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PENNSYLVANIA TEST AUDIT PROGRAM

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Classifications Most Often Involved in Test Audit Differences

At the direction of the Audit Committee, the Bureau tabulated test audit differences by classification over a recent one-year period. Listed below are the classifications found in the highest numbers of differences in that review. This information is being provided so that careful consideration can be given in applying these classifications. It is strongly urged that both Section 2 and Section 5 (Underwriting Guide) of the Pennsylvania Manual be consulted when dealing with classification issues and with regard to these classifications in particular. In the classification listing provided below, any existing relevant Rulings & Interpretation entry (Manual Section 5 R&I) is also cited.

With respect to differences attributable to **Risk Misclassification**, the classifications with the most occurrences were:

- ❑ Code 461, Machine Shop
 - Manual Section 5 R&I - Tool Mfg. (Precision Machining).
- ❑ Code 601, Road Construction
 - Manual Section 5 R&I - Snow Plowing
- ❑ Code 652, Carpentry - Detached Dwellings
- ❑ Code 811, Trucking
- ❑ Code 924, Wholesale Store, N.O.C.
 - Manual Section 5 R&I - Wholesale/Retail Definitions
- ❑ Code 925, Hardware Store – Retail
 - Manual Section 5 R&I - Hardware Store - Retail
- ❑ Code 928, Retail Store, N.O.C.
 - Manual Section 5 R&I - Wholesale/Retail Definitions
- ❑ Code 971, Buildings

In terms of **Employee Misclassification** differences, the standard exception classifications, Code 951, Outside Sales, and Code 953, Office, constituted over 40 percent of the differences. See Manual Section 1 – Rule IV, A., 2. for specific clarification on the parameters of each standard exception classification.

Other classifications of note with respect to employee misclassifications included:

- ❑ Code 461, Machine Shop.
- ❑ Code 652, Carpentry - Detached Dwellings
 - Manual Section 5 R&I – Construction or Erection – Executive Supervisors
- ❑ Code 663, Plumbing.
- ❑ Code 815, Automobile Service Center.
 - Manual Section 5 R&I (Auditing) – Counter Personnel – Auto Repair Facilities
- ❑ Code 818, Automobile Dealer and Code 819, Automobile Salesperson.
 - Manual Section 5 R&I (Auditing) – Automobile Dealerships
- ❑ Code 924, Wholesale Store, N.O.C.
- ❑ Code 925, Hardware Store – Retail
- ❑ Code 928, Retail Store, N.O.C.
- ❑ Code 971, Buildings.
 - Manual Section 5 R&I (Auditing) – Property Management Firms
- ❑ Code 973, Hotel.