

E X E R C I S E

Answer Sheet

There are three Carpenters (Joseph Anderson, Thomas Bedwell, and Todd Larson). None of them have the exact rate of pay (basic hourly rate and overtime).

The Certified Payroll records should be checked for the following:

- 1) The rate of pay for each classification should be checked against the Basic Hourly Rate and Fringe Benefits for the corresponding classes on the WD.

Example: Mascola's rate is less than that on the WD.

- 2) The contractor should provide evidence of an approved apprenticeship and trainee program. Individual registration should be verified. The ratios and levels of progression should be confirmed.
 - a. If, for example, the ratio of journeymen to apprentices is 2:1, then the contractor must pay one apprentice the full journeyman rate. (The first apprentice on the job is the bona fide apprentice.)
 - b. Bootstrapping is not allowed. For example, if the trainee is not allowed and must be elevated to the full journeyman rate, it does not mean that the firm can have two apprentices.
 - c. The apprenticeship program should be reviewed for the fringe benefit requirements. In this case, the apprentices

have been paid 60% of the journeyman rate plus the full amount of the fringe benefits.

- 3) There is a “helper” listed on the certified payroll, but there are no helpers listed on the WD. Either the classification must be conformed or the employee must be paid the rate for the classification of work he is performing (journeyman sheet metal worker or laborer).
- 4) Arnold Peterson’s exact classification should be confirmed by interviews. The firm’s method of paying the employee $\frac{1}{2}$ his hours as a laborer and $\frac{1}{2}$ as a plumber may be a method used to pay Peterson less than the full plumber’s rate.
- 5) The bricklayers should be carefully interviewed to determine whether the certified payroll records have been falsified to show compliance. The daily hours recorded for bricklayers are less than the hours worked by the other employees; it is possible that Clements and Cunningham were paid on a piece rate basis. Also note that the gross earnings for these employees are rounded off (hours times the hourly rate shows an amount different than that on the payroll).
- 6) Unskilled laborers are listed as working only $\frac{1}{2}$ the hours of the other employees. This could be an indication that the laborers are being paid only $\frac{1}{2}$ the applicable WD rate.
- 7) Thomas Bedwell is due an additional \$100 as a result of a payroll error in adding the individual payroll deductions. Numerous errors of this nature could be an indication of payroll falsification.

- 8) The repayment of a bank loan for Clements should be verified to make certain it was authorized by Clements or ordered by a court.
- 9) The overtime rates should be carefully checked.
 - a. In the case of Anderson, the firm is showing that it pays double time wages for the overtime hours (5 hours x \$35.96). It may mean that the contractor is merely reducing the overtime hours by ½ in order to simulate CWHSSA compliance. The employee should be interviewed to determine compliance.
 - b. For Bedwell and Larson, the contractor is showing an overtime rate of \$20.03 (1 ½ x \$13.35). If the contractor is not making contributions to a fringe benefit plan for all hours worked, then the overtime is not correctly computed.

For example: The contractor pays Bedwell the fringe benefit amount in cash. The correct overtime rate is \$24.66 (1 ½ x \$13.35 + \$4.63 in fringe benefits).

However, for Larson, the firm makes contributions to a fringe benefit plan for ALL hours worked in the amount of \$4.63. The overtime rate shown on the CPR in this case is correct.

- 10) The contractor should be asked to provide evidence that fringe benefit contributions are being made on behalf of Larson at the rate for which credit is claimed. The plan should be checked to determine if it is a bona fide third party FB plan.

