



Davis Bacon Act Training

Presented by
The Stimulus Alliance

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The Stimulus Alliance

- ▶ Who are we?
 - ◆ Engaging Solutions
 - ◆ Briljent
- ▶ Our responsibilities for Labor Standards Monitoring?

Objectives

After this training, you should be able to:

- ▶ Explain why federal labor standards laws are applicable to ARRA Weatherization Program
- ▶ Describe the requirements under the Davis Bacon Act
- ▶ Describe the payroll reporting requirements
- ▶ Describe the recordkeeping requirements

Objectives (cont.)

- ▶ Explain the compliance monitoring process, including:
 - ◆ On-site interviews
 - ◆ Sub-grantee site visits
- ▶ Identify available assistance for questions and concerns about compliance with Davis Bacon
- ▶ Utilize The Stimulus Alliance website resources

Why Davis Bacon Now?

- ▶ American Recovery and Reinvestment Act 2009
- ▶ Stimulus money available for weatherization

What is Davis-Bacon?

- ▶ Passed in 1930s
- ▶ Protects local workers
- ▶ Requires “prevailing wage” for public works projects

What/Who is Covered?

- ▶ Contracts
 - ◆ More than \$2000 total
 - ◆ Funded in whole or in part with ARRA money
- ▶ Personnel
 - ◆ Laborers and mechanics employed by the contractors and sub-contractors of federally assisted projects

Prevailing Wage

- ▶ Determined by county
- ▶ Includes “fringe” benefits
- ▶ Must be paid weekly
- ▶ Updates March 1, 2010

[HTTP://WWW.dol.gov/esa/whd/recovery/dbsurvey/weatherin.htm](http://www.dol.gov/esa/whd/recovery/dbsurvey/weatherin.htm)

Scenario 1

- ▶ Bill works at job sites in Allen County and in Jackson County
- ▶ Prevailing wages are different:
 - ◆ Allen = \$10/hour
 - ◆ Jackson = \$15/hour
- ▶ What does Bill get paid?

Overtime Pay

- ▶ Laborers and Mechanics employed on federally assisted projects must receive 1 ½ times their standard rate of pay for all hours worked in excess of 40 hours per week

Scenario 2

- ▶ Tim works 50 hours
 - ◆ 12 hours are administrative
 - ◆ 38 hours are on DBA jobs
- ▶ What hours need to be reported?
- ▶ What pay rate does Tim get?

Administration

- ▶ Workers paid weekly
- ▶ Certified payroll reports sent weekly
- ▶ Multiple county work
- ▶ Overtime work

What is required of Contractors and Sub-contractors?

- ▶ Payment of the locally prevailing wage rate and fringe benefits
- ▶ Posting of applicable prevailing wage rates
- ▶ Payment of 1 ½ rate for overtime
- ▶ Correct classification of workers
- ▶ Weekly pay periods
- ▶ Submission of weekly certified payrolls

What is required of the Sub-Grantees?

- ▶ Obtain applicable wage rate decisions
- ▶ Inclusion of prevailing wage rates in solicitation
- ▶ Provide instructions/training on labor standards to contractors
- ▶ Monitor and document compliance with labor standards
- ▶ Monitor and document corrective actions
- ▶ Report on findings of labor standard monitoring

Certified Payroll Report Reviews

- ▶ Check classification (work performed)
- ▶ Check number of hours worked
- ▶ Verify prevailing wage rate for classification
- ▶ Check reports and compare to record of Employee Interview

GOAL: Detection of Falsification

Weekly Payroll Submission

- ▶ Workers must be paid at least once per week
- ▶ Sub-grantees must submit a certified payroll each week for each contractors or sub-contractors performing ARRA weatherization work within 7 calendar days after pay date.

Weekly Payroll Submission (cont.)

- ▶ Use Payroll Form WH-347 (or appropriate substitute)

[HTTP://WWW.dol.gov/esa/whd/forms/wh347instr.htm](http://www.dol.gov/esa/whd/forms/wh347instr.htm)

- ▶ Falsification of report can result in debarment from future contracts and criminal penalties
- ▶ Send original certified payroll to:

IHCDA
c/o Engaging Solutions
3965 North Meridian
Suite 1B
Indianapolis, IN 46208

Sub-Grantee Visits

- ▶ Each site is visited twice during program year
- ▶ Areas reviewed:
 - ◆ Weekly payroll process and documentation
 - ◆ Documentation of training and technical support provided (pre-bid and pre-construction)
 - ◆ Proper display of DBA posters and wage rates
 - ◆ Follow-up on exceptions
 - ◆ Provide support for corrective actions

GOAL: Help ensure compliance

On-Site Interviews

- ▶ Voluntary random interviews with laborers and mechanics (10% of workers will be interviewed)
- ▶ Interviews may or may not be scheduled
- ▶ Observation of on-site work activity (# workers on job, task being performed)
- ▶ Interview results will be sent to sub-grantee
- ▶ Corrective action plans will be developed

GOAL: Verify accuracy of payroll reports and contractor compliance

On-Site Interview Details

- ▶ HUD Form 11
- ▶ Contractor photo ID
- ▶ Contractor pay stub for period being reviewed
- ▶ Wage rate and fringe rate verification
- ▶ Wage classification verification

Compliance Monitoring

- ▶ Detection of Willful Violations
 - ◆ Concealed underpayments
 - ◆ Misclassification of workers
 - ◆ Payment of “Kickbacks”
- ▶ Result of Review
 - ◆ Discover egregious Violations
 - ◆ Wage restitution
 - ◆ Debarment from Further participation

Monitoring Tools

- ▶ Checklists for Compliance
- ▶ Current Wage Rate Determinations
- ▶ Standard Payroll Review Process
- ▶ On-Site Observations
- ▶ Record of Employee Interview
- ▶ Compliance and Correction tracking system
- ▶ Policy and Procedures Manual

Falsification Indicators

- ▶ Ratio of Laborers to Mechanics
 - ◆ Issue: Misclassification of employees
- ▶ Too few or irregular hours
 - ◆ Issue: Work hours reduced to fit fabricated calculation
- ▶ Discrepancies in wage computations
 - ◆ Issue: Gross wages do not evenly compute
- ▶ Extraordinary Deductions
 - ◆ Issue: Kickbacks or Basic Underpayments

Monitoring Review Results and Findings

- ▶ Minor discrepancies – note to file; formal correspondence not required; corrections tracked and noted
- ▶ Willful Violations, falsifications, or large findings of underpayment – Communicated to prime contractor in writing, indicating any potential withholding from contract payment

Monitoring File Maintenance

- ▶ Full documentation of labor standards administration and enforcement
 - ◆ Labor wage rate decisions
 - ◆ Certified payrolls
 - ◆ Related documents for a period of three years after completion of project
 - ◆ Evidence of actions required for labor standard administration and enforcement must be retrievable from file

The Stimulus Alliance Website

- ▶ Q & A to address common questions
- ▶ Links to relevant resources (Department of Labor, Department of Energy, IHEDA, etc.)
- ▶ Links to sub-grantee sites
- ▶ Documents (wage rates, forms, letters, etc.)
- ▶ Recorded webinars

Glossary of Terms

- ▶ ARRA – American Recovery and Reinvestment Act of 2009
- ▶ DoE – Department of Energy
- ▶ DOL – Department of Labor
- ▶ LCA – Local Contracting Agency (PHA, IHA, CDBG recipient)
- ▶ CPR – Certified Payroll Report

Glossary of Terms

- ▶ Prevailing Wage Rate – Wage determinations issued by the Department of Labor (Hourly rate + Fringe Benefit rate)
- ▶ Project Wage Rate Sheet – Summary list of prevailing wage rates
- ▶ Falsification - Willful or aggravated violation of the labor standards

Questions

Q & A

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