



WSA Special Report: WalMart

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In the last several weeks we have received several reports from contractors who have been subjected to an audit on their WalMart accounts by a firm called “Auditec Solutions.”

We talked to a WSA member who was first contacted by Auditec Solutions, the audit company for WalMart, 4-5 months ago. At first, the Auditec employee didn’t represent the firm as an audit company; rather, it appeared they were looking for better ways to improve WalMart’s invoicing system. However, that quickly changed.

It soon became clear that Auditec was looking for any discrepancies in their IVR system that were missed at Walmart where services had been paid for. These didn’t mean that the contractor actually didn’t make the check-in. Maybe the time parameters didn’t match up for when they were supposed to be made, which was for this contractor midnight-to-6am.

Auditec notified this contractor that they had been paid over \$40,000 over the past three years that was now being disputed and, initially, the contractor was told to rebate the money back immediately. Ultimately, however, they were given an opportunity to provide documentation that they actually completed the service.

Acceptable to Auditec appears to be GPS information and documentation from route tracking software. In this contractor’s case they use handwritten route sheets, and these appear to be acceptable. Because the last day to provide all of the info to Auditec happened to be yesterday, the contractor still doesn’t know what will and will not be accepted as confirmation they swept on the disputed days.

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The bottom line is that even though WalMart and its IVR system approved and paid the invoices — even though some were kicked back during that time for some reason or the other and had to be re-validated in order to have payment included. Now, three years of auditing is somehow being inserted into the contract system.

According to the contractor, WalMart's Master Agreement contains a clause saying the company can audit their books. In this contractor's case, that has meant going through literally thousands of papers to find the needed route sheet documentation to back up the fact that sweeping took place on disputed nights.

It's hard to go back that far. And there's no way to verify that the contractor didn't call in. Auditec could be saying that the contractor's operator didn't call in but then the question would be "Why did WalMart not flag that at the time and dispute the invoice?" It could well be a mistake in their system that they didn't register the call-in.

Another new WalMart wrinkle is the company is instituting an AI bidding system for the locations this contractor sweeps. They were instructed to log onto an online bidding system of so sort where they must verify their current prices at each of their stores. Included as part of this is that payment terms are being extended from 30 to 60 days.

What came out of this was that the contractor was told they needed to also discount their pricing by an average of 42% in order to stay on as the vendor. At the moment, it appears that if they discount their rate 42% then WalMart will retain them for services but otherwise the lot sweeping will be re-bid.

Along with that, WalMart is also increasing the scope of work to include hand-picking of store grass areas. The end result, said the contractor, is that WalMart "wants us to do more work and pay us less, even though costs have risen in the last few years and pricing should be going in the other direction."

If you have more information to provide please contact the WSA office via the contact information shown at the bottom of the pages.

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