



# INDIANA DEPARTMENT OF TRANSPORTATION

100 North Senate Avenue  
Room N758-CM  
Indianapolis, Indiana 46204

[www.in.gov/indot/](http://www.in.gov/indot/)

Eric Holcomb, Governor  
Michael Smith, Commissioner

May 04, 2023

## CONSTRUCTION MEMORANDUM 23-03

TO: District Deputy Commissioners  
District Construction Directors  
District Technical Service Directors  
District LPA Coordinators  
District Project Management Directors  
Project Management  
District Area Engineers, Project Engineers/Supervisors/Managers  
District EEO Officers  
Field Engineers

FROM: Gregory G. Pankow, Chief Engineer of Construction  
Division of Construction Management and District Support

SUBJECT: The Holding of Estimates Due to Late Contractor Payrolls

The Department has had, for several years, an issue with contractor payrolls coming in late on our contracts. The late payrolls have led INDOT to receive several findings from the State Board of Accounts. These findings have gone on for several years and could eventually lead to the Department losing federal funds in the future.

The Department now has an application, the Contractor Payroll Management System (CPMS) to help us try to keep track of when payrolls are needed, and when they are to be submitted by the prime contractors for both them and their subcontractors. It should be noted that it is the prime contractor's responsibility to make sure that all payrolls are submitted in a timely manner.

CPMS currently gives the prime contractors 21 days to submit the payrolls before they are considered late with the expectation that payrolls shall be submitted weekly after the initial 21-day period.

**Because this has not worked to date and the Department is still receiving many late payrolls, the decision has been made that it will be mandatory, starting with the release of the memo, that PEMS will hold estimates, until such time as all late payrolls are submitted on a contract.**

PEMS should also be aware of when contractor payrolls are going to be late. Communication may need to take place with the prime, that the holding of estimates will occur. If a PEMS is informed by the prime contractor that a payroll is not needed for a particular period, a review should be made to determine if one is actually due or not. This will need to be done because of how SiteManager pulls information from dailies to determine if a payroll is needed for a period or not.

Any questions on this issue should be forwarded to your District's EEO Officer or your District's Field Engineer.

GGP/ggp