

SECTION II - REPORTING REQUIREMENTS

2-5 **COMPLETING A PAYROLL REPORT (29 CFR 5.5(a)(3)).** *What information has to be reported on the payroll form?* The weekly payroll form doesn't ask for any information that you don't already need to keep for wage payment and tax purposes. For example, you need to know each employee's *name, address and social security number; his work classification (who is working for you and what do they do?), the hours worked during the week, his rate of pay, the gross amount earned (how much did they earn?), the amounts of any deductions for taxes, etc., and the net amount paid (how much should the paycheck be made out for?)* No more information than you need to know in order to manage your work crew and make certain they are paid properly. And, certainly, no more information than you need to keep for IRS, Social Security and other tax and employment purposes.

For most contractors, the Weekly Certified Payroll is the only paperwork required for a DBA project!

- a. **Project and Contractor or Subcontractor Information.** Each payroll should show the contractor or subcontractor's name and address, the project name and number, and the week ending date. Indicate the *dates* in the spaces provided. Numbering payrolls consecutively is mandatory.
- b. **Employee Information.** The first payroll on which each employee appears must contain the employee's name, address and Social Security Number. Afterward, the address and Social Security Number only need to be reported if there is a change in this information.
- c. **Work Classification.** Each employee must be classified in accordance with the wage decision, based on the type of work they actually perform.

Full -
incl. City,
State, zip

- (1) **Apprentices.** A copy of that apprentice's registration in an approved program must accompany the first payroll on which any apprentice appears. A copy of the portions of the approved program pertaining to the rates and ratios shall also accompany the first certified payroll record on which the first apprentice appears.
- (2) **Split Classifications.** For employees in split classifications, list the employees once for each classification, distributing the hours of work accordingly, and reflecting the rate of pay and gross earnings for each classification. Deductions and net pay may be based upon the total gross amount earned for all classifications.
- d. **Hours Worked.** The payroll should show only the regular and overtime hours worked on this project. Show both the daily and total weekly hours for each employee. If an employee performs work at job sites other than the project for which the payroll is prepared, those "other job" hours *should not* be reported on the payroll. In these cases, you should list the employee's name, classification, hours for this project only, the rate of pay and gross earnings for this project, and the gross earned for *all projects*. Deductions and net pay may be based upon the employee's total earning (for all projects) for the week.
- e. **Rate of Pay.** Show the basic hourly rate of pay for each employee for this project. If the wage decision includes a fringe benefit and you *do not* participate in approved fringe benefit programs, *add* the fringe benefit rate to the basic hourly rate of pay. Also list the overtime rate if overtime hours were worked.

- (1) **Piecework.** For any piecework employees, the employer must compute an *effective hourly rate* for each employee each week based upon the employee's piecework earnings for that week. To compute the effective hourly rate, divide the piecework earnings by the total number of hours worked, including consideration for any overtime hours. The effective hourly rate must be reflected on the certified payroll and the hourly rate may be no less than the rate (including fringe benefits, if any) on the wage decision for the classification of work performed. It does not matter that the effective hourly rate changes from week-to-week, only that the effective rate is no less than the rate on the wage decision for the classification of work performed.

Remember, the overtime rate is computed at one and one-half times the *basic* rate of pay plus any fringe benefits. For example, if the wage decision requires \$10/hour basic hourly rate plus \$5/hour fringe benefits, the overtime rate would be: $(\$10 \times 1 \frac{1}{2}) + \$5 = \$20/\text{hour}$.

- f. **Gross Wages Earned.** Show the gross amount of wages earned for work performed on this project. *Note:* For employees with work hours and earnings on other projects, you may show gross wages for this project over gross earnings all projects (for example, \$425.40/764.85) and base deductions and net pay on the "all projects" earnings.
- g. **Deductions.** Show the amounts of any deductions from the gross earnings. "Other" deductions must be identified (for example, Savings Account or Loan Repayment). Any voluntary deduction (that is, not required by law or by an order of a proper authority) must be voluntary authorized in writing by the employee.

- h. **Net Pay.** Show the net amount of wages paid.
- i. **Statement of Compliance.** The Statement of Compliance is the payroll certification. It is located on the reverse side of a standard payroll form (WH-347) or on form DD-879. Be sure to complete the identifying information at the top, particularly if you are attaching the Statement of Compliance to any alternate payroll form, such as a computer payroll. Also, you must check 4(a), 4(b) or both if the wage decision contains a fringe benefit. Checking 4(a) indicates that you are paying required fringe benefits to approved plans or programs; checking 4(b) indicates that you are paying any required fringe benefits directly to the employee by adding the fringe benefit rate to the basic hourly rate of pay; and checking both indicates that some fringe benefits are paid to funds and some are paid directly to the employee in cash (an explanation of how these benefits are paid must be shown in box 4(c)).

Only one Statement of Compliance is required for each employer's weekly payroll no matter how many pages are needed to report the data.

- j. **Signature.** Make sure the payroll and the Statement of Compliance are signed with an *original* signature. They must be signed by a principal of the firm (owner or officer such as the president, treasurer, etc.) or by an authorized agent (a person authorized by a principal in writing to sign the payroll reports). Signature authorization (for persons other than a principal) must be submitted with the first payroll signed by such an agent.

SECTION III – PAYROLL REVIEWS AND CORRECTIONS

2-6 COMPLIANCE REVIEWS (FAR 22.406-7). The ACO or other authorized Navy personnel may visit the project site and interview some of the workers concerning their employment on the project. In addition, the Navy will periodically review payrolls and related submissions, comparing the interview information to the payrolls, to ensure that the labor standards requirements have been met. You will be notified by the ACO if these reviews reveal any discrepancies or errors. You will be given instructions about what steps must be taken to correct any problems.

a. On-Site Interviews. Every employer (contractor, subcontractor, etc.) must make their employees available for interview at the job site with the ACO, other agency representatives, or DOL representative. The interviews are confidential, and the employee will be asked about the work he performs and his rate of pay. Every effort will be made to ensure that these interviews cause as little disruption as possible to the on-going work. The interviewer will record the interview information, usually on SF-1445, *Labor Standards Interview*, and forward the interviews to the ACO.

b. Project Payroll Reviews. The ACO will compare the information on the interview forms to the corresponding payrolls and Daily Reports to Inspector, to ensure that the workers are properly listed on the payrolls for the days, work classification and rate of pay. The ACO will also review the payroll submissions to make certain that the payrolls are complete and signed; that employees are paid no less than the rate for the work classification shown; apprentice certifications are submitted (where needed); employee authorizations for "Other" deductions are submitted (where needed); etc.

2-7 TYPICAL PAYROLL ERRORS AND REQUIRED CORRECTIONS. The following paragraphs describe common payroll errors and the corrective steps you must take.

a. Inadequate Payroll Information. If the alternate payroll (such as a computer payroll) does not contain all of the information that would be on optional form WH-347 the employer will be asked to resubmit the payrolls on an acceptable form.

b. Missing Addresses and Social Security Numbers. If the first payroll on which an employee appears does not contain the employee's address and Social Security Number, the employer will be asked to supply the missing information. A short note providing the information is all that is needed.

c. Incomplete Payrolls. If the information on the payroll is not complete, for example, if work classifications or rates of pay are missing, the employer will be asked to send a corrected payroll.

d. Classifications. If the payrolls show work classifications that do not appear on the wage decision, the employer will be asked to reclassify the employees in accordance with the wage decision *or* the employer may request an *additional classification and rate* (see ¶ 2-2). If reclassification results in underpayment (i.e., the rate paid on the payroll is less than the rate required for the new classification), the employer will be asked to pay *wage restitution* to all affected reclassified employees (See ¶ 2-8 for *instructions about wage restitution.*)

e. Wage Rates. If the rates shown on the payroll are less than the rates on the wage decision for the work