

**UNIVERSITY OF CALIFORNIA, DAVIS
AUDIT AND MANAGEMENT ADVISORY SERVICES**

**Fair Wage/Fair Work
UC Davis Health Contracts
Audit & Management Advisory Services Project #18-09**

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Fair Wage/Fair Work

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Background

In July 2015, President Janet Napolitano announced a new minimum wage plan for UC employees entitled “UC Fair Wage/Fair Work Plan” (“the FW/FW Plan”, or “the Plan”). Under this directive, a wage schedule assures a minimum wage of \$15 per hour by 2017. The Plan requires that contractors doing business with UC guarantee hourly wages per a designated wage schedule. The Plan includes provisions to ensure compliance with its terms. In addition, for services exceeding \$100,000 and not subject to prevailing wage¹ requirements, suppliers must provide certification of an annual independent audit performed by an independent auditor or an independent internal audit department at the supplier’s expense.

Purpose and Scope

As part of the fiscal year 2017-2018 audit plan, Audit and Management Advisory Services (AMAS) conducted a review of Fair Wage/Fair Work. Each UC campus was asked to perform audit procedures at the direction of the Office of the President (UCOP). At UC Davis, specialized units provide processing services for contracts that are negotiated and entered into at the Campus and at UC Davis Health. This report addresses UC Davis Health Contracts. We interviewed administrators, reviewed processes, examined lists of contracts, and conferred with audit colleagues from UCOP and other campuses.

Conclusion

We completed all audit procedures required by the UCOP audit program without exception.

¹ The prevailing wage is a base compensation rate paid on public works projects that guarantees that certain classes of workers are paid fairly for the services performed.