Council Direction:

Every year, Council approves the Internal Audit work plan which provides for the carrying out of fair wage compliance reviews on 1-2 City contracts. The results of any work plan projects are reported to the Audit and Administration Committee.

Information:

Contractors and their sub-contractors, where applicable, awarded construction contracts with estimated total values greater than $100,000 are subject to the City’s Fair Wage Policy. This Policy provides for all workers employed in the performance of work on the subject contract classified in the Policy be paid wage rates and benefits not less than those approved by City Council under the Fair Wage Policy and Fair Wage Schedule. In addition, the contractors (and sub-contractors, if applicable) must maintain and provide appropriate records relating to the contract for audit purposes, when requested.

In January 2009, Internal Audit carried out two fair wage compliance reviews on contracts PW-08-16(HSW) (contractor and 1 applicable sub-contractor) and PW-07-09(HSW) (contractor and 2 sub-contractors). This report summarizes the results of these reviews.

PW-08-16(HSW)
The contractor was found to be in compliance with the Fair Wage Policy.

One of the sub-contractors was found to be non-compliant with the Fair Wage Policy for various reasons including:

- The sub-contractor did not provide a pension benefit or equivalent. Although a medical and dental plan were offered, the amounts paid out by the sub-contractor were not equal to or greater than 20% of the employees’ wages based on the Fair Wage Schedule.
• The sub-contractor underpaid a public holiday pay as per calculations according to the Employment Standards Act (ESA).

• The sub-contractor did not provide amounts of 1-1/2 times the wages as set out in the Fair Wage Schedule for hours worked in excess of 55 hours per week.

PW-07-09(HSW)
The contractor was found to be non-compliant with the Fair Wage Policy for the following reasons:

• Wages paid at rates not at least equal to those noted in the Fair Wage Schedule for the appropriate job categories of two of the employees working on the City contract.

• The contractor did not provide any benefits as noted in the Fair Wage Policy at the time the two employees worked on the City contract.

• The contractor failed to pay one of the employees for a public holiday according to the ESA.

The two sub-contractors on this project were found to be compliant with the Fair Wage Policy.

Purchasing staff have been informed of the non-compliant cases and will schedule to meet with the contractors involved to make arrangements for the contractors to pay their employees the funds owing.

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Ann Pekaruk
Director, Audit Services
City Manager's Office

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