



## Audit Recovery Policy and Guidelines

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Merchandising v.1

### POLICY

At Southeastern Grocers (“SEG” or the “Company”), all approved deals are subject to audit. To the extent an audit identifies a claim, this policy and its related guidelines must be followed.

SEG Category Managers accepting deal and pricing information are expected to hold vendors responsible for verifying the accuracy of deal information, including but not limited to: deal performance dates, various vendor allowances, list cost, etc.

All claims will contain appropriate backup to support the claim.

All claims will be in accordance with the *Audit Recovery Guidelines* attached to this policy as Exhibit A.

### CONTACT

For more information on this policy, contact Merchandise Accounting at 904-370-8040.



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## Exhibit A – Audit Recovery Guidelines Effective July 1, 2019

### Accounting

<u>Guideline #</u>	<u>Warehouse Guidelines</u>	<u>DSD Guidelines</u>	<u>Short Description</u>	<u>Long Description</u>
901	X	X	Duplicate Payments	Claim on duplicate payments
902	X	X	Statement Credits	Open Credits on Statements
903	X	X	Payment Discrepancies	Claim on payment discrepancies

### Advertising

<u>Guideline #</u>	<u>Warehouse Guidelines</u>	<u>DSD Guidelines</u>	<u>Short Description</u>	<u>Long Description</u>
702	X	X	Ad Funding	Claim Ad funding when offer is stated and performance is met.

### Cash Discount

<u>Guideline #</u>	<u>Warehouse Guidelines</u>	<u>DSD Guidelines</u>	<u>Short Description</u>	<u>Long Description</u>
401	X	X	Missed Cash Discounts	Claim missed cash discount on invoices, when no discrepancies occurred
402	X	X	Invoices Paid Late with Discrepancies	Claim cash discount on invoices paid late due to any discrepancies, i.e. pricing, po numbering, quantities, invoice not received, etc...
403	X	X	On Gross	Claim cash discount not taken on gross list price (before promotions)

### New Items

<u>Guideline #</u>	<u>Warehouse Guidelines</u>	<u>DSD Guidelines</u>	<u>Short Description</u>	<u>Long Description</u>
802	X	X	New Item Introduction	Claim missed new item introduction funds
803	X		New Deal Time Frame	Claim like deal period as original offer for new items Received out of original offer time frame, beginning with first Receipt of item



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## Pricing

<u>Guideline #</u>	<u>Warehouse Guidelines</u>	<u>DSD Guidelines</u>	<u>Short Description</u>	<u>Long Description</u>
301	X		Incorrect List Cost	Claim difference in pricing if list cost charged is higher than correct cost per DMS cost change contract or email documentation, on shipments of product where the incorrect cost was in place
301D		X	Incorrect List Cost	Claim difference in pricing if list cost charged is higher than correct cost per DMS cost change contract or email documentation, on shipments of product where the incorrect cost was in place
304	X		Late Notification Price Declines	Claim difference in pricing if price decrease was implemented after agreed effective date per DMS cost change contract and/or supplier written confirmation, on shipments of product where the price decrease was not in place
304D		X	Late Notification Price Declines	Claim difference in pricing if price decrease was implemented after agreed effective date per DMS cost change contract and/or supplier written confirmation, on shipments of product where the price decrease was not in place
305	X		Late Notification Price Increase	Claim price increase on difference in pricing (price protection) if less than 60 days prior notification, on shipments of product where price increase occurs prior to 60 days from notification date and/or agreed upon cost increase date (not valid on commodity products)
305D		X	Late Notification Price Increase	Claim price increase on difference in pricing (price protection) if less than 60 days prior notification, on shipments of product where price increase occurs prior to 60 days from notification date and/or agreed upon cost increase date (not valid on commodity products)
305DP	X		Delayed Price Increase	Claim difference in pricing if price increase was implemented prior to final agreed effective date per DMS cost change contract and/or supplier written confirmation, on shipments of product where the price increase was in place (not valid on commodity products)
305DPD		X	Delayed Price Increase	Claim difference in pricing if price increase was implemented prior to final agreed effective date per DMS cost change contract and/or supplier written confirmation, on shipments of product where the price increase was in place (not valid on commodity products)
305G	X		Gap Protection on Price Increase	Claim difference in pricing if price increase was implemented prior to a billback or other offsetting deal was started to offset the cost increase as price protection for the Order/Movement/Performance date gaps between pricing
305IP	X		Invalid Price Increase	Claim difference in pricing if proposed price increase was rejected via DMS cost change contract or email documentation, on shipments of product where the price increase was in place
305IPD		X	Invalid Price Increase	Claim difference in pricing if proposed price increase was rejected via DMS cost change contract or email documentation, on shipments of product where the price increase was in place
307	X	X	Returns	Claim list cost on all returns
309	X		Incorrect Net Pricing	Claim correct net price on all orders within deal time frame
310D		X	Cost Change Claims	Claim on Incorrect Pricing per same week/zone deliveries

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## Promotional Offers

<u>Guideline #</u>	<u>Warehouse Guidelines</u>	<u>DSD Guidelines</u>	<u>Short Description</u>	<u>Long Description</u>
102D		X	Deliveries Made Within Deal Without an Allowance Given	If the product is delivered in deal, without an allowance (or an incorrect allowance) the allowance will be claimed
103D		X	Large Deliveries Prior to the Deal Start	Allowances will be claimed on the LAST delivery Received within 5 business days (Monday) prior to deal start date ( $\geq 3$ times normal turn)
110D		X	Off Invoice/Billback Sold more than purchased	Claim promotion by comparing Store/Warehouse Movement during the deal period to actual purchases. Bill per unit allowance on Store/Warehouse Movement if total was greater than purchases
118D		X	Large Deliveries Made After the Deal End	Allowances will be claimed on the FIRST delivery received 5 business days (Friday) after deal ends or performance ends, whichever is greater, that is promotional size ( $\geq 3$ times normal turn). This is considered deal fill-in product
119D		X	No Delivery of Promotional Product Received First Week of Deal	Allowances will be claimed on LAST delivery received within 1 week prior to deal start, if no promotional product is received during the first week of the deal. No quantity restrictions
120D		X	No Delivery of Promotional Product Received Last Week of Deal	Allowances will be claimed on FIRST delivery received within 1 week after deal ends, if no promotional product is received at store the last week of promotion. No quantity restrictions
121	X		Movement Discrepancies	Claim promotion if the movement from C&S warehouse to the stores is within vendor Order/Movement/Performance Dates
121D	X		Deal Protection	Claim promotion if the movement from C&S warehouse to the stores is due additional billback amounts as deal protection for the Order/Movement/Performance Date gaps between deals
121F	X		Family Items	Claim promotion if the movement from C&S warehouse to the stores is within vendor Order/Movement/Performance Dates for Family Items
121P	X	X	Pallets/Shippers	Claim promotion if the movement from C&S warehouse to the stores is within vendor Order/Movement/Performance Dates for Pallet/Shipper Items
121R	X		Missed Item(s)	Claim promotion if the movement from C&S warehouse to the stores is within vendor Order/Movement/Performance Dates
122	X		P-Deal Movement Discrepancies	Claim per case P-deal if the movement from C&S warehouse to the stores is within vendor Order/Movement/Performance Dates
122D	X		P-Deals Deal Protection	Claim per case P-deal if the movement from C&S warehouse to the stores is due additional billback amounts as deal protection for the Order/Movement/Performance Date gaps between deals
122F	X		P-Deal Family Items	Claim per case P-Deal if the movement from C&S warehouse to the stores is within vendor Order/Movement/Performance Dates for Family Items
122P	X		P-Deal Pallets/Shippers	Claim per pallet/displayer P-Deal, or open stock P-Deal on cases in pallet/shipper, if the movement from C&S warehouse to the stores is within vendor Order/Movement/Performance Dates for Pallet/ Shipper Items
122R	X		P-Deal Missed Item(s)	Claim per case P-deal if the movement from C&S warehouse to the stores is within vendor Order/Movement/Performance Dates

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## Rebates

<u>Guideline #</u>	<u>Warehouse Guidelines</u>	<u>DSD Guidelines</u>	<u>Short Description</u>	<u>Long Description</u>
601	X	X	Rebates	Claim accruals/rebates calculated on quantity purchased less returns

## Scan Offers

<u>Guideline #</u>	<u>Warehouse Guidelines</u>	<u>DSD Guidelines</u>	<u>Short Description</u>	<u>Long Description</u>
112	X	X	Scans - Movement Discrepancies	Claim promotion if SEG Scan Performance Date is within vendor Scan Performance Date
112C	X	X	Scans - Complex/Compound Deals	Claim promotion based on qualifying transaction if within deal dates
112F	X	X	Scans - Family Items	Claim promotion if SEG Scan Performance Date is within vendor Scan Performance Date for family items not billed
112P	X	X	Scans - Reward Points	Claim promotion based on qualifying transaction if within deal dates
112R	X	X	Scans - Missed Items	Claim promotion if SEG Scan Performance Date is within vendor Scan Performance Date for missed items not billed