



STAFF REPORT INFORMATION ONLY

FAIR WAGE POLICY COMPLIANCE REVIEW: OJCR CONSTRUCTION LTD. CONTRACT NUMBERS 07TE-301WS, 07EY-302WS AND 07NY-303WS

Date:	March 26, 2007
To:	Government Management Committee
From:	Manager, Fair Wage Office
Wards:	All
Reference Number:	TBA

SUMMARY

Compliance review of OJCR Construction Ltd.'s (OJCR) payroll records, field interviews with workers, investigation of the Toronto Water Division's Contract Service records and wages paid to OJCR's employees were consistent with the Fair Wage Policy Sewer and Watermain Schedules for the three 2007 contracts reviewed.

FINANCIAL IMPACT

There are no financial implications resulting from this report.

DECISION HISTORY

At its January 25, 2007 the Government Management Committee, in considering a report entitled "Fair Wage Policy Disqualification: OJCR Construction Ltd." (January 8, 2007) requested that the Manger, Fair Wage Office conduct periodic audits of OJCR Construction to determine compliance with the Fair Wage Policy relating to three contracts awarded to the company and report back to the Committee's April 12, 2007 meeting.

<http://www.toronto.ca/legdocs/mmis/2007/gg/bgrd/backgroundfile-864.pdf>

ISSUE BACKGROUND

The Fair Wage Office reviewed OJCR's pay records for three contracts to ensure that the company is complying with the Office's Sewer and Watermain Fair Wage Schedule. The three contracts audited are:

- 1) Contract No. 07TE-301WS – Tender call 218-2006
 - Emergency repair of water and sewer connections, mains and appurtenances.
Toronto, East York District
- 2) Contract No. 07EY-302WS – Tender call 219-2006
 - Emergency repair of water and sewer connections, mains and appurtenances.
Toronto, York District
- 3) Contract No. 07NY-303WS – Tender 220-2006
 - Emergency repair of water and sewer connections, mains and appurtenances.
Toronto, North York District

COMMENTS

Staff of the Fair Wage Office developed specific procedures to support an opinion on compliance with the Fair Wage Policy as follows:

- a.) Request OJCR to provide payroll in order to obtain knowledge and understanding as to how transactions are processed;
- b.) Obtain an understanding how vacation and fringe benefits are paid by the company;
- c.) Determine the employees of the company who perform work under the three stated contracts;
- d.) Examine the pay records of employees, records of hours worked, gross pay, deductions and net pay;
- e.) Examine hours worked to approved time sheets;
- f.) Confirm pay rate to approved pay rate;
- g.) Examine deductions for reasonableness;
- h.) Examine cheque paid to employee (endorsed) to ensure net pay and appropriate authorization.

OJCR provided the Fair Wage Office with the requested payroll-related information including photocopies of employee timesheets and pay statements showing amounts of

gross pay and deduction at source for its review. Payroll statements for workers included the period of December 18, 2006 to February 2, 2007. Nineteen employees' wages were verified for gross and net pay.

COMPLIANCE RESULTS

- a.) Compliance with the Fair Wage Policy was noted for contract No. 07TE-301WS, No. 07EY-302WS, and No. 07NY-303WS
- b.) Adjustments for overtime hours were paid accordingly
- c.) Time sheets hours agreed with Payroll hours paid
- d.) Vacation/holiday pay in accordance with fair wage schedule
- e.) The amount of fringe benefits incorporated in the overall hourly rate paid to employees
- f.) Verified with Toronto Water, Contract Services staff dates and hours compared favorable to the hours reported and paid by the company
- g.) Field inspection confirmed same workers on payroll documents
- h.) Cancelled cheques all agreed to the determination of net pay; cheques were payable to the specified employees and were endorsed by specified employee.

OBSERVATIONS

A compliance review of OJCR's payroll records, field interviews with workers, investigation of the Toronto Water Division's Contracts Services records and wages paid to OJCR's employees found that all were consistent with the Fair Wage Office's Sewer and Watermain Schedules for the 2007 contracts reviewed.

During the course of the payroll review for the three 2007 contracts, four employees identified were not included in the 2006 compliance investigation even though they have been employed by OJCR. In addition to these omitted workers, five other employees, no longer with the company have come forward claiming that they have been left off the 2006 compliance investigation for contracts that ended November 30th, 2006.

The Manager of the Fair Wage Office has a duty to investigate complaints with respect to wages of workers, names of workers, records of amounts paid to each employee, pay sheets, original books, etc. in connection with any City's contract that has been substantially completed within the past six months. OJCR was initially asked to disclose payroll information on February 28, 2007 and further correspondence with their legal council on March 12, 2007 for the omitted workers. Payroll documentation for 2006 contract numbers 06TWE/EY-305WS and 06NY/SC-306WS is required in order to

resolve any outstanding back wages. OJCR has not disclosed the requested documentation to this date.

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SIGNATURE
