

Payroll Review Process

Purpose:

The routine review of certified payrolls by Project Managers' staff, and quarterly audits and labor acceptance by Office of Civil Rights Field Coordinators:

- Fulfills the agency's labor compliance responsibilities.
- Allows for early identification and resolution of labor compliance issues.
- Identifies potential training needs.
- Allows for interim labor acceptance.
- Eliminates the need to review payrolls from the entire project at the end of construction.
- Greatly diminishes the possibility of labor acceptance delaying project close out once construction is complete.
- Key to this process is the communications between the Field Coordinators, Project Managers, and Prime Contractors.

Definitions:

- Unacceptable Errors: Inaccurate, incomplete, or missing information that affects pay and/or fringe benefits. Examples include but aren't limited to:
 - misclassification of employees
 - apprentice to journey ratio
 - rate of pay
 - overtime violations
- Acceptable Errors: Inaccurate, incomplete, or missing information that would not normally affect pay and/or fringe benefits. Examples include but aren't limited to:
 - social security number
 - classification and group number
 - apprentice percentage
 - fringe benefit information
 - certification statement
- Quarterly Audit: Payroll audit conducted quarterly during the construction phase of ODOT projects by the applicable Field Coordinator subsequent to Project Manager's staff review.
- Successful Audit: Quarterly audit indicates that contractors' payrolls contain no unacceptable errors, and all unacceptable errors identified on previous audits have been resolved.
- Interim Labor Acceptance: The acceptance of labor after each successful quarterly audit.
- Project Labor Acceptance: The final acceptance of labor by the Field Coordinator at the end of the construction phase of the project.

Prime Contractor responsibilities:

- Ensure all subcontractors receive a copy of the Certified Payroll Checklist.
- For those projects subject to both Davis-Bacon and BOLI prevailing wage regulations, it is strongly recommended that a comparison of the applicable Davis-Bacon and the BOLI wage determinations specific to each project be performed, and a Prevailing Wage Rate Worksheet be prepared and forwarded to the Project Manager for review. This worksheet should be shared with all subcontractors.
- Submit certified payrolls to the Project Manager for their employees and all subcontractors to the Project Manager.
 - Weekly for Federally funded/Davis-Bacon projects.
 - Monthly by the 5th of each month for state-funded/BOLI projects.
- Review sub-contractor's payrolls prior to submission to the Project Manager.
- Correct identified unacceptable errors and resubmit revised payrolls within one month to the Project Manager.
- Direct subcontractors to correct identified unacceptable errors and resubmit revised payrolls within one month to the Project Manager.
- Correct identified acceptable errors on future payrolls.
- Direct subcontractors to correct identified acceptable errors on future payrolls.

Project Manager Responsibilities:

- Ensure prime contractors receive a copy of the Certified Payroll Checklist.
- For those projects subject to both Davis-Bacon and BOLI prevailing wage regulations, it is strongly recommended that a comparison of the applicable Davis-Bacon and the BOLI wage determinations specific to each project be performed, and a Prevailing Wage Rate Worksheet be prepared and forwarded to the Labor Compliance Program Manager for review. This worksheet should be shared with the Prime Contractor.
- Review payrolls within one month of submission by all contractors for accuracy and completeness.
 - Every item on the first payroll of every contractor shall be reviewed thoroughly for accuracy and completeness.
 - A thorough review of each contractor's payroll must continue until acceptable payrolls are submitted.
 - Payrolls containing unacceptable errors cannot be accepted and must be returned to the Prime Contractor within one month of submission for correction and resubmission with proof of payment.
 - Prime contractors are to be notified of acceptable errors and directed to correct on future payrolls.
 - Once acceptable payrolls are being received, a monthly review will be performed on a minimum of one payroll for every contractor working on the project.
 - Every item on the payroll will be reviewed.
 - Recommend a different week be selected each month.

- Payroll reviews can be spread out throughout the month to prevent workload conflicts.
- Notify the prime contractor of action required to correct labor issues identified during the reviews by the Project Manager's staff and/or the Field Coordinators.
- Resolve all labor issues identified during the Field Coordinator's Quarterly Audit prior to the next quarterly audit.
- Report the resolution of identified labor issues to the Field Coordinator.
- Prior to approving a subcontractor's request for early release of retainage, ensure that all of the subcontractor's payrolls have been included in a Field Coordinator's audit and that all required corrections, if any, have been resolved.
- Notify the Field Coordinator when the project is ready for final labor acceptance. If the Field Coordinator has completed all labor audits and if all issues needing correction have been resolved, the PM can simply send the completed Project Manager's Labor Compliance Certification Form 734-1734 to the Field Coordinator for signature and subsequent return to the PM.
- After the Field Coordinator has accepted labor, forward a copy (original if no Plant Establishment) of the completed and signed Project Managers Labor Compliance Certification Form to Contracts Administration. Retain the complete labor package (certified payrolls, interviews, and original Project Managers Labor Compliance Certification form) Q & Q are ready and then forward to Contracts Administration.
 - For projects with Plant Establishment work after 2nd note, send the original Project Managers Labor Compliance Certification Form with PE portion completed, along with the payrolls for PE to Contracts Administration.

Field Coordinators Responsibilities:

- Review a minimum of one certified payroll of every contractor working on the project during the preceding quarter.
 - Review additional payrolls if initial review warrants.
- Prepare an OCR Project Audit Report during each audit to:
 - Notify the Project Manager of unacceptable payroll errors that must be corrected before interim labor can be accepted.
 - Notify the Project Manager of acceptable payroll errors that must be corrected on future payrolls.
 - Provide an electronic copy to the Regional Manager, Area Manager, and the Labor Compliance Program Manager
- After each successful audit, labor will be considered accepted up to that date and preceding payrolls will not again be reviewed unless a formal wage complaint or investigation later arises.
- Final labor acceptance of projects including sign-off of the Project Manager's Labor Compliance Certification. (Provide an electronic copy to the Labor Compliance Program Manager.

- If the complete labor package is received from the PM's office for acceptance, return everything to the PM after review and labor acceptance.
- Provide day-to-day technical assistance and training to Project Managers, consultants, local government agencies, and contractors.

Labor Compliance Program Manager Responsibilities:

- Review Prevailing Wage Rate Worksheets submitted by Contractors and Project Managers.
- Provide labor compliance audit training to Field Coordinators.
- Provide program-level technical expertise to Project Manager staff and contractors.
- Make on-site visits to Project Managers offices as scheduled or required.
- Develop, coordinate, and provide training to Project Managers' and contractors' staff individually and regionally as scheduled or required.
- Conduct investigations of Prevailing Wage Complaints.
- Perform random audits on the total labor program for overall compliance.

ODOT will:

- Include the Payroll Review Checklist in all Pre-Con packets.
- Ensure that all contractors have received a copy of the Payroll Review Checklist.