

Federal Labor Standards Compliance

An Informational Brochure Developed by K. W. Poore & Associates, Inc.
Community Development Consultants

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Davis-Bacon & Related Laws

The US Department of Labor requires that all contractors working on federally funded construction projects **over \$2,000** must comply with the Davis-Bacon Act and other related labor laws.

These laws and regulations protect workers and ensure compensation accordingly for their work. Labor standards include:

The Davis-Bacon Act

Requires payment of the prevailing wage rates to all laborers and mechanics.

The Contract Work Hours and Safety Standards Act

Requires time and a half payment for hours worked in excess of 40 hours per work week.

The Copeland Anti-Kickback Act

Prohibits requiring workers to give up or pay back any part of their wages without their consent and requires payroll to be paid weekly.

The Fair Labor Standards Act

Contains Federal minimum wage rates, overtime, and child labor requirements.



CONTACT US

K.W. Poore and Associates, Inc.
2201 West Broad Street, Suite 204
Richmond, Virginia 23220
804.204.1022 **phone**
kwpoore@kwpoore.com
www.kwpoore.com

Labor Compliance: It's the Law

Regardless of the size of your community, failure to comply with both Federal Labor Standards (FLS) and Equal Employment Opportunity Requirements (EEO) is an offense punishable by law that carries heavy fines, loss of funding, and potential contractor debarment from future federally funded programs.

Compliance with Federal Labor Standards is required for ALL federally funded construction projects in excess of \$2,000. This includes storefront improvements; water, sewer, and street infrastructure; adaptive building reuse; multiple family housing rehabilitation; and broadband installation. In addition, the recent American Recovery and Reinvestment Act of 2009 (ARRA) requires compliance with labor standards for ALL projects using ARRA funds.

In such projects, the prime contractor is directly responsible for the full compliance of all employers (including subcontractors) with labor standards. The contractor's payroll clerk works closely with the Grantee's Contract Compliance Officer (CCO), who monitors the contractor's paperwork for compliance.

WHO IS THE CONTRACT COMPLIANCE OFFICER?

The CCO receives weekly certified payroll records from the contractor and any subs on the project. These payrolls are verified against other documents the contractor provides, such

as the *Register of Assigned Employees* and *Authorized Deduction* forms. The wage rates and job classifications of the laborers are also matched to the prevailing wage decision, issued by the US Department of Labor (DOL).

Additionally, monthly interviews are conducted on-site with the workers to ensure compliance and accuracy. These must be made available to non-English speaking workers if needed.

WHAT DOES FLS INVOLVE?

Because of the amount of extra paperwork involved with Labor Compliance, contractors must be made aware that a project will comply with Davis-Bacon and related acts when they bid for the job. A complete set of required documents, including all paperwork and the relevant wage decision secured from DOL, must be included in the bid specs.



Labor compliance can seem daunting, but doesn't have to be. K.W. Poore & Associates can help.



Staying in Compliance

REPORTING

The prime contractor is responsible for reporting ALL employee payroll information to the CCO.

REVIEWING

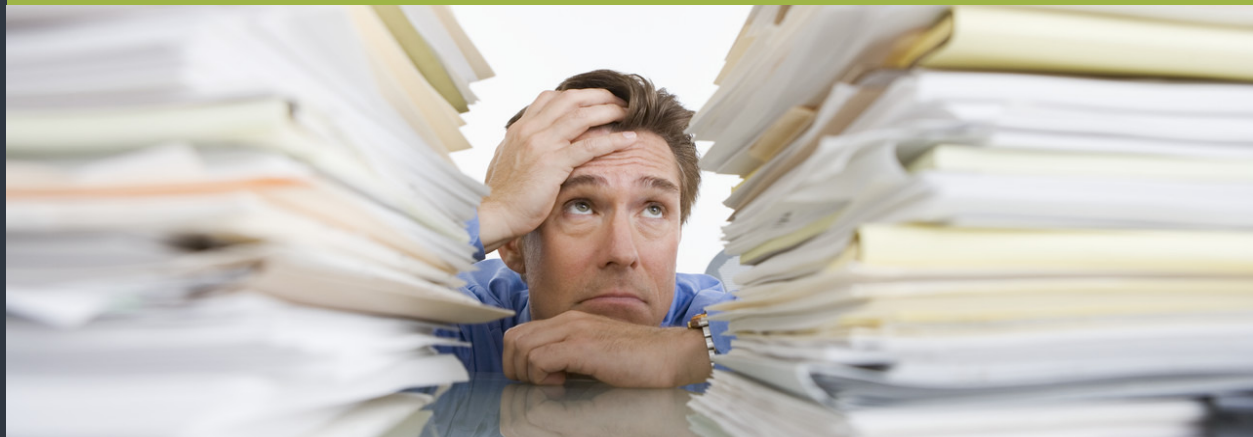
The CCO must review all documents for accuracy, a process that involves cross-checking the weekly payroll records with other paperwork provided by the contractor, including:

- *Register of Assigned Employees* lists all employees working on the project, their hourly wage, and their job classification.
- *Authorized Deduction form*, signed by the employee to verify any amounts (other than taxes) deducted from pay.
- *Monthly Register of Contractors, Subs, & Suppliers* lists any and all suppliers or subs on the project.

INTERVIEWING

The CCO or other authorized agent is required to visit the project site at least once a month to conduct interviews with on-site laborers to verify the accuracy of the certified payroll records.

Interviewers must be able to communicate with laborers and mechanics as well as visually assess their duties while on the job site. These interviews are confidential and every effort is made to ensure they do not disrupt the on-going work.



PRE-CONSTRUCTION

After the bid is awarded, the CCO reviews the required paperwork with the contractor to ensure to comply with labor laws. This occurs during the pre-construction conference.

DURING CONSTRUCTION

Each week, the contractor will forward certified payroll records to the CCO for review. Weekly submittal allows the CCO to catch any errors and request corrections from the contractor at the onset. Common problems might include job classifications inconsistent with the wage decision, mistakes in payroll calculations, unsigned deduction forms, and missing payroll records for weeks not worked on the project.

Less frequent but more serious problems are unpaid overtime, unauthorized deductions, and job classifications not on the wage decision. The CCO will return any erroneous files to the contractor for correction, request additional job classifications as needed, and initiate restitution procedures if workers have been underpaid.

AFTER CONSTRUCTION

By the time the project is finished, the CCO will have accurate and complete Labor Compliance files for the contractor and any subs. These should be kept at the locality's


offices for at least five years following completion and made available to auditors from the funding agency when requested.

Our CCO will be with you during closeout to review the files with the auditor, answer any questions, and address concerns.

WE CAN HELP

Labor compliance requires a familiarity with federal labor laws and regulations. Many communities do not have the resources or training to ensure compliance, so they enlist an experienced CCO to bring their files into compliance.

K. W. Poore and Associates, Inc., provides years of experience in labor compliance. Our firm has successfully completed numerous compliance audits by a variety of funding agencies including the Department of Housing and Urban Development (HUD), Department of Economic Development Administration (EDA), Virginia Department of Community and Housing Development (DHCD), and Virginia Department of Transportation (VDOT).

Our attention to detail and knowledge of FLS and EEO allows us to work closely with the Project Manager, Construction Supervisor, and payroll clerk to maintain the paperwork necessary to ensure the finished project complies with all federal labor laws. 

Labor Compliance Assistance

K. W. Poore and Associates, Inc., has extensive experience in successfully reviewing project files and payroll records to ensure compliance with Federal Labor Standards. Our CCO is available to assist locality staff and contractors in correctly completing the forms; monitor payroll records and related documentation; relieve the locality from the burden of paperwork related to FLS, disclose labor compliance requirements in the bid packet; conduct on-site interviews in both English and Spanish on a monthly basis; and prepare the locality for a closeout audit.

When our staff is involved early in the project, we can provide contractors and any subcontractors with clear, easy-to-follow instructions and the necessary paperwork. We are available to meet with contractors' payroll clerks or controllers to discuss individually how the documents should be completed. We are also available via phone or e-mail during business hours for any questions the contractor's payroll clerk or controller, Project Manager, Grantee, or funding agency auditor may have regarding the payroll records for a particular locality.