ACQUISITION INTEGRATION TOOLKIT

ACQUISITION GUIDE

Payroll and Total Rewards Acquisition Guide

What to Request, Why It Matters, and How to Use It

Acquisition Guide · Version 1.1 · November 2026

A practical guide for business owners, HR, payroll, finance, legal and integration teams. Use it to understand pay obligations, plan the transition and confirm that people will be paid accurately and on time.

Scope and use

This guide covers payroll and compensation, including time-off balances, incentives, commissions, equity, executive arrangements and contract wage compliance. Insurance, retirement and other employee benefit plans are addressed in the separate Benefits Acquisition Guide. Coordinate required payroll interfaces and prevailing-wage fringe evidence with that review.

Request records through the approved deal process. Reconcile the seller's records, document the decisions and assign owners. Scale requests to actual operations.

The first buyer payroll may occur before or after closing; map responsibilities by work period and payment date.

SECTION 1

Understand the workforce and pay

Ask the seller for	Why it matters	How to use it
1. Who is employed and where do they work? Coded roster with employing entity, work and residence locations, status, job, service dates, supervisor, pay basis, rates and cost center.	Employee and jurisdiction errors flow into every payroll.	Reconcile to payroll, timekeeping and finance. Include remote, mobile, leave and inactive populations; identify contractors separately.
2. Which pay calendars apply? Pay frequencies, workweeks, period dates, pay dates, arrears, processing deadlines, holidays and off-cycle practices.	Closing can split a workweek or pay period.	Map the final seller and first buyer payroll by dates worked and dates paid; prevent missing or duplicated wages.

Ask the seller for	Why it matters	How to use it
3. What compensation has been promised? Offer letters, pay plans, contracts, union agreements, pay changes, individual exceptions and pending commitments.	A payroll register may omit earned or promised compensation.	Build an obligation inventory and confirm what transfers, who pays and what employees must be told.

SECTION 2

Check wage practices and outstanding obligations

Ask the seller for	Why it matters	How to use it
4. Are pay classifications supportable? Exempt and nonexempt decisions, actual job duties, salary basis, contractor arrangements and prior classification reviews.	Salary or job title alone does not establish exemption.	Have counsel review applicable federal and state tests and worker status. Estimate corrections and future costs.
5. Is all working time captured? Timekeeping rules and samples for travel, training, on-call work, meals, breaks, remote work, rounding and edits.	Recorded time may omit compensable activity.	Test actual practices against applicable rules. Preserve original records and audit trails; correct unsupported defaults.
6. Is overtime calculated correctly? Workweek definitions, multiple-rate jobs, shift pay, commissions, bonuses and overtime recalculations.	The overtime regular rate may differ from base hourly pay.	Test representative workweeks and delayed incentive payments; apply federal, state and contract requirements.
7. What wages remain unpaid? Accrued wages, retroactive increases, disputed time, commissions, bonuses, failed payments and uncashed checks.	Earned obligations can surface after closing.	Reconcile amounts and payment deadlines. Assign liability and administration without assuming deal terms erase wage duties.
8. How are time-off balances treated? Paid time off, vacation, sick and holiday rules, accrual balances, caps, service credit, payout terms and jurisdiction.	Forfeiture, payout and carryover rules vary.	Validate balances and approved transfer or payout treatment. Keep wage and accrual administration here; benefit-plan diligence is separate.
9. Are garnishments and support orders ready? Current orders and amendments for child support, alimony or spousal support, other garnishments and tax levies; case IDs, arrears, payees, payment histories and deduction authorizations.	Orders and remittance instructions may not move with a system import.	Confirm each order remains applicable; verify priority, limits, amounts, notices and remittance deadlines with specialists. Test the first deduction and payment; track amendments and releases. Review loans and advances separately.
10. What tax and wage issues are open? Payroll audits, wage claims, notices, tax balances, amended returns, settlements and unresolved investigations.	Historical errors may affect cost and ongoing reporting.	Escalate material findings to counsel and tax advisors; assign correction, funding and records ownership.

SECTION 3

Verify prevailing wages and certified payroll

Ask the seller for	Why it matters	How to use it
11. Which contracts trigger special wage rules? Federal, federally assisted, state and local public works and service contracts, subcontracts, modifications and wage clauses.	Covered work may carry prevailing wage, fringe and reporting duties.	Create a project coverage register. Have qualified reviewers assess Davis-Bacon and Related Acts, Service Contract Act and local rules; do not rely only on the seller's label.
12. Which wage determinations and classifications apply? Contract-specific determinations, revisions, incorporated terms, locations, work descriptions and conformance approvals.	A generic rate sheet or job title may be wrong for the work.	Verify the applicable determination and revision, actual duties, classification and effective dates. Resolve missing classifications through the required process.
13. Are wages and fringe obligations satisfied? Basic wage rates, required fringe amounts, cash-in-lieu, credit calculations, allocation methods and supporting payment records.	Base wage, fringe credit and overtime calculations are distinct.	Test project-level calculations and allowable credits with specialists. Coordinate evidence with benefits owners without duplicating benefit-plan diligence.
14. Is certified payroll complete and accurate? Submitted and rejected reports, corrections, Statements of Compliance, submission logs, deadlines and authorized signers.	A report upload does not prove acceptance or correct payment.	Trace samples from time records to payroll, payment and submitted certification. Verify required cadence and recipients for each contract.
15. Are apprentices and subcontractors compliant? Registered apprenticeship documentation, ratios and rates, subcontractor clauses, payroll reviews and unresolved findings.	Reduced rates and subcontractor performance need support.	Verify permitted apprentice treatment and oversight. Escalate underpayments, restitution, payment withholding and debarment risk to counsel.
16. Are union and successor-contract duties understood? Collective bargaining agreements, wage schedules, pending increases, grievances and successor-contract provisions.	Contract wage duties may exceed standard company rates.	Review bargaining and successorship issues with counsel, including SCA section 4(c) where relevant. Do not assume SCA and Davis-Bacon use identical reporting rules.

NOTE

Required fringe credits belong in the wage-compliance calculation even though employee benefit-plan diligence is separate. A third-party certified-payroll provider does not replace the employer's responsibility to verify accurate source data, payment and required reporting.

SECTION 4

Confirm tax reporting and payroll infrastructure

Ask the seller for	Why it matters	How to use it
17. Is the employer ready in every new jurisdiction? State withholding and SUI or SUTA unemployment accounts, IDs, assigned rates and effective dates; applicable local tax accounts; business registration or authority and provider authorizations.	Acquiring a business in a new state may require new registrations and system setup.	Confirm the correct employing entity and accounts with tax and legal advisors. Review unemployment successor and experience transfers and local obligations. Seller registrations do not automatically establish buyer readiness.
18. How will year-to-date records be handled? Employee-level wages and tax balances by jurisdiction, withholding, taxable wage bases, deductions and prior adjustments.	Incorrect imports can duplicate taxes or distort annual forms.	Approve the reporting approach with advisors and provider; reconcile control totals. Distinguish historical reporting data from balances used in live calculations.
19. Who files returns and annual forms? Responsibility for final and ongoing returns, deposits, W-2s, corrections, predecessor records and relevant acquisition reporting.	A provider switch does not allocate legal filing responsibility.	Document the chosen tax procedure and each filing owner. Confirm whether Schedule D or other filings apply; do not assume one W-2 or a wage-base reset.
20. Can systems, funding and vendors operate? Payroll and timekeeping contracts, data exports, mappings, interfaces, bank funding, approval rights and cutoff times.	Imported data alone does not make payroll ready.	Confirm provider support for every new state and locality. Configure work and residence locations, tax codes, rates, wage bases, filing and deposit schedules and authorizations; test calculations and feeds. Verify bank instructions independently.

NEW STATE AND LOCAL JURISDICTION READINESS

- Confirm state withholding and unemployment insurance accounts (SUI or SUTA), account numbers, effective dates and assigned rates under the correct employer. Review required successor notices and unemployment experience transfers.
- Identify applicable city, county, school-district and other local payroll taxes, work and residence rules and reciprocity. Coordinate required business registration or authority to operate with legal; confirm new-hire reporting arrangements.
- Verify provider capability and live configuration separately from registration: jurisdiction codes, tax rates and wage bases, deposits, returns and filing authority. Test representative employees before the first affected payroll.

SECTION 5

Review compensation and employee commitments

Ask the seller for	Why it matters	How to use it
21. Does base pay fit the future organization? Salary and hourly ranges, grades, job architecture, geographic differentials, market data and scheduled increases.	Pay compression and inconsistent job mapping can create retention issues.	Map comparable jobs and model costs. Have qualified reviewers assess equity and discrimination risks before changing pay.
22. How do commissions become earned and payable? Signed plans, territories, quotas, draws, split credit, renewals, cancellation rules, outstanding sales and disputes.	Bookings, earned commissions and payment dates may differ.	Calculate pre-close and post-close obligations by plan and law. Approve cutover rules; do not retroactively redefine earned compensation.
23. What bonuses and incentives are outstanding? Annual and quarterly plans, metrics, targets, discretion terms, accruals, guarantees and payout approvals.	A “discretionary” label may not determine overtime treatment.	Validate earned and contingent amounts, proration and payment dates; test regular-rate impact and communicate approved terms.
24. What equity and deferred awards exist? Award agreements, grant schedules, vesting, option terms, phantom equity, deferred cash and change-in-control triggers.	Transaction terms may accelerate, replace or cash out awards.	Use legal, tax and finance specialists for treatment, valuation, withholding and reporting. Review section 409A exposure before changing timing.
25. Are retention, severance and executive obligations funded? Employment and change-in-control agreements, retention and transaction awards, severance promises, approvals and release terms.	Closing or later terminations may trigger material payments.	Model triggers and cash needs; have counsel assess sections 280G and 4999 and other applicable rules, repayment terms and required consents.
26. Are allowances and reimbursements treated correctly? Vehicle and phone stipends, per diem, relocation, reimbursements, taxable perks, gross-ups and supporting records.	A reimbursement label does not establish tax exclusion.	Confirm accountable-plan treatment or wage reporting with tax advisors. Reconcile outstanding expenses and explain approved arrangements.
27. What is the approved compensation transition? Employee-level proposed pay, variable compensation, service treatment, pending increases and effective dates.	An offer or welcome message can contradict approved terms.	Approve the cost model and individual commitments. Preserve required notice, contract and bargaining processes; avoid unsupported pay guarantees.

SECTION 6

Prove readiness before releasing payroll

Ask the seller for	Why it matters	How to use it
28. Has the first payroll been proved? Final roster and time, accepted imports, parallel results, exception logs, funding approval and responsible sign-offs.	A correct total can hide errors for individual employees.	Reconcile each employee and aggregate gross-to-net, taxes and deductions; test varied cases and resolve material differences before release.
29. What happens if payroll fails? Contingency payment method, provider and bank escalation contacts, off-cycle process, fraud controls and communication plan.	A missed cutoff can leave employees unpaid.	Validate a lawful funded fallback and controlled correction process. Confirm receipt, avoid duplicate payments and protect bank details.
30. Who closes the remaining obligations? Open pay issues, subsequent incentive runs, tax filings, certified payroll corrections, cost allocations and record access.	Issues can persist beyond the first successful payday.	Assign owners and deadlines; reconcile first runs, monthly and quarterly returns and year-end forms. Review progress at 30, 60 and 90 days without delaying earlier obligations.

WHAT TO WATCH FOR

Warning signs worth escalating

These findings do not automatically stop a transaction, but each deserves a closer review, a decision and a named owner.

ESCALATE WHEN YOU SEE

- **Records that do not reconcile.** Payroll, timekeeping and the employee roster do not agree, or the seller cannot provide reliable year-to-date records.
- **Wage practice gaps.** Unpaid wages, unsupported exemptions, unrecorded work, questionable deductions or incentive payments missing from overtime calculations.
- **Unverified public work.** Covered projects without verified wage determinations, accurate classifications, substantiated fringe credits or complete certified payroll.
- **Infrastructure not confirmed.** Tax accounts, funding, bank approval or provider access are unconfirmed, or no one owns final seller or first buyer obligations.
- **Liabilities missing from the deal model.** Large unpaid incentives, undocumented executive promises, unreviewed equity triggers or time-off liabilities.

MAKING THE CALL

Three decisions every acquisition team should make

Sort every material finding into one of three categories. Each needs a named owner.

Before affected payroll or change	Business or deal decision	After closing
Typical response Resolve calculation, funding, wage-rate, filing or access issues that prevent lawful and timely payment. Escalate urgently and activate an approved fallback if needed.	**Typical response** Refer material historical liabilities, retention costs, equity treatment, executive triggers and integration spending to leadership and advisors.	**Typical response** Assign lower-risk improvements with owners and dates. Do not postpone earned pay, legal deadlines or required corrections simply because an issue is on this list.

> **IMPORTANT DISTINCTION**
>
> Closing approval and payroll-release approval are separate decisions. Deal terms may allocate costs between parties but do not necessarily eliminate duties owed to workers or authorities.

PUT IT TO WORK

Working review checklist

Mark one status for each item. Received and reviewed means records were evaluated and a decision or action recorded, not simply received. Store employee-level data and calculations in restricted transaction files.

Review item	Requests	Received / reviewed	Missing / follow up	Not applicable
Roster, employing entities and locations reconciled	1	☐	☐	☐
Calendars and seller and buyer pay responsibilities mapped	2, 7	☐	☐	☐
Pay promises and classification reviewed	3, 4	☐	☐	☐
Timekeeping and overtime calculations tested	5, 6	☐	☐	☐
Time off, support orders and garnishments verified	8, 9	☐	☐	☐
Claims, audits and correction duties assigned	10	☐	☐	☐
Covered-project register and wage determinations verified	11, 12	☐	☐	☐
Basic wage, fringe and overtime calculations tested	13	☐	☐	☐
Certified payroll submissions and acceptance checked	14	☐	☐	☐
Apprentices, subcontractors, union and SCA issues reviewed	15, 16	☐	☐	☐
New state and local accounts, SUI and reporting approved	17, 18, 19	☐	☐	☐
Jurisdiction setup, interfaces and funding tested	20	☐	☐	☐
Base pay, commissions and incentives evaluated	21, 22, 23	☐	☐	☐
Equity, executive and retention obligations reviewed	24, 25	☐	☐	☐
Allowances and compensation transition approved	26, 27	☐	☐	☐
Parallel results and release approvals complete	28	☐	☐	☐
Contingency payment and correction process ready	29	☐	☐	☐
Post-close owners, remittances and filing dates assigned	30	☐	☐	☐

Open issues and next actions

One line for each material issue. Keep supporting evidence in the restricted transaction file.

Issue or missing item	Type*	Action or fallback	Owner	Due date

*Before affected payroll or change (B), Business or deal decision (D) or After closing (A).

MAKE IT CONCRETE

First payroll release and transition checkpoints

Use a named accountable owner for each step. Set dates from the actual payroll calendar and provider cutoffs, not simply the closing date.

Step	What to confirm
1. Agree responsibility	Document seller and buyer entities, work dates covered, pay dates, payroll taxes, filings, retained obligations and correction ownership.
2. Freeze and reconcile the population	Approve the final roster, pay rates, time records, service dates, open incentives and leave balances. Record changes after the freeze.
3. Approve mappings and tax treatment	Validate entity, earning, deduction, work and residence, and ledger mappings; confirm new state and local accounts, SUI rates, provider setup and year-to-date treatment.
4. Test calculation and delivery	Run a parallel or equivalent controlled test. Compare employee-level gross, taxable wages, taxes, deductions and net pay, plus employer costs and control totals.
5. Test special cases	Include overtime with incentives, multiple job and project rates, prevailing wages and fringe credits, child support, alimony or spousal support, other garnishments, new-jurisdiction taxes, retro pay, leave, final pay and new starters where applicable.
6. Confirm reporting and remittances	Verify required certified payroll, tax filings, order payments and connected deduction feeds. Confirm who submits, signs, reconciles and retains proof.
7. Approve funding and release	Confirm cash and bank and provider cutoff times. Record payroll preparer, independent reviewer, finance approval and final release authority; verify changed bank instructions independently.
8. Communicate and support	Tell employees period dates, payday, required actions, time-entry rules, pay-statement access and whom to contact. Verify an urgent correction and escalation route.
9. Confirm actual settlement	Confirm payments reached intended recipients and taxes and remittances were processed. Investigate failed deposits, returned checks, rejected reports and funding exceptions.
10. Reconcile and close	Match actual results to approved registers, bank debits and ledger postings. Correct errors promptly through a controlled process and retain evidence.

Release readiness

Readiness for release	Sign-off	
☐ Approved for release	Payroll or entity: _____	Pay date: _____
☐ Not approved	Prepared by: _____	Reviewed by: _____
☐ More information needed	Funding approved by: _____	Release authority: _____

AFTER RELEASE

Review the first two payrolls and first required project reports; reconcile monthly and quarterly obligations; review progress at 30, 60 and 90 days and retain a separate year-end reporting owner. These checkpoints do not replace earlier legal or contractual deadlines.

READY TO SEND

Sample seller information request

Copy and adapt the request below. Remove items that do not fit the business, and send it through the approved transaction channel.

Subject: Payroll and compensation information request

As part of our acquisition planning, please provide the records below through [secure data room or channel] by [date]. We will use them to understand compensation obligations, payroll readiness, contract wage requirements and transition costs. If an item does not apply or is unavailable, please explain briefly.

Use coded or summarized records where sufficient. Provide identifiable payroll, bank, tax and order information only when needed, authorized and lawfully permitted through the restricted process.

1. Employee roster by entity, work and residence location, role, status, service date, pay basis and rate, and cost center, reconciled to payroll and timekeeping
2. Pay calendars, defined workweeks, processing cutoffs and the proposed final seller and first buyer payroll responsibilities
3. Pay policies and individual, union or executive agreements; classification reviews; timekeeping and overtime rules; wage claims and open corrections
4. Payroll registers, time records and cost summaries, initially 12 to 24 months where available, plus current year-to-date employee and jurisdiction balances and unresolved older matters
5. Accrued wages, commissions, bonuses, retro pay, time-off balances, outstanding expenses, failed payments and other unpaid obligations
6. Current child support, alimony or spousal support and other garnishment and levy orders and amendments; case IDs, arrears, payees, releases and remittance histories; separate deduction and advance authorizations, shared securely
7. Covered public-project and service-contract list, applicable wage clauses, determinations and revisions, work classifications, conformance approvals and fringe-credit calculations
8. Certified payroll reports and Statements of Compliance, submission, acceptance and correction records, apprenticeship documentation and subcontractor oversight evidence
9. State withholding, SUI or SUTA and local tax registrations, account IDs, rates and effective dates, business authority, successor and experience-transfer records, returns, deposits, notices, provider authorizations and reporting responsibilities
10. Payroll, timekeeping and vendor contracts, export and interface requirements, new state and local configuration and test evidence, system mappings, funding process, bank cutoffs and historical-record access
11. Base-pay structures, incentive and commission plans, equity and deferred awards, retention and severance commitments, taxable allowances and pending pay changes
12. Proposed employee communications, final pre-close changes, test results, open issues, assigned owners and required approvals

Please contact [name, title, email, phone] with any questions. Thank you for your help.

SCOPE NOTE

Employee benefit-plan diligence is handled separately. Coordinate only the payroll deduction and remittance interfaces and documentation needed to substantiate required prevailing-wage fringe credits.

REFERENCE AND SCOPE NOTES

Official starting points for qualified review

Use current law, contract clauses, plan terms where relevant and jurisdiction-specific advice. This guide identifies questions to resolve; it does not prescribe a single tax procedure, pay deadline or compensation structure for every transaction.

Source	Web address
IRS: Employer's Tax Guide and Supplemental Tax Guide	https://www.irs.gov/publications/p15 https://www.irs.gov/publications/p15a
IRS: Acquisition reporting and Schedule D	https://www.irs.gov/instructions/i941sd
DOL: Regular rate and incentive treatment	https://www.dol.gov/agencies/whd/fact-sheets/56a-regular-rate
DOL: Davis-Bacon and Related Acts	https://www.dol.gov/agencies/whd/fact-sheets/66-dbra
DOL: Certified payroll and Statement of Compliance	https://www.dol.gov/agencies/whd/forms/wh347
DOL: Prevailing-wage fringe compliance	https://www.dol.gov/agencies/whd/fact-sheets/66E-DBRA-compliance-fringe-benefit-requirements
DOL: Service Contract Act determinations and compliance	https://www.dol.gov/agencies/whd/government-contracts/service-contracts/faq
DOL: SCA successor-contract and CBA requirements	https://www.dol.gov/agencies/whd/fact-sheets/85-collective-bargaining-agreements-of-the-service-contract-act
HHS: Employer support-order administration	https://ocsp.acf.hhs.gov/csp/home/employer
DOL: State payday requirements and final pay	https://www.dol.gov/agencies/whd/state/payday https://www.dol.gov/general/topic/wages/lastpaycheck

Sources reviewed November 5, 2026. Confirm state and local requirements directly with the responsible agency. Wage determinations, government-contract rules, exemption requirements and tax treatment may change. No fixed wage thresholds, withholding rates or universal filing deadlines are prescribed here.

> **ABOUT THIS GUIDE**
>
> This is a general educational resource and acquisition planning aid, not legal, tax, accounting, investment, insurance or regulatory advice or a certification of compliance. Requirements depend on the transaction, entity, jurisdiction, work performed and contracts. Use qualified payroll, legal, tax and government-contract specialists where needed. Keep employee records restricted and transfer them securely. Employee benefit plans are addressed in the separate Benefits Acquisition Guide.