audit addressed?	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A
18	Does insured give permission to release worksheet to agent?	<input type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A

Record 1 of 18

Key Question - Additional Explanation

# Description of Operations Template

1. Entity: This is where you name the Insured, the entity type, any DBA, and any addresses related to Insured.
2. Operations: This is a 1-2 sentence description of Insured's operations to include: type of service/product; type of customer; and geographical area served. You also want to state here anything the Insured does not do which would be common for their industry.
3. Owners/Officers: You name their names, titles, and their duties. You also state whether they are compensated and whether they are included on the audit and to what class code; or, if there exists an exclusion endorsement or in the case of a GL audit, they are excluded due to a lack of liability exposure.
4. Staff: You list each staff type with a description of detailed duties they perform and the associated assigned class code.
5. Any inclusions/exclusions from exposure: O/T, OCIP, Fringe Benefits, Reimbursements, Housing
6. Subcontractors/Contractors: You list what type of subcontractors/contractors they used (Insured vs Uninsured) and whether the exposure is included on the audit and to what class code; or excluded.
7. Gross Receipts: If Insured respectfully declines, state as such

# Sample Description of Operations

Rivertown Landscapes LLC is a MI LLC whose principle business operations occur from: 11950 Northland Drive NE, Rockford, MI. No other DBA's and/or address locations discovered at the time of the audit interview.

Insured operates a landscaping contracting company. Insured design, installs and services landscapes and outdoor areas for residential and commercial customers. Insured performs snow removal during the winter months. Insured has a small nursery where part of the year they grow small shrubbery, sod, and small flowers/plants. Some are available for sale to existing customers. No retail storefront.

Of the members:

Mike Mlnarik handles sales, inventory ordering, and field project management coordination with field supervisors and subcontractors. No direct supervision of field staff. (5606)

Pam Mlnarik handles HR and payroll. No field exposure. (8810)

Staff include:

An office manager and inside landscape architects who work from the office setting handling scheduling and sundry office duties. (8810)

A field landscape architect who visits potential and current job sites to oversee the architectural design aspect. No direct supervision of field staff. He will also perform measurements and take pictures of job sites. (8742)

Field landscaping staff who handle installs and landscape maintenance. (0042)

Field snow removal labor. (9402)

Nursery staff who oversee the planting, growing and harvesting of nursery stock. (0005)

Overtime reported and excluded at 1/3.

No OCIP exposure noted.

Insured had the opportunity to utilize 21 subcontractors. One electrical contractor provided the EMC Independent Contractor Questionnaire, which is attached. Due to his failure to provide proof of WC coverage and leaving the decision to exclude up to the carrier, the amount paid to him was included to class code: 5190. All other subcontractors provided proof of WC coverage. The amounts paid are reported, along with the certificate of insurance information, and excluded accordingly.

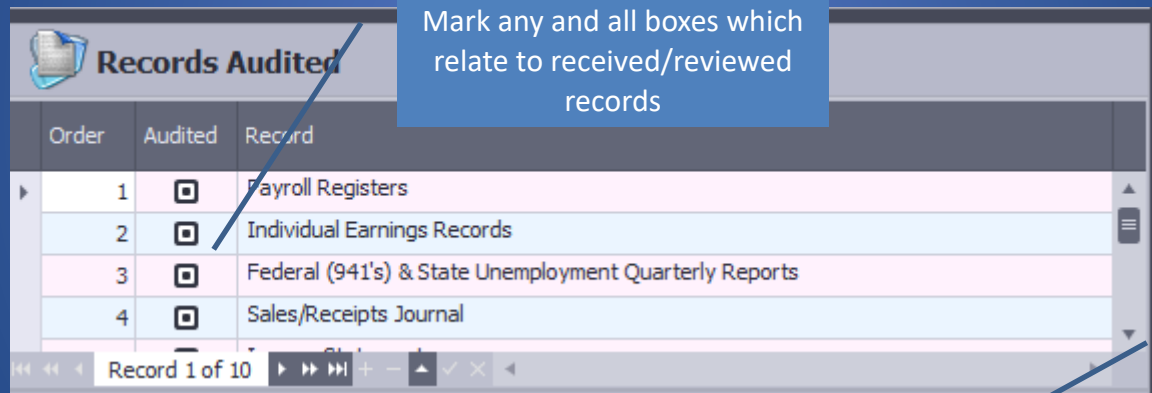
No evidence of the use of temporary and/or casual labor.

Gross receipts for audit period: \$1,677,800.

# Records Received/Reviewed

- After completing the Description of Operations, move onto marking which records were received/reviewed.
- Key Points: If you receive a payroll report/summary/synopsis by person, these are considered either individual payroll records or payroll registers. If you receive a P & L, you have received a portion of the Ledger.

# Marking Records Received/Reviewed



The screenshot shows a software interface titled "Records Audited" with a table containing four rows of records. A blue callout box points to the checkboxes in the "Audited" column, and another blue callout box points to the scroll bar on the right side of the table.

Order	Audited	Record
1	<input type="checkbox"/>	Payroll Registers
2	<input type="checkbox"/>	Individual Earnings Records
3	<input type="checkbox"/>	Federal (941's) & State Unemployment Quarterly Reports
4	<input type="checkbox"/>	Sales/Receipts Journal

Record 1 of 10

Mark any and all boxes which relate to received/reviewed records

Use the down arrow to scroll through to find all 10 offerings.

# Key Questions

Key Questions				
Order	Question	Answer		
1	Was premium overtime properly deducted?	<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A
2	Were tips and severance pay excluded?	<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A
3	Were pretax wages for 401k or 125 plans included?	<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A
4	Were bonuses, commissions and shift differential included?	<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A
5	Was the value of board or lodging included?	<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A
6	Was casual or contract labor addressed on the audit?	<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A
7	Were lease employees addressed on the audit?	<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A
8	Did the insured request a division of employees payroll?	<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A
9	If so, did the records reflect proper division?	<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A
10	Did the insured use subcontractors?	<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A
11	If so, were certificates on file for subcontractors used?	<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A
12	Was aircraft operation addressed on the audit?	<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A
13	Was OCIP/CCIP exposure addressed on the audit?	<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A
14	Does the Davis-Bacon Act apply to this audit?	<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A
15	Were all classifications on the policy accounted for?	<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A
16	Was an owner or officer interviewed?	<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A
17	Were all issues from prior year's audit addressed?	<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A
18	Does insured give permission to release worksheet to agent?	<input type="radio"/> Yes	<input type="radio"/> No	<input type="radio"/> N/A

Record 1 of 18

Key Question - Additional Explanation

Mark all boxes with “yes” if it pertains and you have that exposure; “no” if it pertains but you don’t have that exposure; and “N/A” if it doesn’t pertain. Question 18 must always be answered and the question specifically asked of the Insured or their designated person.

This box is used to explain any additional deductions not named above or any clarification to yes answers above.



# Payroll

**Policy Information**

Audit Data

**Insured Information** **Location of Records**

Control #: 11852 REF #:

Carrier: SWIF Contact:

Alternate Carrier:  Title:

Insured Name DBA: Wolverine Packing Co Email:

Insured Name 2:  Website:

Address 1: 2535 Rivard Phone: ( ) - - Ext:

Address 2:  Fax: ( ) - -

City: Detroit Cell: ( ) - -

State: MI Zip: 48207-  Other: ( ) - -

Same as Insured

Name: Wolverine Packing Co

Contact:

Address 1: 2535 Rivard

Address 2:

City: Detroit

State: MI Zip: 48207-

Email:

Phone: ( ) - - Ext:

Fax: ( ) -

Cell: ( ) -

Other: ( ) -

Policies Entities & Locations Estimates Split Periods Insured Signature

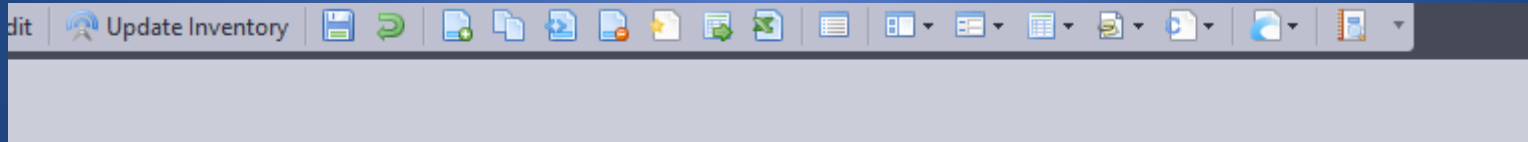
Drag a column header here to group by that column

Policy Number	Policy Type	Effective Date	Expiration Date	Cancellation Date
▶ 05671290	WC	3/21/2019	3/21/2020	

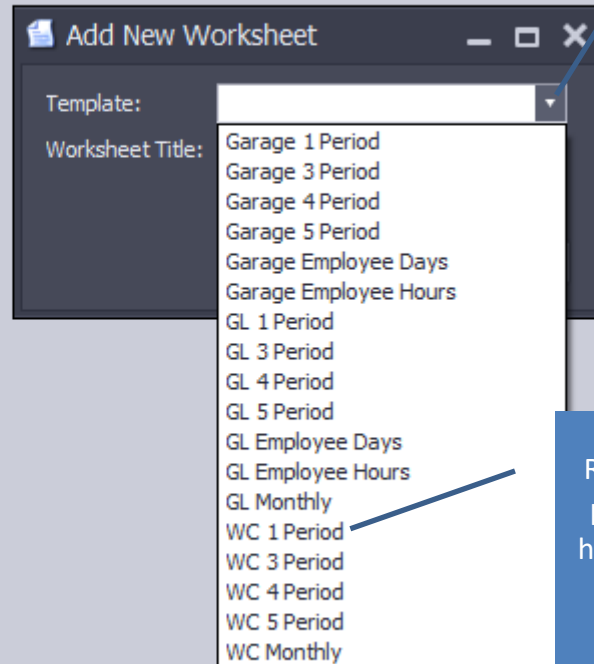
Click on the Payroll Button to Begin Entering Payroll

# Starting a Worksheet

Click on the Worksheet  
Picture with the Plus  
Sign



# Choosing a Period



The screenshot shows a window titled "Add New Worksheet" with a dark theme. It contains two labels: "Template:" and "Worksheet Title:". The "Worksheet Title:" field is open, displaying a list of options. A blue arrow points from a text box to the dropdown arrow, and another blue arrow points from a text box to the "WC 1 Period" option in the list.

Worksheet Title
Garage 1 Period
Garage 3 Period
Garage 4 Period
Garage 5 Period
Garage Employee Days
Garage Employee Hours
GL 1 Period
GL 3 Period
GL 4 Period
GL 5 Period
GL Employee Days
GL Employee Hours
GL Monthly
WC 1 Period
WC 3 Period
WC 4 Period
WC 5 Period
WC Monthly

Click on the drop down arrow to be able to choose an audit type and period

Reminder: As part of your action plan, you should know how you have the payroll information. If it was provided for the audit period, that would be a WC 1 Period Audit.

# Entering Payroll Information

**Officers (Total Ownership: 0.00%)** Layout: Officer Details

**Verification (Total: 0, Difference: 0)**

**Payroll (Total: 0)**

WC ClassCode:  For

Drag a column header here to group by that column

ID	off/bal	First Name	Last Name	Description	Duties	Location #	State	WC ClassCode	WC Exposure	Audit Period (Payroll)	Payroll Total	OT (OT @ 1.5)	POT Total
=	ABC	ABC	ABC	ABC	ABC	=	=	=	=	=	=	=	=
I	1	Y	James	Roe	Owner	Business Manager	1	PA	0953			0	0

**Annotations:**

- A "Y" in the first box indicates this row contains an officer/owner
- Most auditors use either "description" or "duties" but rarely both, as they are redundant.
- When you type in a class code, a list of class codes pertaining to that number drop down. Choose the one which matches the audit request.

Class Code	SecondaryId	Subline	Entity	Location	State	Description
0953						CLERICAL OFFICE EMPLOYEES
0953						BOY OR GIRL SCOUT COUNCILS: CLERICAL EXCEPT AT CAMP LOCATIONS
0953						CLERICAL OFFICE EMPLOYEES NOC
0953						CLERICAL OFFICE EMPLOYEES.
0953						COMPUTER PROGRAMMER
0953						COMPUTER PROGRAMMERS
0953						DRAFTSMEN

# Adding Rows to a Payroll Report

**Officers (Total Ownership: 0.00%)** Layout: Officer Details

✓ Verification (Total: 0, Difference: 0)

Payroll (Total: 0)

WC ClassCode:  Formula:   Move to next row on Enter Split Period:

Drag a column header here to group by that column

ID	off/bal	First Name	Last Name	Description	Duties	Location #	State	WC ClassCode	WC Exposure	Audit Period (Payroll)	Payroll Total	OT (OT @ 1.5)	POT To
▼ =	0.00	0.00	0.00	0.00	0.00	=	=	=	=	=	=	=	=
I	1	Y	James	Roe	Owner	Business Manager	1	PA	0953		0		
	2					1	PA				0		
	3					1	PA				0		
	4					1	PA				0		
	5					1	PA				0		
*													

0 | 0 | 0 | 0

Record 1 of 5

pbell Control #: 11852 DBA: Wolverine Packing Co

You can either enter and a new line is added or, if you want to add a specific number of rows, you can merely keep hitting the "+" sign until you arrive at the desired number.

# Officer Reconciliation

Once you identify an officer, the officer row turns red. You must fill in the information to get rid of the red. Click on the officer line.

**Officers (Total Ownership: 0.00%)** Layout: Officer Details

**Verification (Total: 0, Difference: 0)**

**Payroll (Total: 0)**

WC ClassCode:  Formula:   Move to next row on Enter **Split Period:**

Drag a column header here to group by that column

ID	off/bal	First Name	Last Name	Description	Duties	Location #	State	WC ClassCode	WC Exposure	Audit Period (Payroll)	Payroll Total	OT (OT @ 1.5)	POT Total
=	0	0	0	0	0	=	=	=	=	=	=	=	=
I	1	Y	James	Roe	Owner	Business Manager	1	PA	0953		0		0
	2			Class Code	SecondaryId	Subline	Entity	Location	State	Description			
	3			0953						CLERICAL OFFICE EMPLOYEES			
	4			0953						BOY OR GIRL SCOUT COUNCILS: CLERICAL EXCEPT AT CAMP LOCATIONS			
	5			0953						CLERICAL OFFICE EMPLOYEES NOC			
				0953						CLERICAL OFFICE EMPLOYEES.			
				0953						COMPUTER PROGRAMMER			
				0953						COMPUTER PROGRAMMERS			
				0953						DRAFTSMEN			

# Entering Officer information

 **Officers (Total Ownership: 0.00%)**


Record [1 of 1]

Inactive: <input type="checkbox"/>	Entity #: 1	Location #: 1	State: PA	Weeks: 52	Start Date:	End Date:	WC Code: 0953	WC Exposure: 51,740	Override: <input type="checkbox"/>	WC Min: 51,740	WC Max: 130,000
Entity Type: Corporation			First Name: James	Last Name: Roe	Owner %:	GL Code: <input type="text"/>	GL Exposure:	Override: <input type="checkbox"/>	Flat/Min: 2,080	Flat/Max: 10,400	
Worksheet:			Title: Business Manager	Duties:	Garage Code:	Garage Exposure:	Payroll Total: 0	Pro-rata: 1.000			
Note:											

Once Ownership information is entered correctly, line turns black

Enter Owner's/ Officer's Title as provided by Insured

Enter Ownership Percentage as a number

 **Officers (Total Ownership: 100.00%)**

Record [1 of 1]

Inactive: <input type="checkbox"/>	Entity #: 1	Location #: 1	State: PA	Weeks: 52	Start Date:	End Date:	WC Code: 0953	WC Exposure: 51,740	Override: <input type="checkbox"/>	WC Min: 51,740	WC Max: 130,000
Entity Type: Corporation			First Name: James	Last Name: Roe	Owner %: 100.00%	GL Code:	GL Exposure:	Override: <input type="checkbox"/>	Flat/Min: 2,080	Flat/Max: 10,400	
Worksheet:			Title: President	Duties: Business Manager	Garage Code:	Garage Exposure:	Payroll Total: 0	Pro-rata: 1.000			
Note:											

Once payroll and class codes are entered, verification turns red.

# Verification

Officers (Total Ownership: 100.00%) Layout: Officer Details

Verification (Total: 0, Difference: -219,298)

Payroll (Total: 219,298)

WC ClassCode: 0953 Formula:  Move to next row on Enter Split Period:

Drag a column header here to group by that column

ID	off/bal	First Name	Last Name	Description	Duties	Location #	State	WC ClassCode	WC Exposure	Audit Period (Payroll)	Payroll Total	OT (OT @ 1.5
=	0	0	0	0	0	=	=	=	=	=	=	=
1	Y	James	Roe	Owner	Business Manager	1	PA	0953	51,740		0	
2		Billy	Bob	Wholesale Store Labor	Mulch Applicator	1	PA	0924	63,215	63,215	63,215	
3		Bobby	Jo	Wholesale Store Labor	Lawn Mowing/Tri...	1	PA	0924	91,083	91,083	91,083	
4		Mary	Jean	Office/Admin	Office Manager	1	PA	0953	65,000	65,000	65,000	
5						1	PA				0	

Officers (Total Ownership: 100.00%)

Verification (Total: 219,298, Difference: 0)

\* Verification (1)

Description 1: Payroll Summary for Period = \$219,298

Description 2: Federal 941's

Unemployment #:

Federal ID #: 23-2115994

Labels

Description	Amount
Edit to add new row...	
Q2 2019	63,215
Q3 2019	61,853
Q4 2019	53,664
Q1 2020	40,566

**Total Verification** 219,298

**Total Payroll** 219,298

**Difference** 0

Record 2 of 4

Verification Turns Black

Payroll Summary Type and Total

Type of Quarterly Reports

Tax ID Number

Quarterly Numbers



# Summary

- Once all payroll is entered, officers are updated, and verification is completed, we must look at the Summary for comparison to payroll estimates.

Entity #	Location #	State	# of Emp	Exposure Type	Class Code	Subline	Class Code Description	Estimated Exposure	Final Exposure	Difference %	Difference
1	1	PA	2	Payroll	0953		CLERICAL OFFICE EMPLOYEES	260,000	116,740	-55%	-143,260
1	1	PA	2	Payroll	0924		STORES WHOLESALE NOC	150,000	154,298	3%	4,298

Click on Summary and this window appears.

The Summary summarizes estimated policy exposure to actual payroll exposure numbers. The percentage difference is shown. If more than 20% either way, an Underwriting Alert is needed.

# Underwriting Alert

- A few items from the audit may need to be addressed in an Underwriting Alert:
  - An exposure difference of 20% or more
  - Change in Ownership
  - Added class codes
  - Entity differences from audit request
  - New locations
  - A change in operations

# Sample Underwriting Alert

Click on Underwriting Alert

A box must be checked on the left side before entering a note on the right side. In this case, we have a difference of -55%

The screenshot displays a software interface with a sidebar on the left and two main panels. The sidebar, titled 'Audit Information', contains icons and labels for 'Policy Information', 'UW Alert', 'Audit Notes', 'Summary', 'Key Questions', 'Payroll', and 'Spreadsheets'. The 'UW Alert' icon is highlighted. The main interface is divided into two sections: 'Underwriter Alerts' and 'Underwriter Notes'. The 'Underwriter Alerts' section contains a list of alert types, each with a checkbox. The first alert, 'Exposure varies by more than 20%', has its checkbox checked. The 'Underwriter Notes' section contains a text area with the note: 'Insured saw a large loss of contracts which necessitated a reduction in the labor force.' A blue callout box points to the note with the text 'The 20% or more difference is explained.'

Underwriter Alerts	
<input checked="" type="checkbox"/>	Exposure varies by more than 20%
<input type="checkbox"/>	Ten (10) % Change in Audited Payroll (Plus or Minus) in Any One Classification (except codes 8742 and 8810) as Compared to the Policy Estimates
<input type="checkbox"/>	Potentially Controversial Audit Issue
<input type="checkbox"/>	Change of Address
<input type="checkbox"/>	Change in Company Name
<input type="checkbox"/>	Change in Ownership
<input type="checkbox"/>	Class Codes Added or Deleted
<input type="checkbox"/>	Locations Added or Deleted
<input type="checkbox"/>	Significant Change in Operations
<input type="checkbox"/>	New Products Offered
<input type="checkbox"/>	Change in Entity
<input type="checkbox"/>	Uninsured Subs
<input type="checkbox"/>	Officers/Owners Started or Left
<input type="checkbox"/>	Other

**Underwriter Notes**

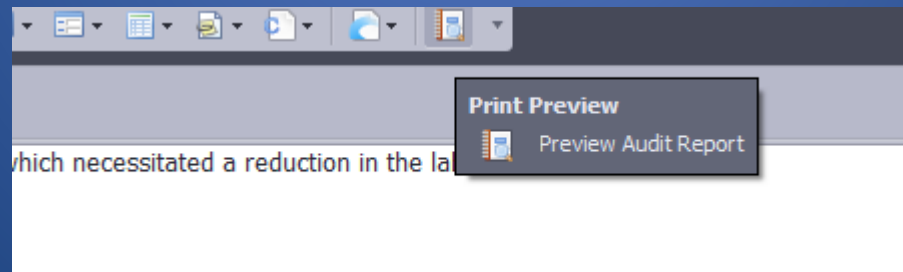
Insured saw a large loss of contracts which necessitated a reduction in the labor force.

The 20% or more difference is explained .

# Audit Completion

- Once the audit is complete and you believe it is ready to submit, review the audit report for spelling errors and/or to check to see if something was missed or entered incorrectly.

Print Preview Button is the last button on the top. It generates a PDF copy of the completed audit for review.



# Telephone Audit Interview

- Once you have completed the audit write up and entered payroll, you should arrange a telephone interview with the Insured. I actually like to schedule the audit interview for the early afternoon of the day I plan to write up the audit.
- The reason I wait until I write up the audit to schedule the telephone interview is because I now know of any difference between estimated and actual numbers. I now know questions I have regarding operations/ownership/subcontractors. I now know whether I am missing information or require more clarity regarding operations.

# Sample Telephone Interview

- Hi Mr. Roe. Thank you for agreeing to go over your audit with me. I have entered the information and I have a few questions. I see your audit request references electrical operations but I noticed none of the employees show electrical as their duties. Mr. Roe indicates they discontinued those operations 2 years ago. Thank you for your answer. My last question is related to the off period of April '20. I noticed you had zero wages. Mr. Roe indicates their business is not essential and was forced to close after the State Stay at Home order was issued in March '20.
- Both of these answers related to the audit request and lack of wages would need to be addressed in the Underwriting Alert.

# Submit Audit

- Once you have written up the audit and completed the telephone interview, you are ready to submit the audit.
- Unless the Carrier is a flat rate audit, decide what you would like to bill prior to submitting the audit. As a rule, most audits are billed at 1.5 hours.

Complete Audit	New Audit	PH Completed	Control #	Last Activit...	Due Date	Age	DBA Name	City	State	Carrier	Service Type	Audit Type	D
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	11524	5/14/2...	4/10/2...	89	TIRE FACTORY INC.	OKEMOS	MI	EMC Insurance Comp...	Virtual	Annual	1st
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11858	5/7/2020	4/13/2...	86	TMI Compressed A...	Grandville	MI	EMC Insurance Comp...	Virtual	Annual	1st
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11859	5/7/2020	4/13/2...	86	TMI Compressed A...	Grandville	MI	EMC Insurance Comp...	Virtual	Annual	1st
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	10972	5/26/2...	5/14/2...	75	TRAVERSE OUTDO...	TRAVERSE CITY	MI	Selective Ins. Co. of ...	Virtual	Annual	1st
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10650	5/15/2...	3/16/2...	134	Triski, Inc.	Towson	MD	Wesco Insurance Com...	Virtual	Annual	No
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	14297	5/22/2...	6/19/2...	9	Tu Cam Vuong	Philadelphia	PA	SWIF	Virtual	Annual	1st
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13277	5/18/2...	5/31/2...	38	TURN-KEY SOLUTI...	WALKER	MI	EMC Insurance Comp...	Virtual	Annual	Att
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13278	5/28/2...	5/31/2...	38	TURN-KEY SOLUTI...	WALKER	MI	EMC Insurance Comp...	Virtual	Annual	1st
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	14720		7/2/20...	-4	United Modular En...	Perkasie	PA	SWIF	Virtual	Annual	Att
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	14192	5/18/2...	6/20/2...	18	Universal Marble &...	Philadelphia	PA	SWIF	Virtual	Annual	Att
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	13851		6/10/2...	28	UNLEAD IT ENVIR...	PHILADELPHIA	PA	SWIF	Virtual	Annual	Att
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	11525	5/22/2...	4/25/2...	74	UPCO WASTE SER...	MILFORD	MI	EMC Insurance Comp...	Virtual	Annual	1st
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	11608	5/20/2...	5/31/2...	58	VetsUSA II Inc	Falls Church	VA	Technology Insurance...	Virtual	Annual	No
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	14160	5/15/2...	6/17/2...	21	Victor M Pinto Diaz	Philadelphia	PA	SWIF	Virtual	Annual	1st
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	11526	5/14/2...	4/10/2...	89	VILLAGE FOOD PR...	OVID	MI	EMC Insurance Comp...	Virtual	Annual	1st
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	11527	5/14/2...	4/10/2...	89	VILLAGE FOOD PR...	OVID	MI	EMC Insurance Comp...	Virtual	Annual	1st
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14856	5/27/2...	5/25/2...	29	Virginia Pool Servic...	Haymarket	VA	Wesco Insurance Com...	Virtual	Annual	1st
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	14117	5/22/2...	6/14/2...	24	VISITING NURSE G...	PHILADELPHIA	PA	SWIF	Virtual	Annual	Att
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	13869	5/12/2...	6/10/2...	28	Why Not Prosper	Philadelphia	PA	SWIF	Virtual	Annual	No
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11852	5/19/2...	4/30/2...	69	Wolverine Packing ...	Detroit	MI	SWIF	Virtual	Annual	1st

Once you complete the audit and are ready to submit, mark the audit as complete.

# Billing and Transmitting

Complete Audit

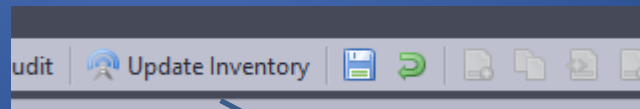
Please enter the time you spent working on this audit using increments of .25 where .25 equals 15 minutes.

Process Manually

Time Entry:

OK Cancel

Enter billing amount and hit OK.



Update Inventory is how you transmit the audit for review!



# Congratulations

- You just completed your first audit!!!!

