Fair Wage/Fair Work
Audit and Management Advisory Services Project #20-09

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 assured a minimum wage of $15 per hour by 2017. The Plan requires that contractors doing business with UC on UC owned or leased property 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 wage\(^1\) 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 2019-2020 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). The purpose of this review was to determine compliance with the UC FW/FW Plan. 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 Procurement (UCDH Procurement). We interviewed administrators, reviewed processes, examined lists of contracts, and conferred with audit colleagues from UCOP and other campuses.

Conclusion

UCDH Procurement should be commended for their hard work and dedication to ensuring compliance with the FW/FW Plan. During our review, we determined that UCDH Procurement:

- Actively monitors contracts to ensure completeness of their list of contracts with the Fair Wage/Fair Work provision;
- Ensures inclusion of the appropriate provision language in their contracts;
- Actively monitors Fair Wage/Fair Work policy exceptions;
- Actively follows-up with suppliers to ensure annual verifications are received for all contracts with services that exceeded $100,000 in the last contract year; and
- Ensures proper signing authority for all requested Fair Wage/ Fair Work policy exceptions.

\(^1\) 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.