



**WORLD SWEEPING
ASSOCIATION**



Suggested Mitigation Techniques and Ideas

September 2024

For over a year parking area sweeping contractors have reported being contacted by Auditec Solutions, on behalf of Walmart, with notices that an audit of their work with Walmart shows \$X amount of previous payments need to be reimbursed.

We have relayed some of the stories as well as outlined the issue. In recent weeks we have learned that the process is continuing, with reimbursement amount demands in some cases approaching \$100,000.

With the assistance of a cutting edge AI program, Perplexity, we have developed the following information designed to assist WSA members in pushing back against these requests. That information is shown below.

QUESTION/REQUEST to PERPLEXITY:

“Please provide, after analyzing the information contained in the attached files (previously reports to WSA members), ideas about how contractors can 'push back' against the auditing by Auditec being conducted on behalf of Walmart. For one, is it legal to, under the circumstances discussed, bill servicing sweeping companies up to 3 years after services have been rendered, service quality was approved by Walmart management and payments were then authorized by Walmart management? How can the contractors affected best mitigate this situation?”

ANSWER:

Based on the information provided, here are some ideas for how contractors can push back against Auditec's auditing on behalf of Walmart:

1. **Question the legality and fairness of retroactive audits:**

It appears questionable whether Walmart can legally demand repayment for services rendered up to 3 years ago that were already approved and paid for.

Contractors could argue this practice is unfair and potentially illegal, especially since:

- Services were completed and approved by Walmart management at the time. Payments were then authorized and made by Walmart.
- Contractors have already paid taxes, wages, and other expenses based on that income.

2. **Highlight the limitations of retroactive documentation:**

Contractors should emphasize the difficulty or impossibility of providing documentation from years ago.

GPS systems only retain data for limited periods, and expecting contractors to maintain extensive records for potential future audits is unreasonable.

3. **Challenge the audit methodology:**

Question Auditec's approach of extrapolating findings from a sample to a larger time period. This method may not accurately reflect the actual services provided over 3 years.

4. **Invoke contractual protections:**

Review contracts for any clauses that might protect against retroactive audits or limit the timeframe for disputing payments. If such protections exist, invoke them.

5. **Emphasize the approved payment process:**

Stress that Walmart had multiple safeguards in place to verify services before payment, including:

- Store managers had 3 days to approve or disapprove work
- Walmart used an automated "Invoice Review Tool API" to check invoices

6. **Propose a more reasonable audit timeframe:**
Suggest limiting audits to a more recent period, such as the past 6-12 months, which would be more manageable for documentation and fairer to contractors.
7. **Seek legal counsel:**
Consider consulting with a lawyer specializing in contract law or construction litigation to explore legal options and protections.
8. **Take collective action:**
If multiple contractors are affected, consider forming a coalition to collectively address these issues with Walmart and potentially seek legal recourse together.
9. **Highlight potential damage to business relationships:**
Emphasize how this practice could damage long-term relationships between Walmart and its contractors, potentially leading to higher costs and reduced service quality in the future.
10. **Document communication:**
Keep detailed records of all communications with Auditec and Walmart regarding these audits, which may be useful if legal action becomes necessary.

To mitigate the situation, contractors should:

1. Improve record-keeping practices going forward to better defend against future audits.
2. Consider renegotiating contracts with Walmart to include clearer terms about audits and payment disputes.
3. Diversify their client base to reduce dependence on Walmart.
4. Implement more robust systems for tracking and documenting services provided.
5. Stay informed about industry standards and best practices for dealing with large corporate clients.

Remember, while these suggestions may help, the specific legal and contractual situation can vary. It's advisable to consult with legal professionals for tailored advice.

WSA Contact Info: director@worldsweepingpros.org • 360.739.7323