

Certified Payrolls

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Weekly certified payrolls covering the contractor's and subcontractor's workforce shall be submitted to the engineer on all MDOT-let contracts. Certified payrolls are required for all covered laborer and mechanic work regardless of the contracting method used such as subcontract, purchase order, invoice, or other contractual arrangement. Certified payroll information may be submitted in any format provided that all information requested on form WH-347 is included, and the compliance statement has original signatures. This is a USDOL form and a link is available on the MDOT Web site at <http://mdotwas1.mdot.state.mi.us/public/webforms/index.cfm>.

Submittal Requirements

The first certified payroll is to be received by the engineer within three weeks from the start of the work for the prime contractor and/or subcontractor(s). The three week period is to allow for processing and review of the certified payrolls by the prime contractor. The first pay estimate can be made prior to the submission of the first certified payrolls. The three week grace period allows the first estimate to be paid in good faith assuming the contractor and subcontractor(s) will submit certified payrolls in a timely manner. Subsequent certified payrolls shall be submitted on a weekly basis thereafter. In certain circumstances, the time frame for submittal of the first payroll is two weeks for shorter duration projects as discussed at the end of the section titled "Notice of Delinquent Certified Payrolls". Certified payroll submissions not meeting the above time requirements will be considered delinquent.

Notice of Delinquent Certified Payroll

When weekly certified payrolls are delinquent as defined above, the engineer is to provide the prime contractor a first written notice of delinquent certified payrolls by certified mail or other method which establishes the date the first notice was received by the prime contractor, with a copy by regular mail to the offending subcontractor. The region coordinator for prevailing wage compliance is to receive a copy by regular mail. The notice informs the contractor that payment for work is suspended as of the date the certified payrolls became delinquent for the work items of the offending contractor(s). When the pay estimate is generated, the statement "Items withheld-Delinquent payrolls" should be entered in the comments area. In addition, the notice is to state that if certified payrolls remain delinquent after 30 calendar days from receipt of the first notice, non-compliance damages will be assessed retroactive to the date the contractor received the first notice. The damages will be assessed on a calendar day basis until complete and accurate certified payrolls are submitted and are current.

If the certified payrolls continue to be delinquent after 30 calendar days from receipt of the first notice by the prime contractor, the engineer is to implement the actions from the first notice. Concurrently, the engineer is to send the prime contractor a second written notice of delinquent certified payrolls by certified mail or other method which establishes the date the second notice was received by the prime contractor, with a copy by regular

mail to the offending subcontractor. The region coordinator for prevailing wage compliance and the C&T Division prevailing wage compliance specialist are to receive a copy by regular mail. The notice is to state if the certified payrolls remain delinquent for 30 days from the receipt of the second notice, the engineer will rescind all previous payments for work completed by the offending contractor(s). In addition, the engineer will complete interim Contractor Performance Evaluations for the offending contractor. If certified payrolls have not been received from the contractor after 30 calendar days from receipt of the second notification, the engineer is to implement the actions from the second notice. In all circumstances, the withholding of payments, assessment of non-compliance damages, and rescinded payments are to continue until all delinquent certified payrolls are current, complete and correct.

The notification sequence previously described would be as follows:

Initiate Notice	Notice Sequence	Contractor Notice of Action	Allotted Time For Response /Resolution	If No Response /Resolution
First payroll has not been received within 3 weeks.	First Notice (See Note 1)	Payment is being withheld for offending contractor's work items. Non-payment will continue until complete and accurate payrolls are received. Intent to assess non-compliance damages until all payrolls are complete, accurate and current. (See Notes 2 and 3)	30 days from receipt of first notice by the prime contractor	Implement actions from the first notice. Send second notice.
Payroll remains delinquent 30 days after first notice received by prime contractor	Second Notice (See Note 1)	Intent to rescind all prior payment for the offending contractor's work items. Intent to submit interim Contractor Performance Evaluation(s) for the offending contractor(s). (See Note 2)	30 days from receipt of second notice by the prime contractor	Implement actions from the second notice

Note 1: Notice is to be signed by the engineer and delivered by certified mail or other method which establishes the date received by the prime contractor. The region coordinator for prevailing wage is to be copied on the first notice to the prime contractor. The region coordinator for prevailing wage and the C&T Division's prevailing wage compliance specialist are to be copied on the second notice to the prime contractor.

Note 2: Prior to generating an estimate on which payment is being withheld or deducted, the following statement will be entered in the comment box: "Items withheld – Delinquent payroll".

Note 3: See Table 1 Schedule of Non-Compliance Damages

The engineer should work with the project design staff during the development phase of the project to include Notice to Bidders 03NB12, Prevailing Wage Oversight for Short Duration Projects, for projects with a progress schedule duration of 75 days or less. The Notice to Bidders reduces the "grace period" from three weeks to two weeks for the initial certified payroll submittal, and adjusts the allotted time for response/resolution from the above table. This will allow the engineer time to ensure resolution will be

obtained prior to the contract completion date. The Notice to Bidders 03NB12 is to be included in the bidding documents prior to the project advertisement or by addendum.

Table 1 Schedule of Non-Compliance Damages

Contract/Subcontract/P.O./Invoice Amount ^a	Non-compliance damages per calendar day
\$0 to 49,999	\$200
50,000 to 99,999	400
100,000 to 499,999	600
500,000 to 999,999	900
1,000,000 to 1,999,999	1,300
2,000,000 to 4,999,999	1,550
5,000,000 to 9,999,999	2,650
10,000,000 and above	3,000
Trucker	\$200

^a “Contract” amount if offending contractor is the prime contractor. “Subcontract/P.O./Invoice” amount if offending contractor is a subcontractor/vendor.

Certified Payroll Status Record

The engineer is to maintain a current (updated weekly) log documenting the submittal status of certified payroll for each contract. The Certified Payroll Status Record (MDOT form 1954) is available for this purpose. The record is to show whether the contractor and/or subcontractor worked during the weekly period, and the date the certified payrolls were received from the prime contractor. In addition, the status record should document the date any notifications are sent to the prime contractor (via certified mail) of delinquencies and/or deficiencies with certified payrolls, and the dates when the revised/corrected certified payrolls were received. All certified payrolls are to be date stamped upon receipt from the prime contractor. The envelope in which the certified payrolls arrive should be attached to the payroll and saved as part of the project file records.

The certified payroll is to include the following information:

- The firm’s name and address with the prime or subcontractor(s) identified.
- Payroll number, week ending, project location and contract ID (contract identification).
- The employee’s full name and only the last four digits of their social security number. If a contractor or subcontractor submits certified payrolls with complete social security numbers, the engineer is not to take possession of the certified payrolls and will return them to the prime contractor. This is the only instance where certified payrolls are to be returned to the prime contractor. Failure by the contractor or subcontractor to submit certified payrolls with only the last four digits of the social security number shall not change the time frames for the consideration of delinquent and deficient certified payrolls and resulting actions by the engineer.

- Information identifying minority and female employees. The following ethnic code notation is to be used: Black (B), Hispanic (H), Native American Indian or Alaskan Eskimo (N/A), and Asian or Pacific Islander (A). For female use (F).
- The employee's classification and group number. (DBRA Laborer example: LABO0465-001, Group 1)
- Identification of trainees and apprentices, and program levels.
- The employees daily and weekly hours worked in each classification, including actual overtime worked.
- The total weekly hours worked on all jobs (prevailing and non-prevailing wage)
- The basic hourly rate, overtime rate (if applicable) and the method by which fringe benefits are paid (By checking Box(4)(a) approved programs, Box (4)(b) paid in cash, or a combination of the above methods with an explanation in Box (4)(c). If fringe benefits are paid to an approved plan, a detailed breakdown of the type of benefits and hourly dollar values must accompany the first certified payroll. In addition, plan administrator contact information shall be included. If there is a change to the fringe benefits payment after submittal of the first certified payroll, the fringe benefit information must be resubmitted. This information is to be used to verify the benefits being paid are "bona fide" and that the total compensation is in compliance with the required prevailing wage in the contract.
- The itemized deductions - miscellaneous itemized deductions must be explained on the certified payroll. (Space provided after paragraph (1) on the compliance statement)
- The gross job wages paid.
- The gross weekly wages paid for all jobs.
- The net weekly wages paid for all jobs.
- The compliance statement with original signature.

Certified Payroll Review

The engineer is to closely review the certified payrolls from the prime contractor and subcontractor(s) that work on the project. Once it is established that a contractor/subcontractor is submitting complete and accurate certified payrolls, subsequent payrolls need to be spot checked during the remainder of the project for that contractor/subcontractor. The review should verify that the information described above is included on the certified payroll. Form 1952, Certified Payroll Review Checklist, is available on MDOT's forms Web site to assist in checking the payrolls for completeness. In addition, the total combination of base wage and fringe benefit reported on the certified payroll should be at least the prevailing wage contained in the wage rate decision in the contract or applicable addendum.

The review should compare information contained in the certified payrolls with information on the Inspectors Daily Reports (IDRs), including number of workers, hours worked, type of work and equipment on the job. It is important that the information is accurately recorded on the IDR each day so the proper review can be completed on the certified payrolls. The review should verify that the appropriate work classifications are reported to support the type of work being done on the job. For example, when concrete curb and gutter is being placed on a job covered by DBRA, there are finishers (cement

masons, PLAS0016-016); laborers (form/line setters, LABO0465-001, Group 6); laborers (unskilled laborers, LABO0465-001, Group 1); and operators (if using a slipform curb machine, ENGI0324-006, Group 1). Compliance with prevailing wage requirements can only be determined once this comparison is made and any inconsistencies are brought to the attention of the contractor.

The rules for payment of overtime should be considered during the certified payroll review. Overtime rates are a combination of the base rate plus a premium amount. However, there are significant differences between overtime requirements when federal prevailing wages apply and when state prevailing wages apply.

Contracts with Federal Prevailing Wage:

- The overtime rate must be at least one and one half times the base hourly rate from the wage rate decision in the contract.
- Overtime is required to be paid for hours worked in excess of 40 hours in a work week.
- Fringe benefits will be paid for every hour worked.
- If two or more base hourly rates apply, then a weighted average should be used to determine the overtime rate for hours worked in excess 40 hours per week. The applicable base hourly rates will be paid for every hour worked plus a weighted average premium rate for the hours worked in excess of 40 in a week.

Contact the C&T Division's prevailing wage compliance specialist for assistance with the determination of weighted average overtime rates.

Contracts with State Prevailing Wage:

- The time and one-half rate is stated in the prevailing wage schedule.
- The prevailing wage schedule for each contract will need to be referenced to determine the specific overtime payment requirements. In general, overtime is applied as follows:
 - For hours worked in excess of eight hours in a day.
 - For most classifications, the contractor may choose to work four tens (4 – 10 hour days) where overtime would be required after the tenth hour in a day and any time worked over forty hours in a week.
 - Some classifications require double time in certain situations.
 - The classification of iron worker has its own overtime requirements.

Deficient Certified Payroll

During the review, if the weekly certified payrolls are found to be incomplete, inaccurate, or inconsistent with the other project records, they are considered deficient. The engineer is to notify the prime contractor of the deficiencies in writing by certified mail or other method which establishes the date the notice is received by the contractor with a copy by regular mail to any subcontractor(s) that may be involved and the region coordinator for prevailing wage compliance.

The notice is to inform the contractor(s) that if the deficiencies are not corrected and revised certified payrolls are not received by the engineer in 30 calendar days from receipt of the notice by the prime contractor, payment for the offending contractor's work items will be withheld until corrected and revised payrolls are received by the engineer. In addition, the notice will state the intent to assess non-compliance damages retroactive to the date the prime received the first notice until all issues are resolved. The offending contractor is to submit revised certified payrolls correcting all deficiencies and/or errors through the prime contractor.

If the issues are not resolved within 30 calendar days from the receipt of the first notice, the engineer will implement the action from the first notice. Concurrently, the engineer is to send a second notice to the prime contractor by certified mail or other method which establishes the date the notice was received by the contractor, with a copy by regular mail to any subcontractor(s) that may be involved. The second notice is to state that if corrected and revised certified payrolls are not received within 30 calendar days of the receipt of the second notice by the prime contractor, the engineer will rescind all payments for the offending contractor's work items previously paid. In addition, the notice is to inform the contractor the engineer will complete interim Contractor Performance Evaluations for the offending contractor. The C&T Division's prevailing wage compliance specialist and region coordinator for prevailing wage compliance are also to receive a copy of the second notice.

If the deficient certified payrolls are not corrected and revised certified payrolls received by the engineer within 30 calendar days of the second notice, the engineer is to implement the actions in the second notice and prepare the appropriate Contractor Performance Evaluations to report the continued non-compliance with prevailing wage requirements.

Assessment of non-compliance damages, withholding of payments, and rescinded payments will continue until all corrected and revised certified payrolls are received by the engineer.

The original certified payrolls submitted by the contractor/subcontractor(s) are to remain in the project files. Do not return certified payrolls to the contractor/subcontractor(s), except in the following circumstance. In the event the prime contractor submits certified payrolls containing full social security numbers, the engineer shall not take possession of the payrolls and shall return them to the prime contractor. This is the only instance where certified payrolls are to be returned to the prime contractor. This action is to protect the security of the employee social security numbers. Certified payrolls should never be altered, revised, corrected, amended or changed by project personnel (except for the date stamp).

The notification sequence previously described would be as follows:

Initiate Notice	Notice Sequence	Notice of Action to Contractor	Allotted Time For Response /Resolution	If no Response /Resolution
Payroll deficiencies	First notice (See Note 1)	Intent to withhold payment for offending contractor's work items. Intent to assess non-compliance damages from the date the first notice was received by the prime contractor. (See Note 3)	30 days from receipt of first notice by the prime contractor	Implement actions from the first notice. Send second notice.
Payroll issue not resolved 30 days after first notice	Second notice (See Note 2)	Intent to rescind payment for all work items of offending contractor(s). Intent to submit interim Contractor Performance Evaluations	30 days from receipt of second notice by the prime contractor	Implement actions from the second notice.

Note 1: Written notice is to be signed by the engineer and delivered by certified mail or other method which establishes the date the notice was received by the prime contractor. The offending subcontractor(s) and the region coordinator for prevailing wage compliance are to be copied by regular mail.

Note 2: Written notice is to be signed by the engineer and delivered by certified mail or other method which establishes the date the notice was received by the prime contractor. In addition, the offending subcontractor(s), the region coordinator for prevailing wage compliance, and the C&T Division's prevailing wage compliance specialist are to be copied by regular mail.

Note 3: See Table 1 Schedule of Non-Compliance Damages

The engineer should work with the project design staff during the development phase of the project to include Notice to Bidders 03NB12, Prevailing Wage Oversight for Short Duration Projects, for projects with a progress schedule duration of 75 days or less to adjust the allotted time for response/resolution from the above table. This will allow the engineer time to ensure resolution will be obtained prior to the contract completion date.