

FACT SHEET #10 - REVIEWING PAYROLLS

DAVIS-BACON PROVISIONS FOR CLEAN AND DRINKING WATER SRF PROJECTS

Activities that take place during construction to ensure contractor compliance with Davis-Bacon

1. **REVIEW CONTRACTOR AND SUBCONTRACTOR CERTIFIED PAYROLLS.** The project Owner or Consulting Engineer reviews the payroll reports to ensure laborers and mechanics are being paid no less than the DB wage rates for the type of work they perform. Falsification on payrolls indicates an employer (prime or sub-contractor) is aware of its obligations, is knowingly underpaying employees and is attempting to avoid detection of the violations. Project Owners, Consulting Engineers and Water investment Division (WID) will look for two things:
 - a. **Discrepancies and/or underpayments on the payrolls.** Some underpayments or clerical errors may appear on the face of the payroll and be innocent. In this case, the person reviewing the payroll should contact the employer and provide instructions as to what steps should be taken to correct the payroll and how to pay any back wages that may be due.
 - b. **Indications of falsification on payrolls.** Payrolls that appear to be falsified suggests more serious violations in terms of back wages that may be due and the number of employees affected. Such cases most often warrant investigation (with the assistance of the WID Construction Section and DOL) and can include on-site interviews with the workers, mailing questionnaires to workers, taking written complaints, and other methods to assess the facts.
2. **DAVIS-BACON COMPLIANCE FACTORS.** Certified payroll reports are fairly straightforward records of employees, work classification, hours worked, rates of pay, gross earnings, deductions and net wages paid. Davis-Bacon compliance basically establishes that four factors are accurate on payrolls:
 - a. **The classification of work performed;**
 - b. **The number of hours worked;**
 - c. **The prevailing wage rate for that classification; and**
 - d. **The actual payment of wages by check and/or cash.**
3. **PAYROLL FALSIFICATION INDICATORS.** In order to conceal underpayments, a willfully violating employer must falsify the payroll report as it pertains to one or more of these factors. There are four falsification indicators that are easy to detect on certified payrolls in a "spot-check":
 - a. **Ratio of laborers to mechanics;**
 - b. **Too few or irregular hours;**
 - c. **Discrepancies in wage computations;**
 - d. **Extraordinary deductions.**