

**JOINT COLLECTIONS AND AUDIT PROCEDURES AND GUIDELINES
FOR THE
ALASKA ELECTRICAL TRUST FUNDS**

**Alaska Electrical Health and Welfare Fund
Alaska Electrical Pension Fund
Alaska Electrical Retirement Savings Plan**

Effective: February 24, 2026

COLLECTIONS PROCEDURES

1. **OBJECTIVES.** The Trustees of the Alaska Electrical Trust Funds adopt these procedures and guidelines for collection of delinquent Employer contributions. The objectives of these procedures and guidelines are:

1.1. To fulfill the Trustees' obligation and responsibility to collect Employer contributions pursuant to applicable Collective Bargaining Agreements, Contribution Agreements for Associate Employees, and Trust Agreements;

1.2. To provide for reasonable, diligent, and systematic efforts as are appropriate under the circumstances to effect collections of delinquent Employer contributions in accordance with said Agreements and the law; and

1.3. To ensure adequate, consistent, and timely collection procedures to maximize collection returns and minimize write-offs due to no-asset cases.

2. **DUTIES OF ADMINISTRATION OFFICE.** The Administration Office has the following responsibilities:

2.1. Identify all Employer accounts that are delinquent in the payment of contractually required contributions and prepare a monthly report or reports listing the Employer and months owing, and if known the amount due.

2.2. Contact all delinquent Employers to make demand for payment, send out delinquency and pre-attorney notices, and send out ten-day letters. If internal collection efforts are unsuccessful, the Administration Office shall refer a delinquent Employer to Collections Counsel no later than the 10th day of the month following the month in which the remittance report and contributions were due.

2.3. The Administration Office shall maintain a record of account balances owed and payments made and shall coordinate receipt of funds with Collections Counsel.

2.4. Coordinate payroll audits that may be requested by Collections Counsel, by the Board of Trustees, or by any designated Committee such as an Audit & Collections Committee.

2.5. Coordinate payroll audits in accordance with the Alaska Electrical Workers audit policy and procedures.

2.6. Request for-cause audits if information is received that an Employer is not reporting contributions in accordance with a Collective Bargaining Agreement or Contribution Agreement. Such information may consist of signed employment records, paycheck stubs, correspondence from the Local 1547 of the International Brotherhood of Electrical Workers indicating named electricians are not being reported or not being reported correctly, and administrative noncompliance.

2.7. Collect amounts due from payroll audits received. Where audit deficiencies occur, a letter will be sent to the Employer requesting payment in full within 30 days of the date of the letter. If the Employer fails to remit audit shortages or make arrangements to pay within that 30-day time period, the Employer account shall be referred to Collections Counsel.

2.8. Provide the status of internal Administration Office collection efforts or any other collection efforts to the Board of Trustees at each regular meeting for review, if requested.

3. **DUTIES OF COLLECTION ATTORNEY.** Collections Counsel has the following responsibilities:

3.1. Process all referred accounts as legal collection matters including, as applicable: sending demand letters; filing legal actions at Collections Counsel's discretion, filing retainage lien and/or bond claims, handling bankruptcy matters; and performing all related procedures and remedies that may be reasonably likely to lead to recovery. An Employer account involving contributions of \$1,000 or less will be handled as set forth in Section 6.5 below.

3.2. Collections Counsel shall regularly advise the Board of Trustees of the status of the referred cases, how much has been collected and the balance due, submit recommendations to the Board of Trustees for write-off of uncollectible accounts, including liquidated damages and costs, and the basis for any settlement of less than the total claimed amount.

3.3. Associate with other counsel, payroll auditors, or other professionals who in the Collections Counsel's judgment are necessary to prosecute a case, provided the Collections Counsel maintains control of the litigation.

3.4. Refer an Employer's account to the Auditor/Payroll Examiner, in conjunction with the Administration Office, for a for-cause payroll audit to assist in prosecution of legal claims.

3.5. Whenever a delinquent Employer proposes to pay less than the total claimed amount, but equal to or more than the delinquent contributions, Collections Counsel shall, on behalf of the Board of Trustees effect the most efficacious settlement possible, provided Collections Counsel determines that: (a) reasonable, diligent and systematic efforts as are appropriate under the circumstances have been made to collect the entire amount due; and (b) the proposal is reasonable under the circumstances based on the likelihood of collecting the entire amount due, the disputed legal issues, the economic circumstances of the Employer, and the costs that would be incurred if collection efforts were continued to attempt to collect payment in full. If a delinquent Employer proposes to pay less than the total delinquent contributions due, Collections Counsel shall relay the proposal to the Board of Trustees for consideration and Collections Counsel shall implement the Board's decision. Collections Counsel shall submit any other Employer proposal to the Board of Trustees for approval or denial if there are extenuating circumstances that require the Board review and action. Collections Counsel can communicate proposals to pay to the Board of Trustees, and to the Administration Office, in any manner, including electronically.

3.6. Set-up installment payment plans in accordance with Section 6.4, coordinating and consulting with the Administration Office as necessary for balances owed and other pertinent Employer information.

3.7. Reduce to writing any agreement to accept less than the amount due and/or any installment payment plan, setting forth with particularity the terms.

3.8. If Collections Counsel determines that a delinquency should be considered uncollectible, Collections Counsel may cease collection activity with respect to that delinquency, provided Collections Counsel determines in their professional judgment that: (a) reasonable, diligent and systematic efforts as are appropriate under the circumstances have been made to collect the amount due; and (b) the determination to declare the delinquency uncollectible is reasonable and appropriate based on the likelihood of collecting the contributions and the costs that would be incurred for continuing collection efforts. Collections Counsel shall recommend, in writing, the decision setting forth with particularity the reasons for declaring the delinquency uncollectible. Collections Counsel shall advise the Board of Trustees of the recommendation to close the matter.

3.9. Collections Counsel is authorized to contact and to notify general contractors concerning delinquent Employer accounts and to enter into joint-check payment arrangements and other arrangements helpful to collection.

4. **RESPONSIBILITIES OF AUDITOR/PAYROLL EXAMINER.** The Auditor/Payroll Examiner shall have the following responsibilities:

4.1. Conduct audits/payroll examinations of the payroll and related business records of Contributing Employers as set forth in the Alaska Electrical Trust Funds' joint audit/payroll examination policy.

4.2. Perform audits/payroll examinations related to prosecution of legal claims referred by the Administration Office at the request of Collections Counsel.

4.3. Perform for-cause audits requested by the Administration Office or Collections Counsel.

5. **RESPONSIBILITIES OF THE TRUSTEES.** The responsibilities of the Board of Trustees are listed below.

5.1. The Board of Trustees may delegate their responsibilities to an Audit & Collections Committee consisting of at least one Employer Trustee and one Union Trustee. If formed, it is anticipated that the Audit & Collections Committee will meet at least quarterly. To constitute a quorum at any meeting of the Collections Committee at least one Employer Trustee and one Union Trustee must be present.

5.2. The Board of Trustees or the Audit & Collections Committee shall be responsible for enforcing a reasonable, diligent, and systematic audit and collection process.

5.3. Whenever Collections Counsel conveys a delinquent Employer's proposal to pay less than the total amount of contributions due, the Board of Trustees (or the Audit & Collections Committee) shall review and decide whether to accept or reject the offer, taking into account whether: (a) reasonable, diligent and systematic efforts as are appropriate under the circumstances have been made to collect the entire amount due; and (b) the settlement is reasonable under the circumstances including the likelihood of collecting the entire amount due, disputed legal issues, the economic circumstances of the Employer, and the costs recoverable if collection efforts are continued.

5.4. Take whatever other measures are appropriate under the circumstances to assist in the collection process.

6. **MISCELLANEOUS PROCEDURES**

6.1. *Contribution Due Date:* Contributions are due the 15th day of the calendar month immediately following the month in which the work was performed. If the 15th occurs on a weekend or holiday, contributions are due the first business day following the 15th. If the contributions are received by the first business day following the 15th, the Trust will not assess interest or liquidated damages. If contributions are not received by the first business day following the 15th, interest and liquidated damages will be assessed as outlined in Sections 6.2, 6.3 below.

6.2. Interest Amount/Waiver: Interest is assessed on Trust Fund delinquencies at 12% per annum, simple interest, on unpaid contributions from the date contributions were due until the date contributions are paid in full. Interest is not subject to waiver. Interest may, however, be deemed uncollectible or not cost effective to pursue by the Board of Trustees.

Interest is not assessed by the Trust Office on the “Right-Side” funds. Right-Side funds include:

NECA
FPTC
PAC
IBHF
AMF
LMCC
IBEW Dues
NECA

and any other non-Taft Hartley funds for which the Administration Office receives contributions.

6.3. Liquidated Damages Amount/Waiver: Liquidated damages are assessed at 10% of unpaid contributions. Liquidated damages are not assessed on the Right-Side funds.

The Board of Trustees may waive liquidated damages through a routine delinquency or as part of an audit, deem them uncollectible, or not cost effective to pursue. For the Trustees to consider a waiver of liquidated damages or other non-interest late fees, the Employer will provide:

- (a) A written request seeking a waiver detailing the specific amounts sought under the waiver;
- (b) The written request should provide a sufficiently detailed explanation of why the waiver is requested and why a waiver is justified;
- (c) Each Employer may only receive one conditional waiver in a 12-month period, at the sole discretion of the Trustees; and
- (d) The Employer must timely provide its remittance reports and also timely provide full payment of all reported contributions for a period of 12 months following the date the conditional waiver was granted by the Trustees. Should an Employer who has received a conditional waiver again become delinquent, the conditional waiver may be revoked. In such an instance, the previously waived amounts will become immediately due and payable.

6.4. Installment Payment Plans:

- (a) Determination of Reasonableness. Collections Counsel may agree to installment payment plans with a delinquent Employer based upon a

determination that the payment plan is reasonable after taking into consideration such things as: (1) the likelihood of collection without installments; (2) disputed legal or factual issues; (3) the economic circumstances of the Employer; and (4) the costs of collection without installments.

- (b) *Period of Installment Payment Plan.* An installment payment plan may not exceed 24 months without the prior approval of the Board of Trustees.
- (c) *Interest.* Interest will continue to accrue at 12% per annum on the outstanding principal balance on amounts due under the installment payment plan, until the amount is paid in full.
- (d) *Form of Installment Payment Plan.* An installment payment plan must be in the form of a written agreement, and may be secured by a confession of judgment, personal guaranty, stipulated judgment, or security in a form otherwise approved by the Board of Trustees.
- (e) *Monthly Surcharge.* Collections Counsel is authorized to assess a recurring monthly surcharge to the delinquent Employer on all installment payment plans in an amount equal to one hour of the Collections Counsel's current hourly rate. Such assessments, if paid by the Employer, will be forwarded to the Administration Office to partially reimburse the Trust Funds for their legal expenses.

6.5. *Collection of Small Amounts:* If an account has not been referred to Collections Counsel and the total amount due does not exceed the minimum amount set by the Trustees, the Administration Office may refrain from further collection action or referral of the delinquency to Collections Counsel until the total amount due exceeds the minimum amount. Once the matter exceeds the minimum amount, it shall be handled in accordance with Sections 2 and 3, above. For purposes of this section, the minimum amount set by the Trustees is \$1,000.

6.6. *Refund Policy:* A refund of contributions may be made as permitted by ERISA § 403(c). Refunds are permitted only if requested by the Employer within six months of the date the Employer knew, or should have known of the mistake, or six months of the date the Trust discovers there is a mistake. Refunds are not permitted during any period for which eligibility or benefits have been provided. Refunds are limited to contributions paid during the three years immediately prior to the date the Employer knew or should have known of the mistake, or the date the Trust determines there is a mistake, unless the Trustees determine the equities otherwise favor a refund.

6.7. *Allocation of Payments:* Any collection on a delinquency will be applied according to the terms set forth in the relevant collective bargaining agreement and/or the Administration

Office's procedure. Generally, funds will be applied in the following order, starting with the oldest delinquency month first, paying off delinquency month-by-month in full as follows:

<u>Delinquent Month:</u>	<u>Priority of Payment:</u>
Oldest Month	<ol style="list-style-type: none"> 1. Wage Withholdings (e.g., employee RSP); 2. Employer Taft Hartley Contributions, pro-rata based on the amount of contributions owed to each Trust Fund; 3. All other non-Taft Hartley funds, such as SAP, NLMCC/LMCC, and Dues; 4. Interest; 5. Costs of Collection; 6. Attorney Fees; and 7. Liquidated Damages
Second Oldest Month	<ol style="list-style-type: none"> 1. Wage Withholdings (e.g., employee RSP); 2. Employer Taft Hartley Contributions, pro-rata based on the amount of contributions owed to each Trust Fund; 3. All other non-Taft Hartley funds, such as SAP, NLMCC/LMCC, and Dues; 4. Interest; 5. Costs of Collection; 6. Attorney Fees; and 7. Liquidated Damages
Third Oldest Month	<ol style="list-style-type: none"> 1. Wage Withholdings (e.g., employee RSP); 2. Employer Taft Hartley Contributions, pro-rata based on the amount of contributions owed to each Trust Fund; 3. All other non-Taft Hartley funds, such as SAP, NLMCC/LMCC, and Dues; 4. Interest; 5. Costs of Collection; 6. Attorney Fees; and 7. Liquidated Damages
...	

Any deviation from this allocation policy will be by the recommendation of Collections Counsel in writing. Only the Trustees may deviate from this allocation policy.

This allocation policy will not apply to an Employer who is:

- Making on-going post-bankruptcy petition contributions in a Chapter 11 or Chapter 7 proceeding, as the Courts control what is paid and what isn't;
- Payments received from general contractors for hours worked on public projects, as those payments are allocated based on certified payroll hours used to document the claim; and

- Payments recovered on a judgment, as the Courts require Collections Counsel to apply judgment recoveries first to post-judgment interest that has accrued, then to judgment principal.

6.8. Right-Side Funds. The Administration Office receives Employer monthly remittances for Trust Funds and Right-Side funds, and distributes the contributions received, accordingly. If an Employer has a monthly remittance delinquency, the Administration Office may include the Right-Side funds in the collection process, including but not limited to billing the Employer for contribution shortages and audited underpayment findings. The Administration Office may also send audit findings to the respective Right-Side funds for their own pursuit. Right-Side funds will be allocated a pro-rata share of audit fees and collection costs when the collection is referred to legal counsel.

AUDITS/PAYROLL EXAMINATION PROGRAM

1. PARTICIPATING TRUSTS

The Audits/Payroll Examination Program will be conducted jointly by the Alaska Electrical Health and Welfare Fund, Alaska Electrical Pension Fund, Alaska Electrical Retirement Savings Plan, and Alaska Electrical Legal and Welfare Benefits Trust (the Alaska Electrical Trust Funds or Trust Funds).

2. PROGRAM OBJECTIVE

The Boards of Trustees of the Alaska Electrical Trust Funds are adopting this program to ensure fulfillment of their responsibilities to the participants and beneficiaries of the Trust Funds that Contributing Employers are properly reporting and making contributions in accordance with established rules, policies, and procedures of the Trust Funds and to ensure Contributing Employers are in compliance with their obligations to the Trust Funds pursuant to the underlying collective bargaining agreements.

The Boards of Trustees (and if authorized, an Audit & Collections Committee) will utilize the Trust Funds' Administration Office and the appointed accounting firms to perform the necessary duties to complete these reviews. The Boards of Trustees and the Administration Office will oversee the proper administration of the policies of this program.

3. SELECTION OF EMPLOYERS

Contributing Employers will be selected for examination as follows:

- a. The goal of this program is to examine each Contributing Employer every four years if administratively feasible, and at least once in any five-year period.
- b. Contributing Employers shall be selected for examination on a rolling basis; provided, however, that:
 - 1) New Employers may be examined immediately following the first full quarter of reporting after they commence participation with the goal of reducing the potential of mis-reporting due to misunderstanding. Employers who have received this review may still be selected for a second review during the rolling three-year basis.
 - 2) It is further provided that the Auditor/Payroll Examiner, to reduce the expenses of the program, shall have the discretion to group Employers for examination on the basis of their geographic location or based upon other

examinations or audits being performed by the Auditor/Payroll Examiner of the same Employer.

- c. The Trustees and the Administration Office shall retain the authority to require special examinations on a case-by-case basis, in addition to the examinations conducted under this program. If there are special facts or circumstances which indicate that a special examination should be conducted, these requests for special examinations will be handled by the Administration Office when warranted.
- d. Any Employer that permanently ceases its participation in a Trust may be examined as part of this program. The time of such examination shall be determined by the Administration Office, and should be, when possible, conducted within twelve months of the Employer's termination of participation.
- e. If an Employer requests that it be placed on the inactive list because it is not currently employing employees under a collective bargaining agreement, and the Administration Office places the Employer on the inactive list, the Employer should be examined within twelve months after being placed on the inactive list. If the examination confirms that the Employer is inactive, the Employer shall be taken out of the pool of Employers that are examined until the Employer re-commences contributions to any of the participating Trusts.
- f. An Employer may request an examination. If the Employer has not otherwise been examined in the five-year cycle, this requested examination may satisfy the compliance examination under these procedures. The Employer shall be assessed the expense of the examination if the request is for an additional examination within the five-year cycle and/or if the requested review period exceeds the most recent calendar year. Additionally, the Employer is subject to assessment of fees and delinquency charges in accord with Section 7.

4. PERIOD OF EXAMINATIONS

To ensure cost efficiencies, the Auditor/Payroll Examiner shall initially review the most recent calendar year's reports. The Auditor/Payroll Examiner shall have the discretion to expand this review period if the initial review shows a systemic error, or in the Auditor/Payroll Examiner's opinion, further review is required. An examination conducted pursuant to this program shall not extend to a period covered by a previous examination without the approval of the Trustees or the Administration Office.

5. EXAMINATION PROCEDURES

The procedures for the program shall include the following:

- a. Each Trust shall have authority to administer and supervise the program on behalf of that Trust, including the delegation of such authority by the Board of Trustees to an Audit and Collections Committee or through the Administration Office.
- b. The Trust Funds' Administration Office will annually provide to the Auditor/Payroll Examiner the list of Contributing Employers eligible for the current examination cycle.
- c. The Administration Office shall establish a file for each Employer to be examined, which shall contain sufficient information for the examination to proceed.
- d. If an Employer contributes to more than one Trust, the Auditor/Payroll Examiner, in order to conduct examinations in a cost-efficient manner, will examine the Employer for each of the Trust Funds at the same time. If an Employer contributes to one or more Trusts, as well as to other unrelated Trust Funds for which the Auditor/Payroll Examiner performs services, such as the National Electrical Benefit Fund, the Auditor/Payroll Examiner has discretion to coordinate the timing of the examinations of the Trust Funds with those of unrelated Trust Funds in a cost-efficient manner.
- e. The Auditor/Payroll Examiner will contact the Employer to schedule an appointment at the Employer's location. If the Auditor/Payroll Examiner is unable to obtain cooperation from the Employer to schedule the appointment the Auditor/Payroll Examiner will contact the Administration Office to obtain assistance from Collections Counsel for access assistance.
- f. If the Employer refuses to provide any records required to complete the examination the Auditor/Payroll Examiner will contact the Administration Office to obtain assistance from Collections Counsel to obtain the required documents.
- g. At the conclusion of the appointment, the Auditor/Payroll Examiner will conduct an exit interview with the Employer to discuss any issues noted. If findings are noted during the examination, the Auditor/Payroll Examiner will provide a summary of the findings for the Employer to review. The Employer will be given 10 business days to dispute the findings. If the Auditor/Payroll Examiner receives no feedback during the 10-day period, the Auditor/Payroll Examiner will then provide a final report to the Administration Office for billing. The Administration Office will provide a copy of the report to the Employer by mail. The Employer shall then have 30 days from the date of the letter accompanying the report to notify the Administration Office of any objections or to make arrangements for lump sum payment.
 - 1) If an Employer objects to the findings, the Administration Office shall respond to the Employer's objections and make adjustments where appropriate.

- 2) If a mutual understanding cannot be achieved, the file shall be referred to the Collections Counsel. The Collections Counsel will request payment of the amount due, including any examination fees pursuant to this program.
 - 3) If there are no objections made by the Employer, the Administration Office shall make arrangements for the payment of the amounts due. If the amount due is not paid as a lump sum, and at the Administration Office's discretion, the file may be referred to the Collections Counsel. The Collections Counsel will communicate with the Employer and prepare the necessary paperwork for payment of sums due. The Administration Office and the Audit and Collection Committee shall monitor all installment payment arrangements and make periodic reports to the Trust Funds.
- h. *Net-Outs.* Credits for overpayments disclosed by an examination may be taken against underpayments during the same examination period if approved by the Board of Trustees upon a request by the Administration Office or by Collections Counsel.
- i. *Refunds.* The return of mistaken contributions shall only be made as permitted by the governing Trust Agreements, or the governing Trust's policy regarding over paid contributions, and Section 403(c) of the Employee Retirement Income Security Act of 1974 and only after a review of any improper benefits paid which shall be applied against any mistaken contributions sent to the Trust Funds.

6. RESPONSIBILITIES

- a. *Administrator.* Upon implementation of this program, the Administration Office will send written notification of the program to all Contributing Employers. The Administration Office shall also provide written notice to all new Employers. The Administration Office will be responsible for facilitating the operation of this program and providing related status reports to the Audit and Collection Committee and the Boards of Trustees. The Administration Office will process and update the records of the Trust Funds when the examinations have been completed and funds collected. The Administration Office will refer files to Collections Counsel as described under "Examination Procedures."
- b. *Collections Counsel.* Collections Counsel will take action necessary to compel examinations, assist the Auditor/Payroll Examiner in obtaining all necessary documentation, complete the collection of contributions found owing, and pursue collection of all sums due a Trust, including, but not limited to delinquent contributions, delinquency charges, all expenses assessed against an Employer and improperly paid claims.
- c. *Auditor/Payroll Examiner.* The Auditor/Payroll Examiner will select Employers to be examined from the pool of Contributing Employers provided by the

Administration Office and will conduct the examination in conformance with the requirements set forth under the Appendix A, and report on the results of payroll examinations to the Administration Office and to the Boards of Trustees (and to an Audit and Collection Committee as may be necessary).

7. FEES AND OTHER CHARGES

- a. If the examination reflects a shortage, the Employer shall be liable for interest and liquidated damages on the delinquent contributions in accordance with the governing Trust Agreements. The Trust Funds shall pay the Auditor/Payroll Examiner's fees for the base examination. If the examination period and/or scope is expanded due to discrepancies found during the base examination, the Employer will be assessed those additional expenses. Notwithstanding the foregoing, if an Employer is referred to the attorney to enforce the Employer's obligation to cooperate with an audit or for collection amounts due to the Trust Funds as set forth in any examination report, all of the Auditor/Payroll Examiner's charges will be assessed against the Employer.
- b. If the examination results in contributions owing equal to or greater than 5% of the total contributions for the period reviewed, the Employer will be assessed the Auditor/Payroll Examiner's fees for the base examination plus any fees incurred due to any expanded examination. The examination fee is waived for New Employer Reviews. Notwithstanding the foregoing, if an Employer is referred to the attorney for collection, and the Employer refuses to pay after initial objections and adjustments are addressed, all of the Auditor/Payroll Examiner's charges will be assessed against the Employer.
- c. When examinations are coordinated with unrelated Trusts, the Auditor/Payroll Examiner will allocate their time and costs on a reasonable basis among the Trust Funds and the unrelated Trust Funds involved in the examination.
- d. In addition to liquidated damages and interest, an Employer that is referred to Collections Counsel to enforce the Employer's obligation to cooperate with an audit or for collection amounts due to the Trust Funds as set forth in any examination report shall be assessed attorney fees, examination fees, and costs in accordance with the governing Trust Agreements.

8. EFFECTIVE DATE

These updated procedures shall be effective as of _____, 2026.

APPENDIX A
Contribution Evaluation Services

1. Selection of Employers

- a. Contributing Employers shall be selected on a rolling basis to provide a review every four years if administratively feasible, and at least once in any five-year period. The examination period will be the most recent preceding calendar year.
- b. New Employers may be examined immediately following the first full quarter after they commence participation with the goal of reducing the potential of mis-reporting due to misunderstanding. The examination period will be the three months comprising the first full quarter plus any preceding report months from the start date of the agreement to commence participation. Employers who have received this review may still be selected for a second review during the rolling three-year basis.
- c. Terminating Employers may be reviewed within twelve (12) months of the date of termination. The examination period will be all report months since the last review through the current month.
- d. Employers identified as “for cause” reviews. The examination period will be the preceding twelve (12) month period and may be extended at the discretion of the Auditor/Payroll Examiner based on findings.
- e. It is further provided that the Auditor/Payroll Examiner, to reduce the expenses of the program, shall have the discretion to group Employers for examination on the basis of their geographic location or based upon other examinations or audits being performed by the Auditor/Payroll Examiner of the same Employer.
- f. The Administration Office will prepare the necessary files and deliver them to the Auditor/Payroll Examiner.

2. Procedure to set up date of applying Contribution Evaluation Services:

- a. The Administration Office will notify the Employer in writing that in accordance with the terms of the governing Trust Agreements the Auditor/Payroll Examiner has been requested to apply Contribution Evaluation Services to the pertinent payroll records. A copy of that letter will be provided to the Auditor/Payroll Examiner by the administrator.
- b. The Auditor/Payroll Examiner will advise Employers of records required and request scheduling of the examination. A copy of this letter will be provided to the

Administration Office. If the Employer does not respond within 15 days, the Auditor/Payroll Examiner will write another letter and/or make contact by telephone.

- c. If the Employer does not respond within a reasonable time frame, or refuses to set a date for applying the Contribution Evaluation Services, the Employer will be referred back to the Administration Office. The Administration Office will refer the Employer to the Collections Counsel for appropriate action.

3. Preparatory to performing work, the Auditor/Payroll Examiner will do the following:

- a. Review Trust general file, which may provide information about common craft or industry reporting errors or irregularities.
- b. Obtain a copy of all applicable collective bargaining agreements, compliance agreements, letters of assent, or other participation agreements.
- c. Obtain a copy of the Trust Agreements.
- d. Obtain copies of any contribution agreements for associate employees.
- e. Obtain a tabulation of Employer contribution rates and craft hourly rates of pay for the period of the Audit/Payroll Examination.
- f. Obtain information furnished by local union representatives, such as job sites and member dispatches.
- g. Obtain any other documentation which in the Auditor/Payroll Examiner's discretion is determined necessary to conduct a complete examination.

4. Procedures if sufficient records are available:

- a. These procedures are intended as a guide for the Auditor/Payroll Examiner.
- b. Prior to applying the Contribution Evaluation Services, obtain copies of the reports that the Employer filed with the Trust. Review individual reports for total hours and total dollar amounts to make sure all reports and pages for the period have been obtained.
- c. When a time period is specified, the Contribution Evaluation Services are applied to that specific period only. If there are obvious reporting errors, then the Auditor/Payroll Examiner shall contact the Administration Office to extend the Contribution Evaluation Services.

- d. The extent of applying Contribution Evaluation Services to the Employer's payroll records will be dependent upon what type of records are maintained, such as:
 - 1) Employee individual earnings records;
 - 2) Payroll time books;
 - 3) Daily, weekly, or monthly time cards;
 - 4) Canceled checks paid to the employee with or without hours worked being shown thereon;
 - 5) Payroll check registers; and
 - 6) Month to Date and Year to Date hour reports.
- e. Associate employees should be verified with the assistance and guidance of the Administration Office.
- f. The most efficient source should be selected from Employer's payroll records to obtain actual hours worked in a month for each employee.
- g. Utilize procedures which include testing exam attributes such as:
 - 1) All hours of pay as specified in the collective bargaining agreement
 - 2) Accuracy of rates used to calculate contributions
 - 3) Verify non-bargaining unit employees are reported in accordance with applicable participation agreements and Trust policies.
 - 4) Addition and deletion of new and terminated employees.
 - 5) Verify employees not reported to the Trust are not performing collectively bargained work.
 - 6) Verify non-union subcontractors are not performing work covered the collective bargaining agreement.
 - 7) Vacation pay
 - 8) Unrecorded reporting obligations (Family Medical Leave Act)
 - 9) Other attributes indicated in Section 4.a, above

- h. To verify that the Employer has furnished all of the payroll records, the Employer shall furnish the Auditor/Payroll Examiner with the following Federal or State tax records:
 - 1) Quarterly State unemployment tax report;
 - 2) Quarterly Federal social security tax report;
 - 3) Annual Federal Form W-2's; and
 - 4) Any other Federal or State report or applicable certified payroll that discloses an employee's gross earnings and/or hours worked. On a test basis, compare rates of pay multiplied by the hours in a pay period quarter to the gross pay dollars reported on State and/or Federal payroll tax returns. On a test basis, compare hours actually worked for a quarter (if practicable, hours worked at the craft, to hours worked per State industrial insurance payroll tax returns). Note results of test work performed and clear any discrepancies that may have resulted with the Employer or by further analysis of the records supplied.

- i. The Contribution Evaluation Services should be applied to the Employer's payroll records for all employees. This is done in an attempt to determine that the Employer has correctly reported all employees who work at a given craft. Oftentimes, difficulty arises as to the employee's actual job classification. In those cases where the job classification is not shown on the wage records the examiner may rely upon:
 - 1) Information furnished by the union;
 - 2) Information furnished by the employee;
 - 3) Inspection of Trust Fund records to determine if the employee was reported in prior or subsequent periods by other Employers:
 - a) Reference to wage rates;
 - b) Copies of reports to other craft Trust funds;
 - c) Classification appearing on payroll records; and
 - d) Oral discussions with the Employer.
 - 4) Through the use of several of the above procedures, determine the employees that perform work covered by the bargaining unit (labor agreement) and/or non-bargaining unit agreements which require contributions to the Trust Funds.

- j. Compare hours actually worked by each employee eligible to participate with hours reported by the Employer and tabulate the differences noted.

- k. Discuss with the Employer the nature of the differences found and obtain feedback which may be included in the Auditor/Payroll Examiner's report.
- l. Where an ineligible employee (owner, manager) has been reported to the Trust, check with the Trust to determine if any benefits have been paid.
- m. Conduct an exit interview with the Employer, advising of any findings, and provide a summary of the findings to the Employer with a 10-business day Employer review period. Advise the Employer a formal report will be mailed to them after completion of the 10-business day review period.
- n. Prepare a memo to file noting contacts with the Employer or Employer's representative in regard to dates and time and type of information supplied. Also, note pertinent details of reasons for including or excluding certain employees' hours for reporting purposes.
- o. Prepare memo to file noting any evident pattern of Employer shortages. For instance, shorting one or all employees a certain number of hours each month.
- p. Return records to the Employer and return to the office and prepare report in accordance with appropriate format for each Trust.

5. Report, etc. to be rendered upon completion of the work:

The final examination report is provided to the Administration Office, and should include the following information:

- a. Name and Employer id (id used by administrator) of Employer examined.
- b. Period examined.
- c. Number of hours under or over reported by the Employer.
- d. Number of hours properly reported by the Employer.
- e. Amount due from the Employer. That amount would be segregated monthly between:
 - 1) Contributions due applicable Trust funds including Pension, RSP, Health & Welfare, and Legal,
 - 2) Delinquency charges, including liquidated damages and interest broken down by fund, (liquidated damages, interest and delinquency charges will not apply to Employer overpayments of contributions),
 - 3) Total due

f. Declarations where appropriate.

6. Quarterly Report to Administrator:

- a. Reports will be submitted by the Auditor/Payroll Examiner to the Administration Office on a quarterly basis.
- b. Reports will provide at a minimum a summary of examinations completed since the last report, examinations needing specific action requiring Trustee approvals, and status of ongoing examinations.

7. Invoices to Administrator:

- a. Invoices to the Administration Office shall show current fees billed by Employer review.
- b. If accounting service fees for any one Employer span multiple invoices, current fees will be shown with previous fees billed to provide an accurate “to-date” amount.

****The Alaska Electrical Legal and Welfare Benefits Fund, previously a named party to this Joint Policy, merged into the Alaska Electrical Health and Welfare Fund effective December 31, 2025.***