



Contractor Employee Certification Program Summary/Terms and Conditions

The purpose of ABC's Contractor Employee Certification Program ("Program") is to certify employers' compliance with key federal and state employment laws with regard to hiring and compensating of their employees. The Program was developed as a result of discussions among various general contractors, subcontractors, members of ABC and the assistance of representatives from regional accounting firms. It is the anticipation of ABC that this program will curtail issues regarding improper compliance with employment and tax laws among certified contractors, and will help promote compliance across the industry. The following is an outline of the Program and its terms and conditions:

1. The ABC Contractor Employee Certification Program will be a testing of an Employers' records which includes a review of data relative to employees and individuals paid by the Employer ("Employer") applying for ABC Certification. The data reviewed will be tested for compliance with current federal and state employment laws and regulations, as they may be interpreted by federal and state enforcement authorities.
2. The testing for the ABC Contractor Employee Certification Program will be performed only by a Massachusetts licensed CPA firm approved by ABC. Such CPA firm may or may not be an ABC member firm. Any CPA firm representing an Employer applying for ABC Certification shall be subject to peer review as may be required by ABC. ABC shall approve at least three member CPA firms to be eligible and prepared to provide ABC Compliance Certification.
3. The testing period shall include at least one year's past records of quarterly payroll filings. For example, should the testing occur in November 2009, the testing will include the one year period from 10/1/08 to 9/30/09. In order to qualify for ABC Compliance Certification, the Employer must have at least a 6 month history of proper compliance and not be the subject of any pending investigation by a State or Federal agency with regard to employment practices. Upon completion of the testing, the report shall be sent to the Employer with a copy to ABC.
4. In order to obtain ABC Certification, the employer shall submit an application to ABC which will include the report from the CPA firm, a management representation letter from the Employer, a copy of the CPA firm's peer review (should it not be one selected from one of the three member ABC firms), and an application fee.

5. The ABC Board will establish a committee of five members, to be known as the ABC Contractor Employee Certification Committee (“Committee”) which will oversee the certification process. The Committee shall be appointed annually by the Chapter Board of Directors and shall consist of five ABC members and one ABC staff person. The ABC members shall be two CPAs, an attorney, a contractor and a subcontractor. The Committee’s responsibilities, shall include, but not be limited to: a) review of and approval or denial of Employers applications for certification; b) establishing fees for ABC Compliance Certification, provided however, application fees shall be less for ABC members than for non-ABC members; c) establishing procedures for peer review of non-ABC CPA firms used by any Company seeking ABC Compliance Certification; and d) recommending to the ABC Board amendments and modification to the Program. The Committee shall issue an ABC Certificate to approved applicants for ABC Compliance Certification. In issuing certificates, ABC disclaims any liability to ABC, its members, staff, agents or anyone affiliated with ABC, in the event of any claim relative to the ABC Contractor Employee Certification program.

6. Once granted, ABC Certification shall be in effect for a one year period, provided, however, that any Employer having ABC Certification shall agree to allow random audits to check continued compliance with the ABC Contractor Employee Certification Program.

7. It is anticipated that in some cases an Employer will fail the ABC Certification testing. Any Employer failing such testing will be given an opportunity to re-apply for ABC Certification when it can provide a satisfactory audit report including at least a six-month history of proper compliance.

JR/ABCCERT