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**Subject: System Wide Review – Fair Wage / Fair Work
Report 2020-10**

Audit & Management Advisory Services (AMAS) has completed a review of the University of California (UC) Fair Wage / Fair Work Plan at UCSD as part of a systemwide review included on the approved audit plan for Fiscal Year 2019-20. This report summarizes the results of our review.

Background

On July 22, 2015, the UC President announced the UC Fair Wage / Fair Work Plan (the plan), which required that all UC employees hired to work at least 20 hours a week be paid a minimum wage for its direct and service contracts above the State minimum wage. For covered services, the plan mandated a minimum wage of:

- \$13 an hour beginning October 1, 2015,
- \$14 an hour on October 1, 2016, and
- \$15 an hour on October 1, 2017.

In addition to UC employees, the plan also covered anyone working for a third party who contracts with the University for services, including new contracts or contract renewals beginning October 1, 2015.

Under the plan, most services performed for the University at one or more UC Locations became subject to the new minimum wage. However, Fair Wage / Fair Work service requirements did not apply to: (i) contracts funded by extramural awards containing sponsor-mandated terms and conditions, or (ii) endowment or investment property where the purpose is to generate income from the general public, except to the extent such property is used by the University to further its mission. In addition, the plan would not significantly affect the overwhelming majority of UC direct and service contract workers who were already earning over the newly adopted UC minimum wage.

Contracts with service providers must contain a provision in the UC Terms and Conditions of Purchase that reference the UC Fair Wage / Fair Work Article. Per UC policy Business and Finance BUS-43, any exceptions to this Policy must be approved as follows: by the Chief Procurement Officer for a non-UC Health Systemwide contract; by the Procurement/Supply Chain Director of the campus, medical center, or Laboratory.

The plan expanded UC's monitoring and compliance efforts related to service contractors' wages and working conditions. Several oversight measures to facilitate this plan were identified to include a telephone hotline and online complaint registration system for workers and contractors to report issues of wages and working conditions, and annual and periodic audits for contractors to ensure compliance with UC's minimum wage rules and expectations for working conditions.

In April 2016, UCOP released guidelines for real property leased or licensed to or by the Regents of UC clarifying that, in addition to the exceptions noted in the plan, the plan only applies to (1) (A) UC as Landlord or Licensor: where tenants or licensees, in UC-owned or controlled space, provides a service or conducts a business that UC otherwise would provide or conduct, and the agreement is for a term of more than one year; (1)(B) UC as Tenant or Licensee: where UC as tenant or licensee effectively exercises, or has the power to exercise, control over the operations of a building for a term of more than one year (i.e., not in multitenant buildings where the building owner provides services to tenants including but not limited to UC); (2) (A) UC as Ground Lessor: Any building constructed on UC land pursuant to a ground lease or similar arrangement (e.g., Concession Agreement), where (i) UC leases back at least 50% of the space for the duration of the ground lease (or similar arrangement), or (ii) the building is constructed for a use that supports UC's mission and which could have been constructed and operated by UC (e.g., recreational facilities, student or faculty rental housing, and parking facilities); and (2) (B) UC as Ground Lessee: Any building or other facility constructed by UC or for UC's use. These guidelines went into effect May 1, 2016. Real Estate guidelines allow for hardship-based exceptions, which may be granted by "the Vice Chancellor or Vice President responsible for activity in a UC location as decision maker." Certifications must be provided on an annual basis. However, they do not need to be provided by an independent auditor.

To assess the implementation of the plan, the UCOP Office of Ethics, Compliance and Audit Services (ECAS) began coordinating periodic systemwide internal audits beginning in fiscal year 2016-17. Each fiscal year UCOP Audit Services provided the audit program and scope for each location to follow, and reporting will be based on the audit results of the various campuses.

Audit Objective, Scope and Procedures

The objective of our review was to evaluate UCSD activities for implementing the UC Fair Wage / Fair Work plan, using the UCOP provided audit program. **Attachment A** provides a summary of the procedures, scope, and comments supporting our conclusions.

Conclusion

Based on our review procedures, we concluded that UCSD's Procurement & Contracts (Procurement) and UCSD Health Supply Chain Management (Supply Chain Management) processes have improved, however full compliance with the plan was still lacking. Efforts to track verification requirements have been implemented, and follow up notices have been sent to suppliers on periodic basis to remind suppliers to submit verifications timely; however, some findings noted from prior years reviews are still recurring (such as suppliers not submitting verifications or not submitting verifications promptly).

For Procurement, the terms and conditions for the plan were incorporated into all outgoing purchase orders. For Supply Chain Management, buyers indicated if the request was subject to the plan on purchase orders. Additionally, the plan was publicized on procurement websites and publications, and educational efforts had been provided to both UCSD external suppliers and internally for UCSD buyers. The appropriate authority, per the plan requirements, approved Procurement exception requests to use

a calendar year for the verification period instead of the anniversary year per UCOP guidelines at the time of this review. We noted that a majority of the verifications due for 2019 had been provided for both Procurement and Supply Chain Management.

UCSD Real Estate showed a noteworthy improvement, and their processes were generally adequate to ensure timely compliance with the plan. For this year's review, Real Estate received 23 of 23 certification forms from service providers, tenants, and a landlord, four of which were not received timely.

We noted some limited exceptions of non-compliance and opportunities for improvement for Procurement and Supply Chain Management in the areas of collecting verifications and receiving forms promptly; and following up with suppliers who did not pay the proper rate to ensure pay adjustments were made. Also, for Procurement, there is a need to ensure supplier audit verification procedures are adequate, and wage rates are documented for professional exemption requirements.

We also noted instances where Fair Wage / Fair Work language was not included as required in agreements. Real Estate did not incorporate the Fair Wage / Fair Work language into an amendment agreement per applicable Real Estate guidelines. Additionally, we noted four Supply Chain Management purchase orders that included broken links to Fair Wage / Fair Work language; however, those purchase orders also included a link to UC's Standard Terms & Conditions, which included the Fair Wage / Fair Work clause.

Observations and Management Corrective Actions

During our review, we noted that procurement processes could be improved to ensure that suppliers submit the required audit reports promptly, as required by the plan.

Suppliers with over \$100,000 in annual expenditures were required to obtain an independent annual audit of their plan compliance and to submit the results of the independent audits to UCSD via a verification form. Procurement sent reminder notices by March 31, 2020, to all suppliers with a total spend greater than \$100,000 in calendar year 2019. Supply Chain Management sent reminders to all suppliers based on the contract anniversary date. Both Procurement and Supply Chain Management have been notified by suppliers that the COVID-19 pandemic affected their administrative abilities to complete the verification forms.

Procurement Results

Procurement required 25 verification forms for 2019. As of the completion of our audit fieldwork on June 26, 2020:

- Eleven had not submitted verifications.
- Fourteen verifications (56%) were received. Most of the fourteen verifications received had multiple issues noted, and those issues are further depicted in Table 1 below.
 - One submission included an audit report, but not a verification form.
 - Eight were not submitted timely, and one was not dated, so the timeliness could not be evaluated.

- Eight had a verification period¹ based on the calendar year ending 12/31/2019, five used the anniversary date, and one did not specify the verification period.
- Five pay adjustments were necessary, but Procurement had only verified two suppliers of the five suppliers made adjustments after we brought the issue to their attention. It appears that Procurement did not have follow up procedures to ensure pay adjustments are made by any suppliers who did not pay the proper rate to employees.

Table 1: Details of Verifications Received

Supplier	1	2	3	4	5	6	7	8	9	10	11	12	13	14
No verification form		x												
Untimely			x					x	x	x	x	x	x	x
Calendar Year Used			x		x	x	x			x		x	x	x
Pay adjustment needed		x ¹			x				x ¹		x	x ¹		
Other issues		x ³				x ²								

x¹ Did not follow up on pay adjustments

x² Verification period not indicated and not dated so unsure if untimely

x³ Annual Verification Procedures not followed (No verification report, no Management Corrective Action).

We noted that there was a slight improvement in the overall number of Procurement verifications received in this year’s review compared to last year’s review when eight of 16 (50%) verifications were received from suppliers for 2018. Procurement continued to actively work to collect outstanding audit reports that were due from suppliers for 2019.

The Procurement supplier noted above who only provided an audit report that disclosed the annual audit did not meet audit verification procedures. Audit Procedures require payroll records to be reviewed for all employees and independent contractors to verify they were paid an hourly rate equal to or greater than \$15 per hour. However, the CPA stated they “haphazardly selected 24 employees from the list of employees who provided services at UCSD events. Further, the report noted findings of four employees who were paid less than the required rate of \$15 per hour, and the CPA noted “management was unable to provide payroll adjustments support to verify whether the four individuals were paid the difference.” The CPA also did not include any management corrective actions for the exceptions noted even though verification procedures required them.

Supply Chain Management Results

Supply Chain Management required 14 verification forms. As of the completion of our audit fieldwork:

- Four suppliers had not submitted verifications.
- Ten verifications (71%) had been received:
 - One was not submitted timely.
 - One pay adjustment was necessary, and the supplier provided documentation of the pay adjustment after we brought it to their attention. It appears that Supply Chain Management did not have follow up procedures to ensure pay adjustments are made by any suppliers who did not pay the proper rate to employees.

We noted that there was a slight decline in the overall number of Supply Chain Management verifications received in this year’s review compared to last year’s review when 31 out of 36 (92%) verifications were received from suppliers for 2018. Supply Chain Management was actively working to collect outstanding audit reports that were due from suppliers for 2019.

¹ After the completion of fieldwork, UCOP provided additional guidance regarding how to calculate the 12-month period (anniversary date, start of calendar year, start of fiscal year). Locations may declare any of the three options, but the selection must be consistently applied for all service contracts in each area (such as Campus Procurement, Health Procurement).

Supply Chain Management indicated that they did not require verification forms from suppliers who had not been notified of the plan; however, the Fair Wage / Fair Work provisions are included in the Standard Terms & Conditions and provide sufficient notice to suppliers of the plan and verification requirements.

Real Estate Results

Real Estate guidelines issued in 2016 required annual certifications for any lease, license, or ground lease covered by the plan. For 2019, Real Estate² required 23 certification forms from two service providers comprised of 22 tenants and one landlord. As of completion date of this report, 23 (100%) were collected, four of which were not received timely. All certifications noted employees were paid at the proper rate.

There was a noteworthy improvement in the overall number of Real Estate certifications received in this year's review compared to last year's when 17 of 24 (71%) certifications were collected, and all of them were not received timely from service providers for 2018.

Management Corrective Actions:

Procurement, Supply Chain Management, and Real Estate will:

- Continue to remind suppliers or tenants/landlords of the audit requirement and due date.
- Ensure all suppliers or tenants/landlords subject to the verification or certification requirement submit a verification or certification promptly.

Procurement and Supply Chain Management will:

- Continue efforts to obtain 100% compliance with the UC Fair Wage / Fair Work plan from the relevant suppliers or tenants/landlord.
- Notify suppliers that contracts will be considered for termination if they fail to adhere to the requirements within 60 days.
- Evaluate what action should be taken against suppliers who are not compliant, including consideration of contract termination.
- Implement follow up procedures to ensure pay adjustments are made by suppliers who did not pay the proper rate to their employees moving forward.

Procurement will:

- Follow up with the three suppliers who did not pay the proper rate to ensure pay adjustments were made.
- Notify the supplier that audit verification procedures conducted by the independent accountants did not meet the plan verification procedures and remind the supplier of the plan requirements.

² While Real Estate was ultimately responsible for the compliance with the plan as the designated delegator of authority for real estate contracts, responsibility for contract management was delegated to additional units including University Centers, Real Estate – Real Property Leasing, and Real Estate – Asset Management.

The Fair Wage / Fair Work provision language was not always included in agreements, and Supply Chain Management included a link to UC's Terms & Conditions that was inaccurate.

We judgmentally selected a sample of 25 purchase orders (16 Procurement and nine Supply Chain Management) and one Real Estate agreement for review to verify that the language in the purchase orders was consistent with the language in the applicable version of the standard terms and conditions. Our review disclosed four links to Fair Wage / Fair Work language embedded in Supply Chain Management's purchase orders were not active, apparently because the page had been moved on the UCOP website. However, the purchase orders also included an active link to Standard Terms & Conditions (which contained the Fair Wage / Fair Work article).

Real Estate indicated only one agreement subject to the plan was created in 2019. We reviewed the agreement in greater detail and found it contained the Fair Wage / Fair Work Real Estate provision language. Additional review of certification due dates disclosed an amendment for a lease agreement where UC was a tenant did not include the Fair Wage / Fair Work provision. The amendment was entered into on May 15, 2020, and is effective July 1, 2020. Real Estate stated they were currently in the process of selecting a new operator for the space. When a new operator is selected, the new lease will include the Fair Wage / Fair Work language. In the meantime, the existing operator could not continue operations if the plan requirements had been imposed, which would have left Moores Cancer Center (MCC) patients and families without an on-site food and beverage vendor.

Management Corrective Actions:

Supply Chain Management will:

- Ensure all links to UC's Terms & Conditions included in new purchase orders are directed to the UCOP Procurement Services policies and forms page.

Real Estate will:

- Ensure the agreement for the new MCC food and beverage vendor includes the Fair Wage / Fair Work real estate provisions.

One supplier did not have documentation to verify wage rates for the professional service exemption was specified per the UC Fair Wage/Fair Work Article.

The UC Fair Wage/Fair Work Article provides an exemption from Fair Wage Fair Work Independent Accountant/Internal Auditor verification requirements for professional services/consulting agreements. To qualify for exemption, suppliers must pay employees at least \$15 per hour at all times throughout the term of the agreement. Additionally, rates must be stipulated in the agreement.

Procurement provided professional service exemptions for nine suppliers and had agreements for eight of them. All eight agreements stipulated the rates according to the guidelines. One supplier used a purchase order instead of an agreement, but the wage rates were not stipulated on the agreement.

Management Corrective Actions:

- Procurement will obtain documentation to ensure wage rates are documented for the supplier to ensure the professional exemption requirement is followed.

Audit & Management Advisory Services appreciates the cooperation and assistance provided during the review. We will contact you at the appropriate time to evaluate the status of the management action plans indicated in the report.

UC policy requires that all draft audit reports be destroyed after the final report is issued.

If you have any questions regarding this report, please call me at 534-1191.

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Attachment

cc: Todd Adams
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Attachment A - Audit Results by Audit Step

Step	Review Objective per UCOP Audit Program for Procurement and Supply Chain Management	AMAS Audit Procedures	Audit Conclusion ¹	Comments
1.	Obtain from Procurement the current list of all contracts with the Fair Wage/Fair Work provision and all Fair Wage/Fair Work policy exceptions that were granted.	We obtained lists of contracts subject to the UC Fair Wage / Fair Work Plan (the plan), and exceptions granted for Procurement and Supply Chain Management	Satisfactory	<p>We confirmed with Procurement that all outgoing purchase orders (POs) incorporated the Fair Wage / Fair Work policy as Article 25 of our standard purchase order terms and conditions via a link.</p> <p>Supply Chain Management buyers were responsible for identifying whether a purchase order (PO) was subject to the plan. They provided a list of POs that contained the Fair Wage / Fair Work policy from 2017² forward.</p>
2.	Inquire about the process by which Procurement ensures the completeness of the list of contracts with the Fair Wage/Fair Work provision and all Fair Wage/Fair Work policy exceptions. Identify any opportunities for improvement in this process.	We reviewed Procurement and Supply Chain Management processes and examined supplier exceptions obtained to date.	Satisfactory	Procurement and Supply Chain Management maintained and reviewed lists of Fair Wage/Fair Work contracts. Lists were over-inclusive as Procurement includes the Fair Wage / Fair Work policy in all purchase orders, and some Supply Chain Management buyers may not know whether services are being provided off campus or not, so a purchase order may be marked as subject to the plan when it is not. For both Procurement and Supply Chain Management, the listings of contracts that exceeded \$100,000 per year were reviewed in greater detail to ensure the list is complete and accurate.
3.	Identify the contracts with the Fair Wage/Fair Work provision executed in the last year (1/1/2019-12/31/2019). For a judgmental sample (lesser of 10% of the population or 25 contracts), verify that the Fair Wage/Fair Work provision language is consistent with the language in the applicable version of the standard terms and conditions.	<p>We obtained and reviewed listings of all contracts relevant to the plan from Procurement and Supply Chain Management.</p> <p>We selected a judgmental sample of 25 purchase orders and agreements (16 Procurement and nine Supply Chain Management).</p>	Satisfactory	<p>Procurement POs complied with the Fair Wage/Fair Work provisions, and the sample we reviewed contained active links to the full text of the Standard Terms & Conditions.</p> <p>Our review of Supply Chain Management POs disclosed four broken links to Fair Wage/Fair Work provisions. However, all four POs also included a link to the full text of the Standard Terms & Conditions, which included the Fair Wage /Fair Work provision.</p>

¹ Scale: Satisfactory - Improvement Suggested - Improvement Needed - Unsatisfactory

² Supply Chain Management did not start tracking POs with the Fair Wage / Fair Work provision until 2017.

Attachment A - Audit Results by Audit Step

Step	Review Objective per UCOP Audit Program for Procurement and Supply Chain Management	AMAS Audit Procedures	Audit Conclusion ¹	Comments
4.	Identify any contracts in the audit period that were pre-certified as exempt for professional services. Review the contracts to ensure that the wage rates were specified as required.	We identified nine Procurement contracts and one Supply Chain Management contract that were certified as exempt for professional services.	Improvement Suggested	<p>Procurement provided eight of nine agreements for additional review. All eight agreements specified wage rates that were greater than \$15 per hour.</p> <p>Procurement stated the remaining supplier did not have an agreement. We reviewed the purchase order used for the order and noted it did not specify the wage rates. Procurement should obtain documentation to ensure wage rates are documented to ensure the professional exemption requirements are followed.</p> <p>Supply Chain Management provided the agreement for the professional services exemption, and it contained wage rates that were greater than \$15 per hour.</p>
5.	Obtain and review the verification forms for all contracts with services that exceed \$100,000 in the last year that have an anniversary date prior to 12/31/19.	<p>We obtained and reviewed the following forms:</p> <p>Procurement: 14 of 25 verifications.</p> <p>Supply Chain Management: 10 of 14 verifications.</p>	Improvement Suggested	<p>Procurement had received 14 of 25 required verifications. However, one supplier provided an annual report but did not provide a verification form as required. Additionally, the annual report disclosed that annual verification procedures were not followed. Other issues noted with the 14 verifications were timeliness of submission, inconsistent verification period among suppliers (some were based on the calendar year ending 12/31/2019 and some were based on the anniversary date), and need for pay adjustments and follow-up to ensure those adjustments occurred.</p> <p>Supply Chain Management collected 10 of 14 required forms, and one was not submitted timely.</p> <p>We noted that the process should be improved to ensure that suppliers submit the verifications per the plan.</p>

Attachment A - Audit Results by Audit Step

Step	Review Objective per UCOP Audit Program for Procurement and Supply Chain Management	AMAS Audit Procedures	Audit Conclusion ¹	Comments
6.	Review the verifications received and identify any instances in which the supplier did not pay the proper rate and determine if Procurement has followed-up with the applicable supplier to ensure pay adjustments were made.	We identified five Procurement and one Supply Chain Management verifications in which the supplier did not pay the proper rate	Improvement Suggested	<p>Procurement did not follow up with three of the five suppliers who did not pay the proper rate. Procurement should implement follow-up procedures to ensure pay adjustments are made by any suppliers who did not pay the proper rate to employees.</p> <p>Supply Chain Management followed-up with the supplier who ensured pay adjustments were made after we brought the issue to their attention.</p>
7.	Review and assess the verification process to ensure that Procurement has an adequate process in place to monitor and follow-up with suppliers. As part of this assessment, determine if Procurement sends out progressive follow-up letters.	Reviewed and assessed verification processes.	Improvement Suggested	<p>Procurement and Supply Chain Management both had processes in place to monitor and follow-up with suppliers.</p> <p>Supply Chain Management indicated they did not require suppliers who were not formally notified of the Fair Wage / Fair Work Plan to submit a verification form.</p> <p>Supply Chain Management should enforce the Fair Wage / Fair Work Plan in all required instances per the Standard Terms and Conditions.</p>
8.	At each campus, select one contract over \$100,000 for review. Notify the supplier that you are performing interim audit procedures.	<p>We selected one Procurement supplier with over \$100,000 for review.</p> <p>Notified the suppliers of the intent to perform interim audit procedures.</p>	Satisfactory	Suppliers provided documents for review.
a.	Obtain the workpapers and audit report for the annual verification.	The suppliers provided an audit report and a copy of their workpapers.	Satisfactory	Reviewed documentation.

Attachment A - Audit Results by Audit Step

Step	Review Objective per UCOP Audit Program for Procurement and Supply Chain Management	AMAS Audit Procedures	Audit Conclusion ¹	Comments
b.	Validate that the required audit procedures were followed correctly.	We reviewed the supplier’s workpapers and methodology.	Satisfactory	The workpapers indicated that audit procedures were followed correctly.
c.	For any exceptions noted, verify that the supplier’s management corrective action plan has been implemented and appropriately addresses the risks associated with the exception, or that UC management has either canceled the agreement or the location’s senior procurement officer has approved a policy exception allowing the agreement to continue.	No exceptions were noted on the verification.	Satisfactory	No exceptions noted on the verification.
9.	Review the list of exceptions granted to Fair Wage/Fair Work provision and validate that the documented approval form from the senior procurement official at the location is on file.	Procurement did not grant any policy exceptions. Supply Chain Management granted eight policy exceptions for the use of a calendar year verification period instead of anniversary date ³ .	Satisfactory	Procurement provided the appropriate documentation for the approved exception by the Chief Procurement Officer.

³ After the completion of field work, UCOP provided additional guidance regarding how to calculate the 12-month period (anniversary date, start of calendar year, start of fiscal year). Locations may declare any of the three options, but the selection must be consistently applied for all service contracts in each area (such as Campus Procurement, Health Procurement)

Attachment A - Audit Results by Audit Step

Step	Review Objective per UCOP Audit Program for Real Estate	AMAS Audit Procedures	Audit Conclusion ⁴	Comments
1.	Obtain from Real Estate the current list of all leases and licenses with the Fair Wage/Fair Work provision and all Fair Wage/Fair Work policy exceptions that were granted.	Obtained lists of leases and licenses subject to the plan and exceptions granted.	Satisfactory	Real Estate provided a listing of all agreements subject to the UC Fair Wage / Fair Work policy.
2.	Inquire about the process by which Real Estate ensures the completeness of the list of leases and licenses with the Fair Wage/Fair Work provision and all Fair Wage/Fair Work policy exceptions. Identify any opportunities for improvement in this process.	We reviewed Real Estate processes by which Real Estate ensures the completeness of the list of leases and licenses per the plan. No exceptions were granted.	Satisfactory	Real Estate manages UCSD leases via spreadsheet files and is in the process of transitioning to Tririga (Real Estate) ⁵ . University Centers performs a monthly review of all leases and licenses to determine upcoming and pending Fair Wage / Fair work requirements.
3.	Identify the leases and licenses with the Fair Wage/Fair Work provision executed in the last year (1/1/2019-12/31/2019). For a judgmental sample (lesser of 10% of the population or 25 leases/licenses), verify that the Fair Wage/Fair Work provision language is consistent with the Fair Wage/Fair Work section in the standard lease/license forms found here: https://www.ucop.edu/real-estate-services/forms/index.html (see table of contents)	We obtained and reviewed listings of all contracts relevant to the plan from Real Estate. Only one lease had been executed in 2019.	Improvement Suggested	The lease executed in 2019 included the Fair Wage/Fair Work provision language. During the review, we also noted a lease entered as of May 1, 2020, did not include the Fair Wage / Fair Work provision language. Real Estate guidelines were effective May 2, 2016. The amendment was effective as of July 1, 2020. Recommendations include ensuring Fair Wage / Fair Work language is included in agreements.

⁴ Scale: Satisfactory - Improvement Suggested - Improvement Needed - Unsatisfactory

⁵ A Real Estate management database system that contains tenant information, lease agreements, notes, exceptions, and terms of the lease.

Attachment A - Audit Results by Audit Step

Step	Review Objective per UCOP Audit Program for Real Estate	AMAS Audit Procedures	Audit Conclusion ⁴	Comments
4.	Obtain and review the annual verification documentation that Real Estate maintains for all leases and licenses subject to Fair Wage/Fair Work.	We obtained and reviewed the 22 of 23 certification forms.	Improvement Suggested	Real Estate had collected 23 of 23 required forms. Four of the forms were not received timely. We noted that the process should be improved to ensure that suppliers submit the required certifications promptly, as required by the plan.
5.	Review the verifications received and identify any instances in which the tenant/licensee did not pay the proper rate and determine if Real Estate has followed-up with the applicable tenant/licensee to ensure pay adjustments were made.	We reviewed 19 certification forms to identify any instances in which the tenant/licensee did not pay the proper and any follow-up if applicable.	Satisfactory	No instances were identified in which the tenant/licensee did not pay the proper rate.
6.	Review and assess the verification process to ensure that Real Estate has an adequate process in place to monitor and follow-up with suppliers. As part of this assessment, determine if Real Estate sends out progressive follow-up letters, issues a notice of default, and if not received within three months, initiates remedies of the lease/license agreement for default.	We reviewed Real Estate process to monitor and follow-up with suppliers.	Improvement Suggested	Real Estate has a process in place to notify and remind tenants, licensees, landlords, licensors, and contractors of the certification requirement. If a certificate is not provided, a written notice will be sent advising the entity that the agreement requires the certificate, and if it is not sent within 30 days, the entity will be in default of its agreement and further action will be taken. However, to date, no action has been taken. Recommendations include notices of default to be issued and remedies to be put into action when certificates have not been received by the deadline.
7.	Review the list of exceptions granted to Fair Wage/Fair Work provision and validate that the lease/license is subject to a citywide minimum wage ordinance that meets or exceeds the requirements of the Fair Wage/Fair Work Plan.	n/a – No exceptions were granted by Real Estate.	Satisfactory	No exceptions were granted by Real Estate.