



August 30, 2022

Linda DuVall
Bakers Union and FELRA
Health and Welfare Fund
911 Ridgebrook Road
Sparks, MD 21152

RE: Compliance Audit of Safeway for the Bakers Union And FELRA Health And Welfare Fund

Dear Ms. DuVall:

Enclosed you will find a copy of our compliance audit report detailing discrepancies we noted during our review of the payroll records of Safeway for the period of January 2018 through February 2022.

If there are any questions concerning the audit, please refer them to me.

Sincerely,

Joseph M. Herishen

Enclosures



August 30, 2022

Board of Trustees
Bakers Union and FELRA
Health and Welfare Fund

At your request we have applied certain procedures, as discussed below, in examining the payroll records of Safeway, a contributing employer to the Bakers Union And FELRA Health And Welfare Fund for the period of January 2018 through February 2022. The purpose of our review was to assist you in determining whether contributions to the Trust Funds are being made in accordance with the Collective Bargaining Agreement and Trust Agreement in effect. The proper remittance of contributions is the responsibility of the employer's management.

Our procedures included a review of the pertinent provisions of the Collective Bargaining Agreements, which compared underlying employer payroll records to the Fund's contribution records. The employer records we reviewed included payroll journals, individual earnings records, payroll tax returns, contribution reports, job classifications, and general disbursement records as appropriate. The scope of this engagement was limited to records made available by the employer and would not necessarily disclose all exceptions in employer contributions to the Trust Funds. Any compensation paid to employees not disclosed to us or made part of the written record was not determinable by us and was not included in our review.

Our procedures related to a review of the employer's payroll records only and did not extend to any financial statements of the contributing employer. The procedures were substantially less in scope than an audit of the financial statements of the contributing employer, the objective of which is the expression of an opinion on the contributing employer's financial statements. Accordingly, no such opinion is expressed.

The report is intended solely for the information and use of the specified parties and is not intended to be and should not be used by anyone other than these specified parties.

The exceptions to employer contributions noted are detailed on the accompanying schedules.

Calibre CPA Group, PLLC



**Bakers Union And FELRA Health And Welfare Fund
PAYROLL EXAMINATION
BY CALIBRE CPA GROUP, PLLC**

FUNDS COVERED: X Health & Welfare Fund

EMPLOYER NAME: Safeway

ADDRESS: 204 N 27th Avenue
 Phoenix, AZ 85027

FEDERAL EIN: Not Provided

TEST PERIOD: January 2018 through February 2022

DATE OF EXAM: December 21, 2021

AUDITOR(S): Gina Lebantino-De Leon

PERSONS CONTACTED: Marguerite Vincent, Accounting Analyst
 Bret Garness, Trust Audit Analyst, NASC

OWNERS/OFFICERS: Not Provided

RECORDS EXAMINED: Employers Quarterly Withholding Reports (Form 941)
 Quarterly State Unemployment Returns
 Form 1099-MISC
 Form 1096 Annual Summary & Forms of U.S. Information Returns
 W-2 Wage and Tax Statements
 W-3 Transmittal of Wage and Tax Statements
 X Weekly/Monthly/Yearly Payroll Records



**Bakers Union And FELRA Health And Welfare Fund
PAYROLL EXAMINATION**

**Safeway
Phoenix, AZ 85027
January 2018 through February 2022**

COMMENTS:

1) Results of audit:

Discrepancies were noted.

2) Gross Payroll Reconciliation:

Calibre CPA Group, was unable to perform a standard payroll audit examination procedure; a company-wide payroll reconciliation to the IRS filings due to the substantial size of Safeway's payroll. Payroll examination procedures were only to be applied specifically to the Bakers Union and FELRA collectively bargained employees.

3) Testing of Fringe Hours:

The testing of hours reported for employees of Safeway, Inc. - specifically on the Bakers Union and FELRA collectively bargained employees proved to be extremely time consuming as we were provided with Weekly Employee Hour and Wage Payroll Registers. Calibre concluded all fringe contributions tested during our examination to be complete and accurate within the Local 118 CBA requirements, except for the attached billing. Safeway agreed with Calibre's findings.

a) Calibre CPA Group examined employees' hire dates against payroll records to verify if employees were reported on time of their eligible date. It was determined that some hours were not reported after the employee's probationary period. The resulting discrepancies are outlined in the attached bill.

b) Calibre CPA Group also reviewed employee's termination date to make sure employees were correctly reported up through the date they were terminated.

4) IRS Form 1099-MISC:

Per Ms. Nichols, Safeway, Inc. did not subcontract any Bakers work during the examination period. Therefore, no IRS 1099-MISCs were issued nor required review.

5) Unreported Employees:

As indicated in Comment No. 1 above, Calibre CPA Group only tested employees of Safeway - specifically on the Bakers Union & FELRA collectively bargained employees of participating Local No. 118, therefore we could not compile a summary of employees of compensated by Safeway that were not reported to the Bakers Union & FELRA Health & Welfare Fund.



August 16, 2022

Marguerite Vincent
Safeway
204 N 27th Avenue
Phoenix, AZ 85027

RE: Contributing Employer Compliance Testing of Safeway for the Bakers Union And FELRA
Health And Welfare Fund
(Employer #280-118)

Dear Marguerite Vincent:

We have completed our review of the payroll records of Safeway. The purpose of our testing was to confirm that contributions were remitted to the above fund utilizing the proper contribution basis and rates for the periods of January 2015 through December 2017 and January 2018 through February 2022.

Attached is a draft of our compliance audit report, indicating the discrepancies we noted. We ask that you review the draft report and advise us of any adjustments or challenges to our findings with specificity.

Please contact us within five days of receiving this report August 23, 2022.

If we do not hear from you by the above date, we will assume you agree with our findings. We are required to submit our report, along with any employer input, to the Fund's Administrative Manager within a reasonable period of time after issuance to the employer. The Fund will review the report and may request additional information.

Please note that additional fees and costs may be due in accordance with the Fund's trust document and collections policy. Because of this do not send payments as a result of this audit until you receive a final bill from the Bakers Union And FELRA Health And Welfare Fund.

If there are any questions with regards to this report, please contact me at 202.721.1747 or eodell@calibrecpa.com. We wish to thank you for your assistance in completing this review.

Sincerely,

Ellen Odell

Ellen Odell



**BAKERS UNION AND FELRA HEALTH AND WELFARE FUND
PAYROLL EXAMINATION**

**Safeway
Phoenix, AZ 85027
January 2018 through February 2022**

SUMMARY OF AUDIT FINDINGS

<u>YEAR</u>	<u>FELRA H&W FUND</u>	<u>AMOUNT DUE</u>
2018	\$ 5,331.00	\$ 5,331.00
2019	\$ 14,825.00	\$ 14,825.00
2020	\$ 6,069.00	\$ 6,069.00
2021	\$ 3,013.00	\$ 3,013.00
2022 (Jan & Feb only)	\$ 593.00	\$ 593.00
<u>TOTAL DUE TO FELRA AND UFCW H&W FUND:</u>		<u>\$ 29,831.00</u>

Primary Explanation of Findings:

C. Failed to report last month worked paid upon termination.

F. Omitted hours worked.

I. Failed to report new employee at the end of probationary exclusion.

V. Full Time Employees - eligible first payroll month following the completion of three months of continuous service.

W. Rehired FT - eligible first payroll month following the completion of three months of continuous service.

P. Failed to apply 13 months probationary exclusion.

**BAKERS UNION AND FELRA HEALTH AND WELFARE FUND
PAYROLL EXAMINATION**

Safeway
Phoenix, AZ 85027
January 2018 through February 2022

**HEALTH & WELFARE FUND
PERIOD COVERED: 01/01/18 to 12/31/18**

Name	Social Security Number	Note	Hire Date	Elig Date	Term Date	Period	Quantity	Fund Contribution	Amount Due
Ayoub, Jannan M	163-70-9353	C			11/22/18	Nov-18	1.00	830.00	\$ 830.00
Brooks, Tanowa L	212-88-7701	F	10/18/17	01/18/18		Mar-18	1.00	262.00	\$ 262.00
Brooks, Tanowa L	212-88-7701	F	10/18/17	01/18/18		Apr-18	1.00	262.00	\$ 262.00
Brooks, Tanowa L	212-88-7701	F	10/18/17	01/18/18		May-18	1.00	262.00	\$ 262.00
Gayle, Deborah	227-98-2640	V	10/29/17	01/29/18		Feb-18	1.00	262.00	\$ 262.00
Gayle, Deborah	227-98-2640	V	10/29/17	01/29/18		Mar-18	1.00	262.00	\$ 262.00
Gayle, Deborah	227-98-2640	V	10/29/17	01/29/18		Apr-18	1.00	262.00	\$ 262.00
Gayle, Deborah	227-98-2640	V	10/29/17	01/29/18		May-18	1.00	262.00	\$ 262.00
Moore, Kimberly A	213-98-3002	F	10/18/17	01/18/18		May-18	1.00	103.00	\$ 103.00
Ortiz Chevez, Jose Alberto	577-25-9499	V	11/25/17	02/25/18		Mar-18	1.00	262.00	\$ 262.00
Ortiz Chevez, Jose Alberto	577-25-9499	V	11/25/17	02/25/18		Apr-18	1.00	262.00	\$ 262.00
Ortiz Chevez, Jose Alberto	577-25-9499	V	11/25/17	02/25/18		May-18	1.00	262.00	\$ 262.00
Senseney, Jennifer	215-15-6471	V	04/30/18	07/30/18		Aug-18	1.00	262.00	\$ 262.00
Senseney, Jennifer	215-15-6471	V	04/30/18	07/30/18		Sep-18	1.00	262.00	\$ 262.00
Senseney, Jennifer	215-15-6471	V	04/30/18	07/30/18		Oct-18	1.00	262.00	\$ 262.00
Shewaye, Sintayhu	105-79-5242	F				Mar-18	1.00	103.00	\$ 103.00
Valdez, Fatima Maria	604-85-8084	F				Feb-18	1.00	262.00	\$ 262.00
Vasquez, Carmen R	213-77-3070	V	06/15/18	09/15/18		Oct-18	1.00	262.00	\$ 262.00
Vasquez, Carmen R	213-77-3070	V	06/15/18	09/15/18		Nov-18	1.00	262.00	\$ 262.00
Vu, Linh	579-41-9070	F				Jun-18	1.00	103.00	\$ 103.00
TOTAL UNDERPAYMENT TO FELRA H&W FUND									\$ 5,331.00

Primary Explanation of Findings:

C. Failed to report last month worked paid upon termination.

F. Omitted hours worked.

V. Full Time Employees - eligible first payroll month following the completion of three months of continuous service.

**BAKERS UNION AND FELRA HEALTH AND WELFARE FUND
PAYROLL EXAMINATION**

Safeway
Phoenix, AZ 85027
January 2018 through February 2022

**HEALTH & WELFARE FUND
PERIOD COVERED: 01/01/19 to 12/31/19**

Name	Social Security Number	Note	Hire Date	Elig Date	Term Date	Period	Quantity	Fund Contribution	Amount Due
Aispuro, Rosa	223-91-7246	W	01/26/19	04/26/19	09/05/18	May-19	1.00	593.00	\$ 593.00
Aispuro, Rosa	223-91-7246	W	01/26/19	04/26/19	09/05/18	Jun-19	1.00	593.00	\$ 593.00
Arias-Castro, Emeli Del Carmen	733-24-2854	V	01/28/19	04/28/19		May-19	1.00	593.00	\$ 593.00
Arias-Castro, Emeli Del Carmen	733-24-2854	V	01/28/19	04/28/19		Jun-19	1.00	593.00	\$ 593.00
Arias-Castro, Emeli Del Carmen	733-24-2854	V	01/28/19	04/28/19		Jul-19	1.00	593.00	\$ 593.00
Arias-Castro, Emeli Del Carmen	733-24-2854	V	01/28/19	04/28/19		Aug-19	1.00	593.00	\$ 593.00
Bridges, Lisa Ann	218-04-4800	V	01/16/19	04/16/19		May-19	1.00	593.00	\$ 593.00
Bridges, Lisa Ann	218-04-4800	V	01/16/19	04/16/19		Jun-19	1.00	593.00	\$ 593.00
Bridges, Lisa Ann	218-04-4800	V	01/16/19	04/16/19		Jul-19	1.00	593.00	\$ 593.00
Bridges, Lisa Ann	218-04-4800	V	01/16/19	04/16/19		Aug-19	1.00	593.00	\$ 593.00
Bridges, Lisa Ann	218-04-4800	F	01/16/19	04/16/19		Oct-19	1.00	593.00	\$ 593.00
Bridges, Lisa Ann	218-04-4800	F	01/16/19	04/16/19		Nov-19	1.00	593.00	\$ 593.00
Bridges, Lisa Ann	218-04-4800	F	01/16/19	04/16/19		Dec-19	1.00	593.00	\$ 593.00
Cruz, Maria Minerva	225-49-5150	F				Nov-19	1.00	128.00	\$ 128.00
Gron-Salmeron, Gladys E	231-89-2795	F				Aug-19	1.00	128.00	\$ 128.00
Nevil, Lisa Ann	219-04-4800	V	01/16/19	04/16/19		May-19	1.00	593.00	\$ 593.00
Nevil, Lisa Ann	219-04-4800	V	01/16/19	04/16/19		Jun-19	1.00	593.00	\$ 593.00
Nevil, Lisa Ann	219-04-4800	V	01/16/19	04/16/19		Jul-19	1.00	593.00	\$ 593.00
Nevil, Lisa Ann	219-04-4800	V	01/16/19	04/16/19		Aug-19	1.00	593.00	\$ 593.00
Nevil, Lisa Ann	219-04-4800	V	01/16/19	04/16/19		Sep-19	1.00	593.00	\$ 593.00
Paulk, William Charles	262-59-4409	V	12/17/18	03/17/19		Apr-19	1.00	593.00	\$ 593.00
Paulk, William Charles	262-59-4409	V	12/17/18	03/17/19		May-19	1.00	593.00	\$ 593.00
Poe, Michelle	217-88-1476	V	06/29/19	09/29/19		Oct-19	1.00	593.00	\$ 593.00
Poe, Michelle	217-88-1476	V	06/29/19	09/29/19		Nov-19	1.00	593.00	\$ 593.00
Poe, Michelle	217-88-1476	V	06/29/19	09/29/19		Dec-19	1.00	593.00	\$ 593.00
Strodger, Alden Jr.	024-70-8240	P	07/01/19	10/01/20		Jul-19	1.00	(128.00)	\$ (128.00)

Strodger, Alden Jr.	024-70-8240	P	07/01/19	10/01/20		Aug-19	1.00	(128.00)	\$ (128.00)
Tan, Ching W	223-87-7321	V	05/10/19	08/10/19		Sep-19	1.00	593.00	\$ 593.00
Tan, Ching W	223-87-7321	V	05/10/19	08/10/19		Oct-19	1.00	593.00	\$ 593.00
TOTAL UNDERPAYMENT TO FELRA H&W FUND									\$ 14,825.00

Primary Explanation of Findings:

F. Omitted hours worked.

V. Full Time Employees - eligible first payroll month following the completion of three months of continuous service.

W. Rehired FT - eligible first payroll month following the completion of three months of continuous service.

P. Failed to apply 13 months probationary exclusion.

**BAKERS UNION AND FELRA HEALTH AND WELFARE FUND
PAYROLL EXAMINATION**

Safeway
Phoenix, AZ 85027
January 2018 through February 2022

**HEALTH & WELFARE FUND
PERIOD COVERED: 01/01/20 to 12/31/20**

Name	Social Security Number	Note	Hire Date	Elig Date	Term Date	Period	Quantity	Fund Contribution	Amount Due
Costa, Eva Roseline	852-93-0294	F				Feb-20	1.00	128.00	\$ 128.00
Dates, Leah	218-53-0762	F				Jul-20	1.00	128.00	\$ 128.00
Dowery, Bridgette Jeneen	219-19-7395	V	06/24/20	09/22/20		Oct-20	1.00	593.00	\$ 593.00
Graziano, Nicholas J	220-04-6281	F				Sep-20	1.00	593.00	\$ 593.00
Harding, Dana M	216-04-0571	F				Oct-20	1.00	1,082.00	\$ 1,082.00
Legard, Valerie Heather	229-11-2576	F				Oct-20	1.00	24.00	\$ 24.00
Poe, Michelle	217-88-1476	V	06/29/19	09/27/19		Jan-20	1.00	593.00	\$ 593.00
Poe, Michelle	217-88-1476	V	06/29/19	09/27/19		Feb-20	1.00	593.00	\$ 593.00
Quiroga, Aleida C	577-41-4582	V	09/03/19	12/02/19		Jan-20	1.00	593.00	\$ 593.00
Quiroga, Aleida C	577-41-4582	V	09/03/19	12/02/19		Feb-20	1.00	593.00	\$ 593.00
Reyes Izaguirre, Francisca	739-79-0775	F				Nov-20	1.00	128.00	\$ 128.00
Santos, Norma D	739-79-0775	F				Feb-20	1.00	128.00	\$ 128.00
Stefan, Eric A	103-40-5028	V	01/17/20	04/16/20		May-20	1.00	153.00	\$ 153.00
Stefan, Eric A	103-40-5028	V	01/17/20	04/16/20		Jun-20	1.00	153.00	\$ 153.00
Stefan, Eric A	103-40-5028	V	01/17/20	04/16/20		Jul-20	1.00	153.00	\$ 153.00
Stefan, Eric A	103-40-5028	V	01/17/20	04/16/20		Aug-20	1.00	153.00	\$ 153.00
Stefan, Eric A	103-40-5028	V	01/17/20	04/16/20		Sep-20	1.00	153.00	\$ 153.00
Williams, Deja	577-31-0596	C			07/10/20	Jul-20	1.00	128.00	\$ 128.00
TOTAL UNDERPAYMENT TO FELRA H&W FUND									\$ 6,069.00

Primary Explanation of Findings:

C. Failed to report last month worked paid upon termination.

F. Omitted hours worked.

V. Full Time Employees - eligible first payroll month following the completion of three months of continuous service.

**BAKERS UNION AND FELRA HEALTH AND WELFARE FUND
PAYROLL EXAMINATION**

Safeway
Phoenix, AZ 85027
January 2018 through February 2022

**HEALTH & WELFARE FUND
PERIOD COVERED: 01/01/21 to 12/31/21**

Name	Social Security Number	Note	Hire Date	Elig Date	Promotion Date	Period	Quantity	Fund Contribution	Amount Due
Carrillo, Diana Paola	692-03-9798	I	07/29/2021	10/29/21		Nov-21	1.00	593.00	\$ 593.00
Carrillo, Diana Paola	692-03-9798	I	07/29/2021	10/29/21		Dec-21	1.00	593.00	\$ 593.00
Henegar, Carolyn Marie	212-23-3740	F	03/21/20	04/21/21		Aug-21	1.00	593.00	\$ 593.00
Rivas, Sara Erika	227-43-2127	F	04/01/20	05/01/21		Jul-21	1.00	593.00	\$ 593.00
Rivas, Sara Erika	227-43-2127	F	04/01/20	05/01/21		Aug-21	1.00	593.00	\$ 593.00
Silwal, Binita Shah	759-92-3749	F	10/21/19	11/21/20		Nov-21	1.00	24.00	\$ 24.00
Silwal, Binita Shah	759-92-3749	F	10/21/19	11/21/20		Dec-21	1.00	24.00	\$ 24.00
TOTAL UNDERPAYMENT TO FELRA H&W FUND									\$ 3,013.00

Primary Explanation of Findings:

F. Omitted hours worked.

I. Failed to report new employee at the end of probationary exclusion.

**BAKERS UNION AND FELRA HEALTH AND WELFARE FUND
PAYROLL EXAMINATION**

Safeway
Phoenix, AZ 85027
January 2018 through February 2022

HEALTH & WELFARE FUND
PERIOD COVERED: 01/01/22 to 02/28/22

Name	Social Security Number	Note	Hire Date	Elig Date	Term Date	Period	Quantity	Fund Contribution	Amount Due
Carrillo, Diana Paola	692-03-9798	I	07/29/2021	10/29/21		Jan-22	1.00	593.00	\$ 593.00
TOTAL UNDERPAYMENT TO FELRA H&W FUND									\$ 593.00

Primary Exlpination of Findings:

I. Failed to report new employee at the end of probationary exclusion.