Memo

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DATE:	August 30, 2012
TO:	Ryk Tierney
FROM:	Marion Moore and Justin Sargent
SUBJECT:	Giant Food Warehouse ER#250-4 and Giant Food Recycling ER# 250-9

Ryk,

Please find inside attached draft of our audit of Giant Food Warehouse and Giant Food Recycling for the period of January 2009 through December 2011.

Giant provided electronic payroll records and a list by year of vacation relief employees promoted to regular employees for both the warehouse and recycling centers for the entire audit period.

Giant Warehouse:

The list of vacation relief employees promoted to regular employees provided by Giant was tested to the contribution reports provided by the Funds and to the payroll provided by Giant. No discrepancies were noted. All employees on the Giant list were shown on the contribution report. Please note that Giant reported these employees from date of promotion to regular employees.

During sample horizontal testing it was noted that Giant was truncating (i.e. dropping fractional hours) when reporting to the Funds. The Funds were notified of Giant's practice of truncating hours and Calibre was instructed to expand testing to 100% to pick up these unreported truncated hours.

Auditor used electronic payroll records to capture year to date worked hours and compared totals to year to date hours reported to the Funds for each covered employee, truncated hours are shown on our draft report. The year to date truncated hour variances were calculated using the rate that was effective as of December of that year.

During the testing of truncated hours it was noted that some employees had a higher amount of variances for the year. Additional testing was done on these employees and it was noted that these employees had additional discrepancies. Please see pages 2 and 3 of the warehouse report for these employees.

Giant Food Recycling:

There were no vacation relief employees promoted to regular employees.

During sample horizontal testing it was noted that Giant was truncating (i.e. dropping fractional hours) when reporting to the Funds. The Funds were notified of Giant's practice of truncating hours and Calibre was instructed to expand testing to 100% to pick up these unreported truncated hours.

Auditor used electronic payroll records to capture year to date worked hours and compared totals to year to date hours reported to the Funds for each covered employee, truncated hours are shown on our draft report. The year to date truncated hour variances were calculated using the rate that was effective as of December of that year.

During testing it was noted that Giant did not report Sunday from January 2009 through May 2011. These discrepancies are shown on their own sheets on the draft report.

The contribution basis for the Legal Fund is capped at 40 hours per week. Legal hours were reported at the cap of 40 hours per week from January 2009 through May 2011. Beginning June 2011 Giant began reporting all hours worked with no cap. Variances for truncating hours were noted up to the 40 hour per week cap on the draft report. Hours reported over the 40 hour per week cap were noted as potential overpayments.

WAREHOUSE EMPLOYEES UNION LOCAL 730 BENEFIT FUNDS
PAYROLL AUDIT SUMMARY
UNDERPAYMENTS

Employer: Giant Food

Employer Code: 250-4

Audit Period: January 2009 through December 2011

Year	2009	2010	2011	Totals
PENSION	$45,043.63	$54,518.31	$29,094.94	$128,656.88
H&W	$61,267.08	$71,881.73	$36,692.98	$169,841.79
LEGAL	$775.77	$849.96	$432.41	$2,058.14
TOTAL UNDERPAYMENTS	**$107,086.48**	**$127,250.00**	**$66,220.33**	**$300,556.81**

Explanation of Findings:
F. Omitted hours.
V. Employer truncated hours.

DRAFT