

**The Savemart Companies
Post Audit Guidelines**

Revised: September 21, 2016

Post-Audit Claim Type	Description	Post-Audit Guidelines
Deal Performance Dates	Deal Performance Dates are defined within the Promotional Deal Date Calendars (see Appendix) based on defined deal types and modes of distribution. Deals submitted correctly to the Promotional Deal Date Calendar standards allow Save Mart to receive deal monies to support promotions.	Post Audit claims will be based on product movement that falls within the Deal Performance Dates as defined in Save Mart's Promotional Deal Date Calendars, and not previously deducted.
Pallets, Modules and Shippers	All pallets, modules and shippers that are set up as an 'alternate vendor pack' (a display vehicle) require a promotional allowance without regard to when the product was ordered. Pallets that are considered 'open stock' (these pallets are intended for everyday replenishment at store level) may not have an allowance associated with them.	If no contract is given on an 'alternate vendor pack' pallet, module or shipper, the amount of promotional allowance due will be determined to equal the open stock equivalent net cost of goods.
No Purchases During a Deal Offer	When warehouse and floor stock quantities are sufficient to support the promotion, no purchases or movement are scheduled during the deal period. This causes full priced cases to be used to support the promotion which affect Save Mart's profit margins.	When no purchases were made or product moved during the deal to support the promotion and the product cost was higher than the deal cost offered, then the offered allowances will be claimed on the quantities sold at the store level during the performance using POS data for the entire promotion.
Deals Extending to All Qualifying UPC/Families	Deal Sheets can be issued several months before the promotions, during which time product is newly introduced, swapped out or discontinued. By capturing all qualifying UPC's in a similar family for the deal and protects the product that was sold to support the promotion but did not have the deal applied to it.	If a vendor failed to include a qualifying UPC in the contract, the allowance will be extended to the other qualifying UPC's within the family group, unless the deal sheet specifically notes that items on the sheet are agreed to be exclusive to the deal offer.
Short Shipment of Promotional Product	Save Mart sets promotions up based on expected product quantities to be received. When the vendor shorts promotional product at the end of the deal period, Buyers do not have sufficient time to place replacement orders.	Allowance offered will be extended to shorted quantity, unless the product has the same deal starting the day after the deal ends (which is the case for everyday low cost offers).
New Item Allowance	New Item Allowances cover introduction of a new product into the warehouse and the stores.	New Item Allowances will be billed at the dollar amount presented on the deal for new item offers per SKU, unless specified otherwise. New Item off invoice or billback allowance is taken from the first purchase of the new item through the offered time range, regardless of when the initial order takes place.
Same Day Net Pricing	The combining of purchase orders shipped, ordered or received from a single shipping point to a single receiving point on the same day should result in the same net cost.	All purchase orders that fall under the same order, ship, requested arrival or arrival date are to receive the lowest net deal cost.
Cost Increase Notification	60 days notification on cost increase for Dry Grocery, HBC, General Merchandise, Frozen Food. 30 days notification on cost increase for Meat, Produce, Dairy, Dairy Deli, Service Deli, Bakery, Liquor Some Meat and Produce commodities will change in list cost on a much shorter timeframe, up to and including daily commodity cost changes	Claims will be based on the case quantities ordered during the Cost Increase Notification period that is insufficient for the required amount of days per specific department, plus two weeks of purchases.
Price Increase on Short Shipments	Order quantities that are not filled (short-shipped) by the vendor are due to Save Mart at the lower cost upon arrival.	Prior to the cost increase, all orders are protected at the lower cost of goods unless a formal allocation has been announced to the trade market.
Scan Movement Allowances	To review all scan contracts to ensure that all allowances are received correctly and all qualifying UPC's are included.	Claims will be based on POS scan data for all qualifying UPC's (unless it is specifically noted on the deal sheet that the list of items offered on deal is inclusive only to those on the deal sheet) during the performance period, less amounts previously billed.
Warehouse Movement Allowance	To review all warehouse movement (shipment) contracts are billed correctly (billbacks and SSI Qdeals	Claims will be based on warehouse movement data for all qualifying UPC's (unless it is specifically noted on the deal sheet that the list of items offered on deal is inclusive only to those on the deal sheet) between the ship start and ship end dates on deal sheet, less amounts previously billed.
Cash Discount on Gross Cost	The cash discount offer will be applied to the gross invoice amount.	The discount amount is calculated at the gross invoice cost, prior to the deduction for any promotional allowances, freight allowances and other line item or invoice level allowances.
Net Cost Suppliers	Suppliers that have been chosen to enter into an agreement with Save Mart to offer funding based on a simple off invoice or SSI Qdeal that applies agreed upon trade funding to create an every day low cost (EDLC).	These designated Suppliers will not be subject to post audits on deals for the areas of their business that is structured in this way with Save Mart. Effective 7/22/2016 EDLC can be audited under the following conditions: a) Any deal gaps that may exist whereby Save Mart would pay list cost vs.net cost. b) Overlay deals that a supplier may offer need to support the deal calendar dates.