

B. CLASSIFICATION OF EMPLOYEES AND LOCATION INFORMATION

Total # of Employees	
Domestic	
Foreign	
Canadian	
Grand Total	

Total # of Locations:	
Job Sites	
Warehouse	
Distribution	
Retail	
Grand Total	

Number of employees, **of the grand total shown above**, who are either in management or handle, have custody or maintain records of money, securities or **other property**: _____

FOREIGN LOCATIONS

Check here if none:

Total # of Foreign Locations: _____

For each foreign location, please detail the following information (Attach separate sheet, if necessary):

COUNTRY	TYPE OF OPERATION	# OF EMPLOYEES	REVENUES (if applicable)

C. EMPLOYMENT PRACTICES

1. Does the Insured conduct a pre-employment check? If Yes, does it include the following:		
a. Prior employment verification?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b. Personal references?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
c. Record of prior convictions?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

D. AUDIT CONTROLS

1. Are your financial statements audited annually by an independent Certified Public Accountant? If Yes, please attach most recent copy of CPA Audit or 10K Report.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Are all subsidiaries and locations, or similarly controlled and operated companies, included in the audit?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Is there a CPA Management Letter/Response commenting on internal control weaknesses, recommendations for improvement, and a response by management? (If Yes, please attach the most recent report).	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. Has the auditing firm made any recommendations that have not been adopted? If Yes, please explain. _____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5. If a CPA Management Letter was not issued, did the CPA make any informal recommendations concerning internal control improvements? If Yes, please explain. _____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6. Do you have an Internal Audit Department? If Yes, what is the staff size? _____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
7. If No, do you have someone with internal audit responsibilities?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
8. Do you have a documented system of internal control policies/procedures?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
9. If any weaknesses are noted, is the department in question notified in writing by the Internal Audit Department and are corrective actions monitored?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
10. Is accounting centralized or decentralized? <input type="checkbox"/> Centralized <input type="checkbox"/> Decentralized If decentralized, how often are branch transactions reviewed by the central office? _____ AND How often does the internal audit department review/visit the branch locations? _____		

E. DISBURSEMENT AND CHECK HANDLING CONTROLS

1. Are at least two signatures required on checks? If Yes, over what dollar amount? \$ _____ If No, who signs checks? _____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. If a facsimile plate is used:		
a) Is it kept in a safe?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b) Who has access to it? _____		
c) Is a record kept of its use?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

3.	Do employees who reconcile monthly bank statements also:	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	a) Sign checks?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	b) Handle bank deposits?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	c) Have access to check signing machines or signature plates?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4.	Are check signers instructed to require that all checks be accompanied by:	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	a) Properly approved vouchers?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	b) Invoices showing that a count has been made?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5.	Are internal control systems designed so that no employee can control a process from beginning to end (e.g. request a check, approve a voucher and sign the check)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6.	How often is the blank check stock inventoried? _____ By whom? _____		
7.	Are all incoming checks stamped "For Deposit Only" immediately upon receipt?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
8.	Are disbursement functions separated from those who have cash receipt or cash refund duties?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

F. PURCHASING, INVENTORY AND VENDOR CONTROLS

1.	Is your purchasing department separated from receiving responsibilities and supervised by a person who is not authorized to pay bills?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2.	Are the duties of purchasing, receiving, storekeeping and shipping separate so that no one individual can control these functions from beginning to end?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3.	Are perpetual inventories maintained in addition to a physical check of stock and equipment? If Yes, by whom? _____ How often? _____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4.	Do you have a security alarm system and video camera to protect your inventory in each of your plants or warehouses?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5.	Is the responsibility for checking in merchandise received subject to ultimate control of more than one individual?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6.	Is an authorized vendor list utilized to assist in detecting payments to fictitious suppliers?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
7.	Is the responsibility for authorizing vendors, approving invoices and processing payments segregated amongst different individuals? If No, and one person has complete responsibility, does this person also have authority to sign checks and reconcile bank accounts?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
8.	Do you have automated systems that will prevent unauthorized vendors and duplicate invoices from being entered into the system?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

G. JOB SITE CONTROLS

1.	Are all construction sites well lit at night?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2.	Do you employ a security guard to patrol job sites after hours?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3.	Are job sites surrounded by perimeter fencing and posted with "No Trespassing" signs?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4.	Do you conduct unannounced audits of materials and equipment? If so, how often?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5.	Are there formal policies for scrap sales and are sales reviewed by the owner/manager?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

H. COMPUTER CONTROLS

1.	Are there any areas/departments which are not computerized? (e.g. inventory, accounts receivable/payable, etc.). If Yes, what are they? _____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2.	Is output reconciled by persons who do not prepare or process the input?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3.	Is your system programmed to detect and call to your attention all unusual account activity?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4.	Are employees who handle cash or merchandise restricted from access to the computer equipment?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

I. WIRE TRANSFER CONTROLS - Indicate here if not applicable (i.e. wire transfers not done).

		<input type="checkbox"/>	
1.	Is there a written policy regarding wire transfers?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2.	Is one employee responsible for wire transfers? If Yes, what position does this employee hold? If no, who initiates wire transfer requests?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3.	What is your average daily number of fund transfers?		
4.	What is the largest single amount that can be transferred? _____		

5.	If a telephone call can activate a transfer of funds, does your financial institution call an employee other than the one who requested the transfer before acting on the transfer request?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6.	Does the receiving financial institution immediately verify the completion of transfer of funds?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
7.	If Yes to question #6, does such verification go to an employee other than the one who initiated the transfer?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
8.	Do you receive hard copy confirmations of all wire transfers?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
9.	Are they sent directly to a department not authorized to initiate transfers?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
10.	Is reconciliation performed on the same day as the confirmation is received?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Are the same internal controls listed above in sections D-I imposed on foreign locations?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
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J. MONEY, SECURITIES AND PAYROLL EXPOSURES *(Complete only if Insuring Agreement 3 or 4 is requested)*

	Money and Securities	Checks (Non Retail)	Other Property
Maximum Exposures in \$'s:			

K. LOSS EXPERIENCE

List all fidelity and crime losses discovered or sustained in the last three years. Check here if none:

DATE OF LOSS	TYPE OF LOSS (Employee Dishonesty, Forgery, etc.)	AMOUNT OF LOSS

Please attach details of all losses including description, corrective action taken and amount covered by insurance.

FRAUD WARNING

Any person who knowingly and with intent to defraud any insurance company or other person, files an application for insurance, or a statement of claim containing any false information, or conceals for the purpose of misleading information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime in certain jurisdictions.

Application completed by: _____
(Name and Title)

Signature: _____

Date: _____