



November 30, 2022

Dawn Welch
Bakers Union and FELRA
Health and Welfare Fund
911 Ridgebrook Road
Sparks, MD 21152

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

Dear Ms. Welch:

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





November 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:

This audit was revised on November 30, 2022. Safeway provided a detail response to their disputes. We also adjusted the probationary period testing to use the first of the month following 1200 hours of service, plus 60 days for full time employees.

2) Gross Payroll Reconciliation:

Calibre CPA Group, was unable to perform a standard payroll audit examination procedure; a companywide 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 employee's hire dates against payroll records to verify if employees' were reported on time of their eligible date. Full time employees have a 1200 hour plus 60 day probationay period.

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-MISC's 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.

**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	\$ 1,401.00	\$ 1,401.00
2019	\$ 256.00	\$ 256.00
2020	\$ 2,339.00	\$ 2,339.00
2021	\$ 1,827.00	\$ 1,827.00
2022 (Jan & Feb only)	\$ -	\$ -
<u>TOTAL DUE TO FELRA AND UFCW H&W FUND:</u>		<u>\$ 5,823.00</u>

Primary Explanation of Findings:

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

F. Omitted month paid.

P. Reported in Error - Employer set-up issue