

# ESSER and GEER Monitoring and Closeout



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# Agenda

- Welcome
- Single Audit vs. Compliance Monitoring
- FY23 Financial Monitoring Issues to Date
- Applicability of Davis Bacon
- Drawdowns and Closeout
- Programmatic Monitoring
- Questions



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## Presented by



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# Single Audit vs. Compliance Monitoring

# Single Audit vs Compliance Monitoring

Focus Area	Single Audit	Compliance Monitoring
<b>Objective</b>	Provide <b>reasonable assurance</b> that the federal statutes, regulations and terms and conditions of the programs tested are complied with based on risk	<b>Review and document compliance</b> with applicable federal and state regulations based on risk, and proactively address noncompliance if identified from both a programmatic and financial perspective
<b>Opinion</b>	Yes	No
<b>Independence Required</b>	<b>Must</b> maintain independence	Not required
<b>Testing</b>	As proscribed by the OMB Compliance Supplement	Not only using the OMB Compliance Supplement, but also various additional provisions tested from 2 CFR 200
<b>Reporting Format</b>	Audit report, published	Informal report, not published
<b>Report Items</b>	<b>Material Weakness</b> or <b>Significant Deficiencies</b>	<b>Findings</b> (Violations) or <b>Concerns</b> (Areas of Improvement)
<b>Corrective Action</b>	Required	Not always required
<b>Frequency</b>	Annually, typically <b>after</b> activity	<b>During</b> , After period of performance

# Compliance Monitoring Focus: Assertions

Reviewing and documenting Compliance consists of many similar steps based on management assertions tested during an audit, but is more focused on whether the activity meets the explicit compliance requirements.

## Relevant “Assertions” for Compliance Monitoring

- Activity is not only valid and pertains to the entity, but complies with the program requirements
- Activity is not only authorized properly, but approvals comply with the program requirements
- Activity charged to the federal award are not only recorded appropriately, but matches underlying supporting documentation
- Activity is not only recorded properly based on accounting theory, but allocations, calculations, or other methodologies that comply with the requirements of the program
- Activity not only exists in account balances, but are in the correct accounts related to the program
- Activity is not only reported in financial statements properly, but ultimately reported to the awarding agency appropriately and completely.

# Compliance Monitoring Focus: Evidence

While compliance monitoring adapts audit principles regarding sufficiency and appropriateness, the methods and documentation are often more focused on what can reasonably be performed and collected.

## Methods used to Gather Evidence

- Reperformance
- Recalculation
- Inspection of Records or Documents
- Observation
- Inquiry

## Examples of Supporting Documentation

- Contracts and Agreements
- Purchase Orders and Invoices
- Board Minutes
- Budgets
- Payroll Registers
- Timesheets
- Policies and Procedures
- Narratives
- Program Reports
- Final Expenditure Reports



# Compliance Monitoring Focus: Reporting

Findings and Concerns identified during monitoring prompt corrective action like an audit, which may include the provision of technical assistance. Again, the objective is not to provide an opinion, but to ensure compliance and proactively address any noncompliance identified.

## Findings are defined as...

- Violations of statutory, regulatory, or program requirements for which sanctions or other corrective actions may be issued.
- More significant
- Increases the risk of the non-federal entity and pass-through entity not receiving funds
- More like a material weakness

## Concerns are defined as...

- Other deficiencies not necessarily based on statutory, regulatory, or program requirements, which could become findings if not addressed.
- May also have corrective action
- Less significant than a finding
- More like a significant deficiency





# FY23 Monitoring Issues to Date

# Preliminary Issues FY23 Monitoring

## **Insufficient Evidence**

Some districts have uploaded inadequate support to determine compliance:

- Payroll Distribution Reports instead of underlying Payroll Registers
- Proof of Payment not always provided initially, which causes delays
- Lack of documented allocation methods or documented methods that do not always align with MEGS+ justifications

## **Mismatched expenditures**

Some districts expenditures of federal funds not always matching:

- GL/FID/SEFA variances

## **Loss of institutional knowledge**

Some have had significant turnover which:

- Affects timeliness in response and causes delays in monitoring

# Best Practices to Avoid Noncompliance

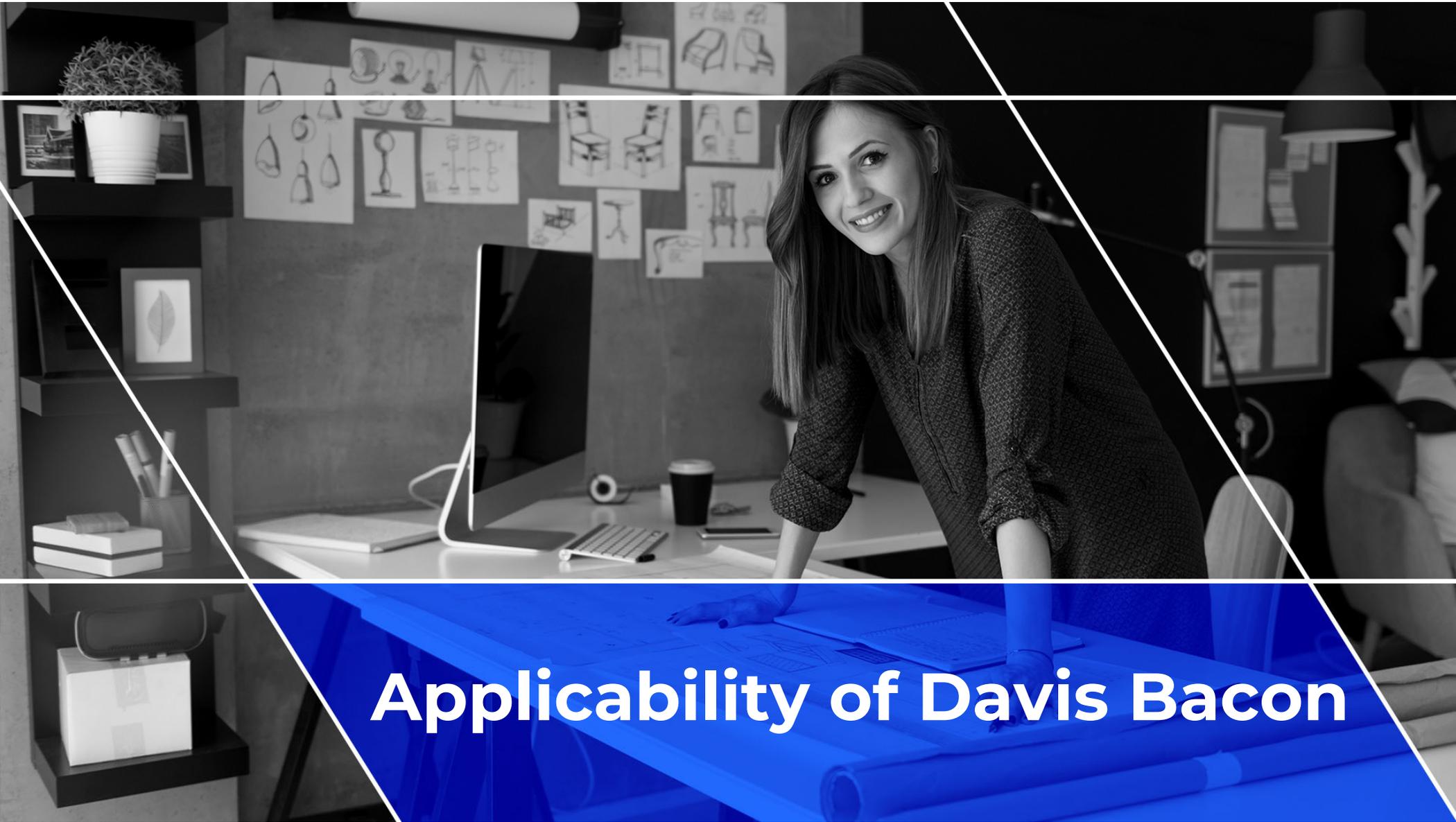
## Best Practices

- **Document, Document, Document** – especially reasons for allocating certain costs.
- **Maintain communication** with MDE and Compliance team throughout the period of performance.
- **Always have a plan** to spend funds and a clear process to amend this plan, including reallocation. For example, plans to spend all funds by the expiration date for ESSER III, 9/30/2024. If these plans have not been finalized, strongly encouraged to reach out to MDE for technical assistance.
- **Report timely** required information under the program to both the pass-through entity and the federal government

# Timeline for Financial Monitoring



**We are in the home stretch!**



# Applicability of Davis Bacon

# Davis Bacon Act (Federal Prevailing Wage) Links

**US Ed ESSER Resources:**

<https://oese.ed.gov/files/2023/05/Davis-Bacon-Resources-and-Office-Hours.pdf>

**Fact Sheet Davis Bacon and Related Acts, as amended (effective 10/23/2023):**

<https://www.dol.gov/agencies/whd/fact-sheets/66-dbra>

**Comparison Pre & Post 10/23/2023:**

<https://www.dol.gov/agencies/whd/government-contracts/construction/rulemaking-davis-bacon/dba-comparison-charts>

**Frequently Asked Questions (as amended):**

<https://www.dol.gov/agencies/whd/government-contracts/construction/rulemaking-davis-bacon/faqs>

**Small Entity Compliance Guide:**

<https://www.dol.gov/sites/dolgov/files/WHD/government-contracts/DBRA-Small-Entity.pdf>

# Davis Bacon and Related Acts (Federal Prevailing Wage)

## Key Requirements

- LEAs still have an obligation to monitor contract compliance related to DBRA
  - Ensure rates determinations are well documented during contract development
  - Include appropriate **contract language and assurances** in final contract
- **Certified Payroll Recordkeeping** must be maintained by LEA and provided to the State
- Comply with **Assurances for Non-Construction and Construction** activities (OMB Forms 424B and 425D, respectively)

## Things to remember

- General contractors are typically familiar with federal compliance requirements
- No requirement during a single audit to verify the wage rates, but LEAs are still responsible for contract compliance and should still monitor closely



# DBRA – Questions to Consider

## Consider...

- How are wages currently being tracked by contractors? Are regular updates provided?
- Are rate determinations/justifications well documented?
  - Ensure rates determinations are well documented during contract development
  - Include appropriate **contract language and assurances** in final contract
- Is the activity/project area specified in the contract? Were multiple wage rates needed?
- Have there been any significant contract changes? Were additional approvals obtained?
- When were certified payroll reports last verified against underlying rate and worker information? Is the underlying information readily available?
- If prevailing wages have not been paid, have funds been reallocated from non-federal sources or restitution been calculated appropriately and payments made timely?

# FY23 Testing Capital Activity

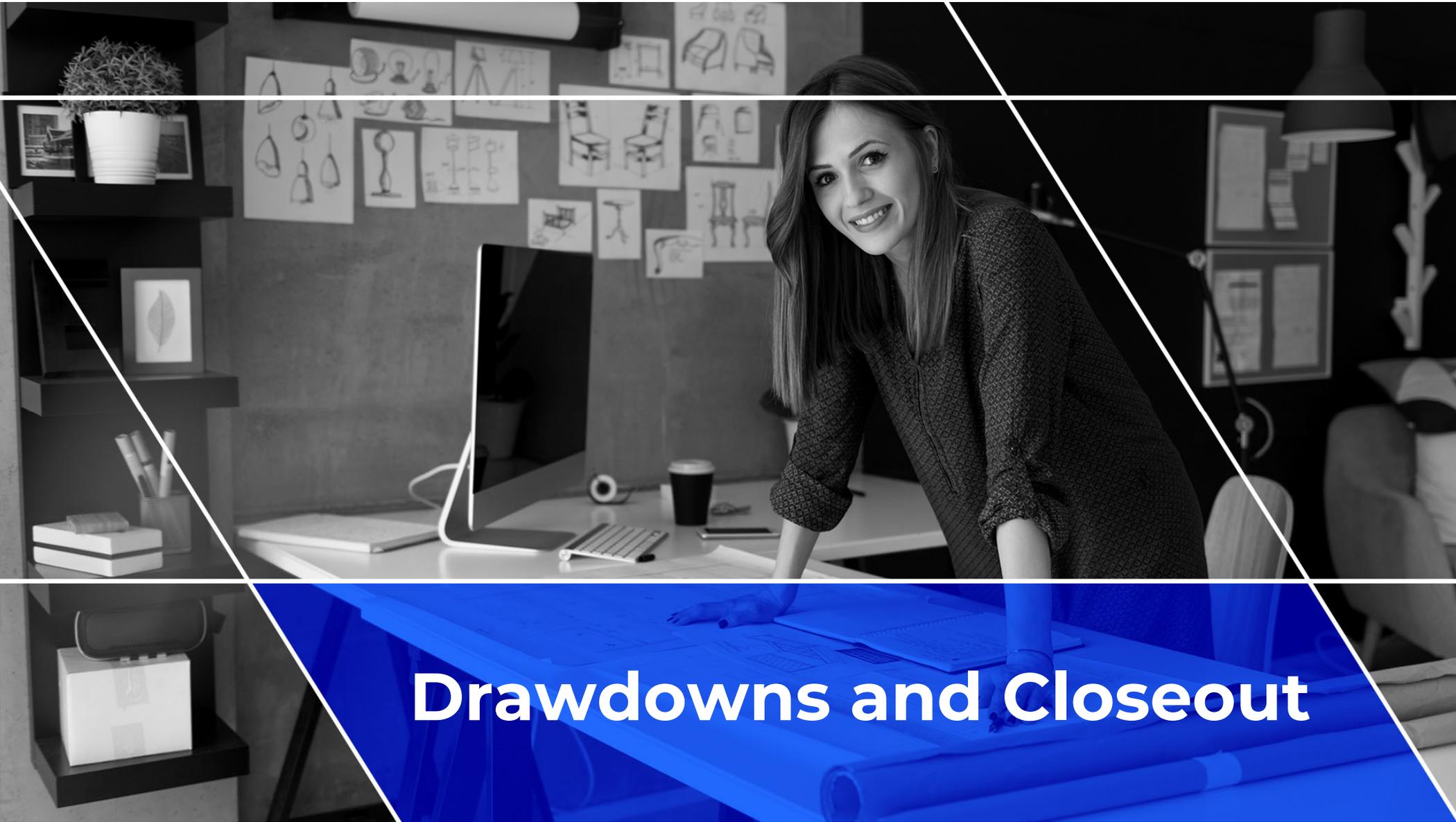
## Supplemental Survey Results – Prior Monitoring Iteration (63 subrecipients, 46 responses)

- **17 out of 46** had expended funds for **capital activities**
- 12 out of 17 purchased capital equipment, while the remaining **5 remodeled, renovated, or constructed new facilities.**
- **3 out of the 5** stated they had the **appropriate assurances** in their contracts regarding Davis Bacon, NEPA, historic preservation, and Civil Rights.

### How this informed some of our testing:

- How are contracts being prepared for capital activities?
- What processes are in place to incorporate the appropriate language in contracts for Davis Bacon and other related/applicable national acts?
- Are certified payroll reports being collected and reviewed appropriately?
- How is the project progress and budget being tracked to ensure timely completion? Including obligations against the expiration date for ESSER III
- Was the activity clearly delineated and well documented?





# Drawdowns and Closeout

# Drawdown of Funds

Grant*	0% - 20% Remaining	21% - 49% Remaining	50% - 100% Remaining
ARP ESSER III Formula	489 (61%)	247 (31%)	66 (8%)
ARP Section 11t Equalization	107 (53%)	74 (36%)	23 (11%)

\*Drawdown report as of June 1, 2024

### Reminders...

- At this point in grant, you should have less than 20% remaining to draw to be on-target to fully draw by December 30, 2024
- Many factors may be contributing to a higher remaining percentage balance, including Capital Projects.
- Late Liquidation option is available for Capital Projects and other delayed deliveries

# Process to Drawdown of Funds

## Step by Step Process

- Receipt of Grant Award Notification (GAN) after MDE approval of application
- Status of Grant Funds Available in application in MEGS+
- Log into NexSys Accounting System
- Make Fund Request
- Certify Fund Request
- Funds released to entity



# Process to Amend Budgets/Justifications

## Step by Step Process

- Log into MEGS+ application
- Click on View/Edit
- When View/Edit screen opens, Click on Change Status
- Change Status to Amend or Modify Application
- Make amendments/modifications to application and/or budget
- Click on View/Edit
- When View/Edit screen opens, Click on Change Status
- Change Status to Submit Amendment or Submit Modification
- Note Status listed on Status Bar in MEGS+ application



## Slide 21

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### **BBO** Timeline

Ben Brewer, 2024-06-01T18:27:06.420

### **BBO 0** Obligation and Liquidation dates

Ben Brewer, 2024-06-01T18:27:13.615

## Closeout is Near

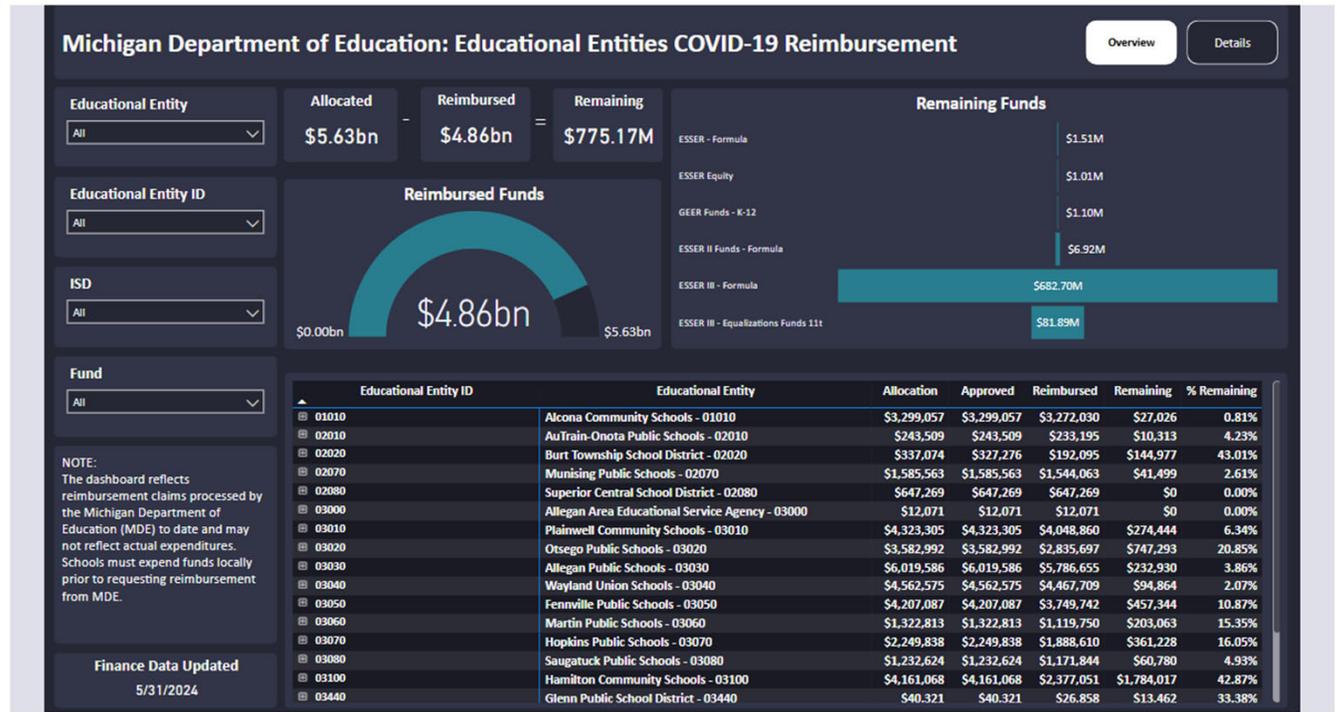
- Ensure you have a **plan to spend funds by the expiration date** for ESSER III, 9/30/2024 – **finalize these plans NOW**
- **Updating Plan of Use** and make budget amendments with MDE
- **Review and clearly document** compliance with Davis Bacon (federal prevailing wage), recent state legislation on prevailing wage now in effect, and other national acts
  - **If not in compliance** with these regulations – need to consider **reallocate** funding, work with MDE, and update plan of use/budgets **IMMEDIATELY**
- **Timely submission of FERs** in addition to audits and FID data



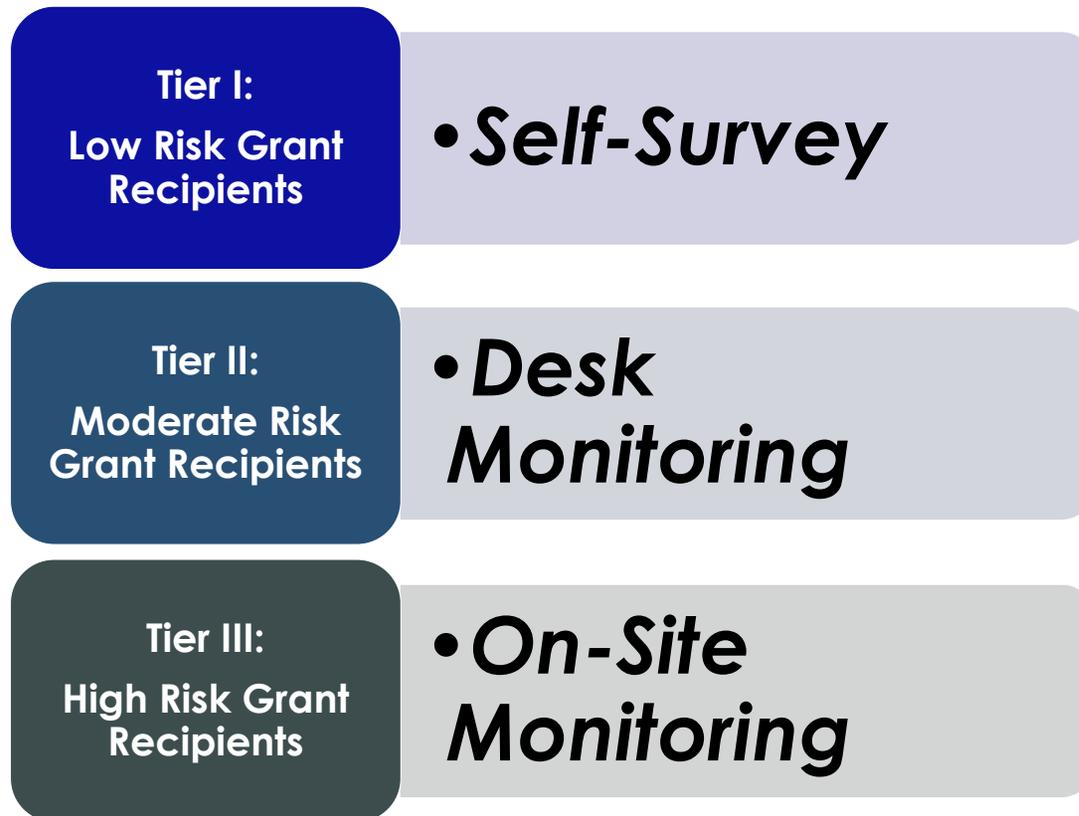
# Programmatic Monitoring

# MDE COVID-19 DASHBOARD

COVID-19 Spend Dashboard  
(michigan.gov)



# Programmatic Monitoring Approach



# Tier I: Low risk grant recipients

## Monitoring and Status Determination

- 85% of total recipients will be identified for Self-Survey monitoring
- Meets Requirements (fully compliant)
- Does Not Meet Requirements (Non-Compliant)

## What to Expect from a Desk Review

- District will upload requested documentation into programmatic monitoring system
- Upon submission of Self-Survey Review, MDE will notify district of compliance status (Compliant or Non-Compliant)
- Required Action and Non-Compliant issue(s) will require a Corrective Action Plan, in writing, to MDE for review within 30 days of notification of Non-Compliance .

# Tier I: Low risk grant recipients

## Monitoring and Status Determination

- 85% of total recipients will be identified for Self-Survey monitoring
- Meets Requirements (fully compliant)
- Does Not Meet Requirements (Non-Compliant)

## What to Expect from a Desk Review

- District will upload requested documentation into programmatic monitoring system
- Upon submission of Self-Survey Review, MDE will notify district of compliance status (Compliant or Non-Compliant)
- Required Action and Non-Compliant issue(s) will require a Corrective Action Plan, in writing, to MDE for review within 30 days of notification of Non-Compliance .

## Tier II: Medium risk grant recipients

### Monitoring and Status Determination

- 12% of total recipients will be identified for desk monitoring
- Meets Requirements (fully compliant)
- Meets Requirements with Required Action (substantially compliant)
- Does Not Meet Requirements (Non-Compliant)

### What to Expect from a Desk Review

- District will upload requested documentation into programmatic monitoring system
- Upon completion of Desk Review, MDE will notify district of compliance status (Compliant or Non-Compliant)
- Required Action and Non-Compliant issue(s) will require a Corrective Action Plan, in writing, to MDE for review within 30 days of notification of Non-Compliance .

# Tier III: High risk grant recipients

## Monitoring and Status Determination

- 3% of total recipients will be identified for on-site monitoring
- Meets Requirements (fully compliant)
- Meets Requirements with Required Action (substantially compliant)
- Does Not Meet Requirements (Non-Compliant)

## What to Expect from a Desk Review

- District will upload requested documentation into programmatic monitoring system
- MDE will conduct on-site review, will notify district of compliance status (Compliant or Non-Compliant)
- Required Action and Non-Compliant issue(s) will require a Corrective Action Plan, in writing, to MDE for review within 30 days of notification of Non-Compliance .



**QUESTIONS**

# Thank You for joining this session!

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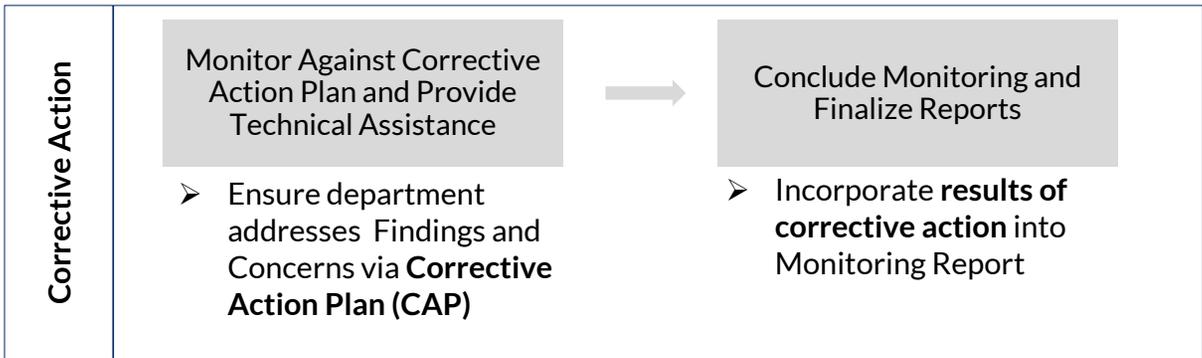
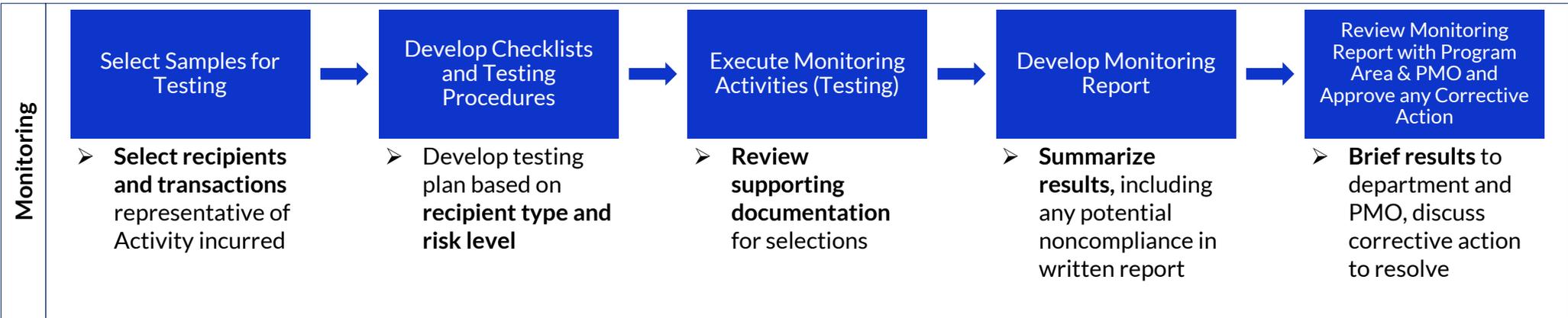
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# Monitoring References

# General Monitoring Approach

Upon completion of risk assessment, the following steps are taken in the monitoring effort.



# Monitoring Approach for ESSER & GEER

Evaluate program risk assessment	Obtain data files & determine population	Design sampling & testing plan	Testing of Controls and Transactions	Review and Report to MDE and Subs
<p>ESSER and GEER were assessed an overall risk</p>	<p><b>FID data</b> represented actual Activity for Fiscal Years 2023</p>	<p>Transaction sampling was performed <b>based on risk ranking</b> and samples distributed between funding sources</p>	<p><i>Testing Pt. 1 included:</i> <b>Reviewing MEGS+ application</b>, comparing FID to Budget, <b>Verifying Single Audits</b></p>	<p>Preliminary Results (Observations) provided to MDE</p>
<p>Utilized 2021 - 2022 <b>Consultant Assessment</b> provided by MDE to rank agencies</p>	<p><b>Eligible applicants</b> were LEAs, including public school academies (PSAs) and ISDs</p>	<p><b>Funding sources</b> applicable to this monitoring included ESSER I/II/III, GEER I, and GEER II</p>	<p>Testing Pt. 2 included: <b>Reviewing GL detail, processes and controls</b>, Transactional sampling</p>	<p>Discuss Observations at <b>Exit Conference #1</b></p>
<p>Subrecipients (education agencies) were selected based on their <b>assessed risk of noncompliance</b> 50% of High Risk 25% of Medium Risk 5% of Low Risk</p>		<p>More <b>detailed testing</b> steps for <b>learning loss and capital Activity</b></p>	<p>Testing Pt. 3 included: <b>Reviewing supporting documentation</b>, Additional follow up as needed</p>	<p>Worked with MDE and Subs to clarify observations</p>
				<p>Convert remaining observations to findings or concerns for final report</p>
				<p>Bring Corrective Action necessary to <b>Exit Conference #2</b></p>
				<p>Work with agencies to implement <b>corrective action</b></p>

# Current Monitoring Populations

## Primary factors determining population(s)

- Timeliness of FID submission by the agency
- Existence of FID Activity for a given agency
- Whether a given agency was still in operation

**These factors created two distinct populations, one with the majority of K-12 education agencies in the state and another with select schools that most likely had ESSER/GEER Activity but did not submit their FID on time.**

**Population #1**

- Submitted FID data on time
- Had Activity for an ESSER/GEER Grant code
- Was still in operation as of the date of monitoring

**Population #2**

- Did not submit FID data on time
- May have Activity for an ESSER/GEER grant code
- May have closed during or after the fiscal year



# Uniform Guidance References

# Uniform Guidance Overview

## Single Audits (Subpart F, 200.501, 200.514)

- Required for non-Federal entity spending above \$750k of federal funds in the entity's fiscal year
- Starts with a financial audit conducted in accordance with GAAS and GAGAS
- Adds requirements for testing compliance with federal grant regulations
- Stages of a single audit:
  - Determine need (Federal Activity > \$750,000)
  - Select major programs (by Assistance Listing Number/cluster)
  - Test internal controls and compliance
  - Reporting (three reports, plus a SFQC, and a DCF)

## Pre/Post Award Requirements (Various Subparts, see below)

### Pre-Award:

- Grant document info: Performance goals, general information, terms and conditions (Subpart C)

### Post-Award:

- Recipients: Requirement compliance, performance measurement, financial management systems (Subpart D, 200.302)
- Payments: Advances or reimbursements from US gov't (Subpart D, 200.305)
- Cost matching: Must be verifiable, exclude other federal awards (Subpart D, 200.306)
- Performance period: Allowable costs charged during agreed period (Subpart D, 200.309)

## Procurement (Subpart D, 200.318)

- States may follow their own policies and procedures
- All others must follow the general procurement standards
  - Use documented procurement procedures
  - No conflicts of interest
  - Consider most economical purchase option
- Procurement transactions: full and open competition
- Methods:
  - Micro purchases, small purchases, sealed bids, competitive proposals, sole source



# Uniform Guidance Overview

## Direct & Indirect Costs (Subpart E, 200.413-414)

### Direct costs:

- Can be charged directly to the program
- Can be identified specifically with a particular final cost objective
- Minor items may be treated as indirect for reasons of practicality, if consistently applied
- Unallowable costs may still be direct

### Indirect (F&A) costs:

- Classified as “facilities” (space costs) or “administration” (overhead costs)
- Cannot be identified specifically with a particular final cost objective
- Subject to negotiated rate w/ federal agency or de minimis 10% rate

## Subrecipient Monitoring (Subpart D, 220.331-333)

- Pass-through entities must:
  - Evaluate subrecipient risk based on their prior award experience, prior monitoring/audit results, extent of new personnel/systems
  - Review financial and programmatic reports, verify appropriate audits are conducted
  - Depending on assessed risks: Provide training/technical assistance, perform on-site reviews
  - Follow-up on identified deficiencies, issue a “management decision” on audit findings, consider taking enforcement action for noncompliance
- The state departments are the pass-through entities



# Recipient Determination

## Subrecipients

- Determine who is eligible to receive what Federal assistance
- Have performance measured in relation to whether program objectives were met
- Have responsibility for programmatic decision making
- Are responsible for adherence to applicable Federal program requirements specified in the Federal award
- Use the Federal funds to carry out a program, as opposed to providing goods or services for the benefit of the pass-through entity

## Contractors

- Provide goods and services within normal business operations
- Provides similar goods or services to many different purchasers
- Normally operate in a competitive environment
- Provide goods or services that are ancillary to the operation of the Federal program
- Are not subject to compliance requirements of the Federal program as a result of the agreement

## Beneficiaries

- May be individuals or entities who receive federal funding from the State
- Are not using payments to carry out a program on behalf of the State
  - In contrast, leverage federal funding for the purpose of directly benefitting the individual or entity as a result of experiencing a public health impact or negative economic impact of the pandemic





**Compare/Contrast 10/23/2023  
Update to DBRA**

# Applicability: Wages and Fringe Determinations

Type	Existing	Updated (Effective 10/23/2023)
<b>Determining Prevailing Wage Rate</b>	1) identify if a <b>single wage rate paid to more than 50%</b> of workers in a classification, and then, 2) if not, rely on a <b>weighted average</b> of all the wage rates paid in the classification.	1) if a <b>majority (over 50%) of wage rates</b> in a classification are the <b>same</b> , that is the prevailing wage, 2) if there is no majority, then the <b>wage rate earned by the greatest number</b> of workers, provided that <b>at least 30%</b> earn that rate, is the prevailing wage and 3) if no wage rate is earned by at least 30% of workers in the classification, use a weighted average.
<b>Benefit Rate</b>	1) If <b>more than 50% of workers in a classification are not paid</b> any fringe benefits, then the rate on the WD is <b>zero</b> . 2) If <b>more than 50% of workers are paid</b> fringe benefits, then WHD looks at the workers who are paid fringe benefits and determines if <b>any one rate among them prevails under the 50%</b> rule in § 1.2(a). If there is such a rate, that is the rate to be paid on the WD. 3) If fringe benefits overall prevail, but no single rate is paid to more than 50% of the workers in a classification who receive fringe benefits, then to <b>calculate the fringe benefit rate</b> for the WD, WHD <b>averages the fringe benefits</b> of those workers <b>who are paid fringe benefits</b> .	<b>Mirrors the three-step process for wage rates.</b>  Thus, WHD will continue to use the existing method of first asking whether the payment of fringe benefits prevails over the payment of no fringe benefits. This is a <b>50% majority question, even under the 30% rule.</b>

**How are wages currently being tracked by your contractors? What reports are provided?**

# Applicability: Other Rates

Type	Existing	Updated (Effective 10/23/2023)
<b>Functionally Equivalent</b>	Was generally allowed for <b>variable rates</b> that are functionally equivalent <b>to be counted together</b> for the purpose of determining whether a wage rate prevails. The <b>ARB's 2006 decision (ARB No. 04-051)</b> strictly interpreted the regulatory language in § 1.2(a) in a way that <b>limited</b> some of these practices.	§ 1.3(e) to explain that the Administrator <b>can count variable rates that are “functionally equivalent”</b> (as explained by one more CBAs or written policies of a contractor or contractors) to be counted <b>together</b> as the same wage for the purpose of determining whether a single wage rate prevails.
<b>Supplemental</b>	If a wage determination does not include a rate for certain classification, the contractor <b>must seek a conformance using the procedure outlined in the contract clause</b> at § 5.5(a)(1).	WHD received insufficient data for rule on classification for which conformance requests are regularly submitted, WHD may list the classification and conformed wage and fringe benefit rates for the classifications (i.e., supplemental wage rates) on the wage determination. Supplemental wage rates may be listed on wage determinations <b>only if they meet the basic criteria for conformed rates.</b>
<b>State or Local</b>	WHD may consider State or local prevailing wage rates when making wage determinations, and <b>must give due regard to information obtained from State highway departments for highway wage determinations</b> , the regulations do <b>not explicitly</b> authorize WHD to adopt state or local rates.	<b>Explicitly permit</b> WHD to adopt <b>State or local prevailing wage rates</b> for both highway and nonhighway construction under certain circumstances where doing so would be <b>consistent with the purpose of the DBA.</b>

**Are justifications for other rates well documented?**

# Applicability: Other Rates, Determinations, & Adjustments

Type	Existing	Updated (Effective 10/23/2023)
<b>Area</b>	“Area” is defined as the city, town, village, county or other civil subdivision of the state in which the work is to be performed. § 1.7(a) explains that the county will normally be the area that is used as the basic geographical unit for calculating prevailing wages.	Adds alternatives for specific circumstances not already defined: 1) multi-county project wage determinations for projects in <b>multiple counties</b> where all included counties' data will be <b>combined</b> and a <b>single wage rate</b> per classification issued for the project, and 2) for the highway specific provisions...
<b>General vs Project Determinations</b>	Current Regulations <b>do not explain</b> when <b>project</b> wage determinations, <b>rather than general</b> wage determinations, <b>should be used</b> .	The final rule clarifies that <b>general wage determinations are the default and project wage determinations are the exception</b> . The final rule also sets out criteria for when project wage determinations are appropriate.
<b>Multiple Wage Determinations</b>	Current guidance in AAMs 130, 131 and 236 state that <b>multiple wage determinations are required when work in the other category is substantial</b> , a threshold that will generally be met when the cost of work in the other category of construction exceeds either \$2.5 million or 20% of total project costs. The \$2.5 million threshold is to be adjusted based on inflation.	The final rule adds language that the <b>solicitation and contract must incorporate the applicable wage determination for each type of construction involved that is anticipated to be substantial</b> . The final rule notes that the Department will continue to define the thresholds for “substantial” in sub-regulatory guidance.

**Is the project area specific? Are determinations reasonable and well documented?**

# Applicability: Adjustments, Updates, & Reconsiderations

Type	Existing	Updated (Effective 10/23/2023)
<b>Periodic Adjustments</b>	Periodic adjustments <b>not applicable</b>	<b>Authorizes periodic adjustments</b> of certain out-of-date non-collectively bargained prevailing wage rates and fringe benefit rates on general wage determinations, with the adjustments <b>based on U.S. Bureau of Labor Statistics Employment Cost Index (ECI) data or its successor data, no more frequently than once every 3 years</b> , and no sooner than 3 years after the date of the rate's publication.
<b>Updates after Award</b>	A wage determination modification issued after contract award or the start of construction <b>will generally not apply to the contract, unless substantial contract modification</b> or the exercise of options exists, an updated wage determination modification must be included in the contract after contract award.	Wage determinations must be updated after contract award when: A) the <b>contract or order is changed</b> to include additional, <b>substantial construction not within the scope</b> of work, or B) the contract or order is <b>changed to require the contractor to perform work for an additional time period not originally obligated</b> , including when an option is exercised on a contract or order.
<b>Reconsideration</b>	The existing regulation states that the Administrator will issue rulings and interpretations, but it is a long-standing practice for the initial determination to be issued by a representative of the Administrator, which may then be appealed to the Administrator.	The final rule explicitly provides for the issuance of determination letters by authorized representatives of the Administrator, along with procedures for reconsideration of those staff-level decisions by the Administrator.

**Have there been any significant contract changes? Are additional approvals needed?**

# Applicability: Compliance

Type	Existing	Updated (Effective 10/23/2023)
<b>Recordkeeping – Worker Information</b>	Current recordkeeping requirements include that contractors are required to maintain basic records, which include, but are not limited to, <b>payroll</b> (sometimes referred to as “in-house” payroll), <b>certified payrolls</b> , and <b>additional records relating to fringe benefits</b> and <b>apprenticeship</b> and <b>training</b> .	The final rule clarifies the distinction between “regular payrolls” and “other basic records” that contractors & subcontractors must maintain, and the “ <b>certified payroll</b> ” documents (signed) and statements of compliance that contractors <b>must submit weekly</b> (electronically). In addition, contractors & subcontractors must <b>maintain DBRA contracts, subcontracts, related documents, worker telephone numbers &amp; email addresses</b> ; records must be <b>retained for at least 3 years after all work on the prime contract is completed</b> .
<b>Recordkeeping – Certified Payrolls</b>	Federal agencies <b>must provide certified payrolls at the request of the DOL</b> . Existing regulation also does not address maintaining certified payroll.	The final rule codifies WHD’s longstanding position that <b>certified payrolls may be requested</b> —and federal agencies must produce, or ensure production of, such certified payrolls— <b>regardless of whether DOL has initiated an investigation</b> or other compliance action.
<b>Flow-down Requirements</b>	Explicit contractual requirements exist for prime contractors and upper-tier subcontractors. The <b>clauses explicitly state that prime contractors are “responsible for the compliance</b> by any subcontractor or lower tier subcontractor” or otherwise jointly and severally liable.	The final rule clarifies that upper-tier subcontractors (in addition to prime contractors) <b>may be liable for lower-tier subcontractors’ violations</b> , and are required to pay back wages on behalf of their lower-tier subcontractors. Also clarifies that lower-tier subcontractors’ violations may subject prime and upper-tier contractors to debarment.

**How often is the district verifying contract activities? Is worker information and certified payroll information readily available?**

# Applicability: Enforcement

Type	Existing	Updated (Effective 10/23/2023)
Restitution	Existing regulations and contract clauses do <b>not discuss whether or how interest should be assessed</b> on back wages. Interest calculated <b>from the date of the underpayment or loss is generally appropriate.</b>	<b>Requires interest to be calculated</b> on back wages or monetary relief at the rate established in the Internal Revenue Code (26 U.S.C. § 6621). The final rule also clarifies that interest will be <b>compounded daily.</b>
Debarment Standard	Under the DBA, contractors are <b>debarred for disregard of obligations to workers or subcontractors.</b> Responsible officers and entities in which they have an interest are debarred <b>for a mandatory 3-year period.</b> For <b>Related Acts</b> debarment, violations <b>must be willful or aggravated.</b>	The final rule <b>harmonizes the DBA and the Related Act</b> debarment-related regulations by applying the same debarment standard (the longstanding DBA disregard of obligations standard) and related provisions to the Related Acts; thus, <b>eliminating the heightened Related Act regulatory “aggravated or willful” debarment standard.</b>
Withholding	Existing regulations <b>authorize cross-withholding from any federal or federally-assisted contracts with the same prime contractor through a contract clause,</b> but do not specifically state that any other contract with the same prime contractor includes contracts entered into or assisted by other federal agencies.	<b>Cross-withholding can be from any contract held by the same prime contractor, even if awarded or assisted by a different agency from the contract where the violations occurred.</b> (Note: Under the new definition of prime contractor in § 5.2, the cross-withholding provisions will <b>also allow cross-withholding on contracts held by certain affiliates</b> of the nominal prime...)

**How often is the district verifying contract activities? Is worker information and certified payroll information readily available?**