



**AUDITOR GENERAL'S
REPORT
ACTION REQUIRED**

Strengthening Enforcement of the Fair Wage Policy

Date:	October 13, 2016
To:	Audit Committee
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

This report presents the results of the audit of the Fair Wage Office (“Office”). The objective of this audit was to review whether investigations conducted by the Office ensured contractor compliance with the City’s Fair Wage Policy (“Policy”) contained in Chapter 67 of the Toronto Municipal Code.

This report contains 13 recommendations. Given the Office’s limited resources and the large volume of City contracts involving fair wage requirements, the Office is carrying out its mandate to the best of its ability. Our audit identified a number of areas where the Office can further improve its effectiveness in enforcing the Policy requirements. Moreover, there are opportunities to enhance a collaborative approach with various City divisions and agencies. This approach can serve as an efficient way to deterring and detecting non-compliance.

The recommendations in this report address the following areas of Fair Wage Policy enforcement:

- Ensuring the accuracy of back-wages owing to contracted employees by taking steps to verify the accuracy and completeness of vendor-provided payroll records;
- Documenting the analysis of vendor violations that do or do not warrant recommendations for disqualification;
- Enhancing the current investigative approach to include, where feasible, investigations of subcontractors and a sufficient number of random reviews.

RECOMMENDATIONS

The Auditor General recommends that:

1. City Council request the Manager, Fair Wage Office, to ensure that payroll investigations, where possible and resource permitting, include procedures that verify the completeness and accuracy of vendor-provided payroll information.
2. City Council request the Director, Purchasing and Materials Management Division, in consultation with the Manager, Fair Wage Office, to consider enhancements to current contract management procedures such that:
 - a. Guidance is provided on the need for collaboration and timely communication to the Fair Wage Office of any contract issues that could present fair wage implications;
 - b. A process be implemented to increase divisional contract management staff's awareness of the fair wage requirements that reinforces collaboration with the Fair Wage Office.
3. City Council request the Manager, Fair Wage Office, to implement processes to ensure that:
 - a. All back-wages are accurately calculated;
 - b. Fair Wage Office staff be required to retain sufficient documented evidence to support the basis of all back-wage calculations;
 - c. A secondary review be conducted to ensure back-wage calculations are accurate;
 - d. The Manual of Office Procedures be updated to reflect all process improvements and compliance with these procedures be monitored on an ongoing basis.
4. City Council request the Manager, Fair Wage Office, to implement processes that ensure adequate evaluation of multiple violations in accordance with the Fair Wage Policy and internal Office guidelines; such analysis to be documented and retained in the investigation files, and recommendations for disqualification be reported in a timely manner.
5. City Council request the Manager, Fair Wage Office, to effectively enforce the non-compliance provisions in the Fair Wage Policy particularly in cases where a vendor does not provide the required payroll information to the Office.

6. City Council request the City Solicitor, in consultation with the Manager, Fair Wage Office, to review the current penalty provisions to ensure that they are effective in deterring vendors from breaching the Fair Wage Policy.
7. City Council request the Manager, Fair Wage Office, to give consideration to extending Fair Wage Policy investigations to subcontractors where applicable and feasible.
8. City Council request the Manager, Fair Wage Office, to systematically track complaints received by the Office and the related complaint information through an intake system. In developing or acquiring the intake system, the Office should consider consulting the City's Accountability Offices to assess the feasibility of leveraging the existing systems being used by these Offices.
9. City Council request the Executive Director, Human Resources, subsequent to the implementation of a Fair Wage Office complaint tracking system, to review the work demands and resources allocated to fair wage complaint investigations and random reviews to ensure the Office can effectively carry out the responsibilities under Chapter 67 of the Toronto Municipal Code.
10. City Council request the City Manager, to forward this report and the Fair Wage Policy to the City's major agencies and clarify the applicability of the Policy requirements to these agencies.
11. City Council request the Manager, Fair Wage Office, to forward its Council approved Annual Reports and vendor disqualification information to the City's major agencies.
12. City Council request the Manager, Fair Wage Office, to review and update its Manual of Office Procedures to ensure the level of documentation by the Fair Wage Office is sufficient to hold the Office accountable for its decisions and actions. Updated documentation requirements should be implemented in all investigation files.
13. City Council request the City Solicitor, in consultation with the Manager, Fair Wage Office, consider submission for enactment by City Council, amendments to the current Fair Wage Policy, such that:
 - a. Updates to the Fair Wage Schedules follow the ratification of construction industry collective agreements;
 - b. The Policy reflects the current reporting structure.

Financial Impact

The recommendations in this report have no financial impact.

DECISION HISTORY

The Auditor General's 2016 Audit Work Plan was amended to include a review of the processes used by the Office to ensure compliance with the Fair Wage Policy. The audit findings presented in the Auditor General's Report entitled "Maximizing Value from Cleaning Contracts", adopted by City Council at its meeting in July 2016, identified the need to strengthen monitoring of vendor compliance with Fair Wage requirements.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.AU6.19>

ISSUE BACKGROUND

The City of Toronto's Fair Wage Policy under Chapter 67 of the Toronto Municipal Code¹ is administered by the Fair Wage Office. The Policy was designed to emphasize the City's commitment to be socially responsible by ensuring contracted employees receive a fair wage. Effective enforcement to ensure contractor compliance with the Policy is crucial towards achieving this initiative.

With a staff complement of three employees, the Office investigates complaints and takes enforcement action to determine whether a contractor has failed to pay its workers the prescribed hourly wage rates, vacation, holiday pay, and applicable amounts for fringe benefits in accordance with the respective fair wage schedule.

Investigations conducted by the Office from 2004 through 2014 resulted in recoveries of approximately \$2.25 million in back-wages owed by vendors to over 1,700 contracted employees. Since 2013, in accordance with the Policy provisions, three vendors have been disqualified from conducting business with the City for a period of two years. These vendors are publicly listed on the Office's website.

Management advised that the following factors have limited its ability to increase the breadth and depth of its investigations:

- Increasing volume of City contracts involving fair wage requirements
- Number of incoming complaints
- Efforts towards facilitating and settling Trade Union grievances
- Limited staffing resources

¹ http://www.toronto.ca/legdocs/municode/1184_067.pdf

COMMENTS

This report presents the results of the audit of the Fair Wage Office. The objective of this audit was to review whether investigations conducted by the Office ensured contractor compliance with the City's Fair Wage Policy and related procurement and contractual requirements.

The audit provided 13 recommendations to help strengthen the enforcement of the Fair Wage Policy by ensuring the accuracy of back-wage calculations, conducting robust analyses of vendor violations, and broadening the scope of investigations. Furthermore, the Policy's goal of enhancing the reputation of the City for ethical and fair business dealings can be better achieved through ongoing collaboration between the Fair Wage Office, City divisions, and agencies.

Although the Office has limited resources to carry out its responsibilities under the Policy, the implementation of a new complaint tracking system may provide management with the information it needs to more effectively assess work demands and allocate available resources between complaint-based investigations and random reviews.

The audit report entitled "Strengthening Enforcement of the Fair Wage Policy" is attached as Appendix 1. Management's response to recommendations contained in the audit report is attached as Appendix 2.

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ATTACHMENTS

Appendix 1: Strengthening Enforcement of the Fair Wage Policy

Appendix 2: Management's response to recommendations in the Auditor General's report entitled "Strengthening Enforcement of the Fair Wage Policy"

AUDITOR GENERAL'S REPORT

Strengthening Enforcement of the Fair Wage Policy

October 13, 2016

Beverly Romeo-Beehler, CPA, CMA, B.B.A., JD
Auditor General



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EXECUTIVE SUMMARY

The Auditor General’s 2016 Audit Work Plan was amended to include a review of the processes used by the Fair Wage Office (“Office”) to ensure compliance with the Fair Wage Policy. The audit findings presented in the Auditor General’s Report entitled “Maximizing Value from Cleaning Contracts”, which was adopted by City Council at its meeting in July 2016, identified the need to strengthen monitoring of vendor compliance with Fair Wage Policy requirements.

Fair Wage Policy contained in Municipal Code

Chapter 67, Fair Wage, of the Toronto Municipal Code, contains the Fair Wage Policy (“Policy”). The Office investigates complaints and takes enforcement action to ensure contractors engaged with the City pay their employees the wage rates in the applicable fair wage schedule.

City's commitment to be socially responsible

The Policy was designed to emphasize the City’s commitment to be socially responsible by ensuring contracted employees receive a fair wage. Effective enforcement to ensure contractor compliance with the Policy is crucial towards achieving this initiative.

Objective of our audit

The objective of this audit was to review whether investigations conducted by the Office ensured contractor compliance with the City’s Fair Wage Policy and related procurement and contractual requirements.

\$2.25 million in back-wages paid to contracted employees over 10 years

From 2004 through 2014, the Office conducted 508 investigations resulting in approximately \$2.25 million in back-wages owed by vendors to 1,790 workers. During this period, the Office also facilitated 280 labour trade grievance discussions between trade unions and vendors which resulted in \$713,000 in settlements by vendors.

3 disqualified vendors since 2013

Under the provisions of the Policy, the Office has disqualified three vendors since 2013. Due to multiple fair wage violations, these vendors were disqualified from conducting business with the City for a period of two years. These vendors are also publicly listed on the Office’s website.

Given the Fair Wage Office's limited resources and the large volume of City contracts involving fair wage requirements, the Office is carrying out its mandate to the best of its ability. Our audit identified a number of areas where the Office can further improve its effectiveness in enforcing the Fair Wage By-law requirements. More specifically, adopting a collaborative approach through education of the Fair Wage Policy can serve as an effective and efficient way to deterring and detecting non-compliance.

Our key findings are as follows:

Ensuring Wages Owed to Employees are Accurate

Processes to ensure back-wages for contracted employees are properly calculated

In our review of the Office's investigation procedures, we noted that in most cases, the Office did not seek other relevant sources of information to verify the accuracy and completeness of payroll records from vendors. For example, the Office's current practice did not detect a vendor's error which resulted in the exclusion of back-wage calculations for two employees. This investigation is currently ongoing.

We noted that the basis of the Office's adjustments to back-wage calculations was not sufficiently documented nor was there evidence of a secondary review of the calculations by the Manager, Fair Wage Office. To the extent possible, the Office should take steps to verify the accuracy and completeness of vendor payroll records in order to ensure that employee back-wage calculations are correct.

Collaborative approach to enforcing the Fair Wage Policy

A collaborative approach involving the various City divisions and agencies may help improve the enforcement of the Fair Wage Policy and the detection of fair wage non-compliance. Since divisional staff are responsible for monitoring their contractor's performance, there is an opportunity for them to play a role in identifying contractor issues that may have fair wage implications. It is imperative that divisional staff are aware of the Fair Wage Policy and how their role in effectively managing contracts contributes to the Office achieving its mandate.

Ensuring Robust Analysis of Vendor Violations

Violations should be evaluated in accordance with the Policy and internal guidelines

Our audit identified four vendors that were each cited for multiple violations of the Fair Wage Policy but were not disqualified. Office staff advised that this was in accordance with the interpretation of the Policy provision by Legal Services staff. Although the Office has developed criteria to guide their analysis of violations warranting disqualification, there was no documented evidence of such analysis in the investigation files we reviewed.

We recognize that the type and extent of violations can vary and need to be evaluated on a case by case basis. However when a degree of judgement is involved in evaluating these violations, the rationale for recommending or not recommending disqualifications should be documented and retained in the investigation files.

Review of current penalty provisions is beneficial

Repeat violations by vendors is also indicative that the current 15 per cent penalty might not be an effective deterrent. We noted that certain vendors repeatedly committed fair wage violations. As such, the Office should consider reviewing the effectiveness of current penalties to deter non-compliance.

Enhancing the Current Investigation Approach

Subcontractor non-compliance may go undetected

We noted that when a contractor was cited for a fair wage violation, the Office did not extend its investigation to rule out non-compliance by its subcontractors. The Office's current practice is to investigate only if a complaint is made about a subcontractor. While certain contracts may involve a large number of subcontractors, it would be prudent to investigate, at a minimum, a small selected sample of subcontractors to determine whether it warrants a more extensive investigation.

70% of investigations we reviewed were in response to complaints

Based on the investigation files we reviewed, 70 per cent of the investigations conducted by the Office were complaint-driven. With its limited resources, the Office could only conduct a small number of random reviews each year. We conducted payroll compliance reviews on a random sample of three vendors that were not recently investigated by the Office. Two of the three vendors were found to have fair wage non-compliance issues. The results of our random audit highlight the importance of random reviews as a means to proactively identify and address fair wage issues.

***Assessment of
Office resources is
required***

Management advised that the investigation of complaints, efforts towards facilitating and settling trade union grievances, and limited staffing resources have restricted the Office's ability to conduct more random payroll investigations. The implementation of a new complaint tracking system may provide management with the information it needs to more effectively assess work demands and allocate available resources between complaint-based investigations and random reviews.

Conclusion

***Implementation of
recommendations
will strengthen
enforcement and
deter violations***

This report contains 13 recommendations to help strengthen the enforcement of the Fair Wage Policy through more effective analysis of vendor violations, broadening the scope of investigations, and ensuring the accuracy of back-wage calculations. The Policy's goal of enhancing the reputation of the City for ethical and fair business dealings can be better achieved through ongoing collaboration between the Fair Wage Office, City divisions, and agencies.

BACKGROUND

***City of Toronto
has a Fair Wage
By-law***

The City of Toronto’s Fair Wage By-law under Chapter 67 of the Toronto Municipal Code² is administered by the Fair Wage Office (“Office”). The underlying principle of the By-law is to ensure that wages paid to workers on City contracts meet the requirements of its provisions and, where applicable, comply with province-wide collective agreements in the construction industry.

***Intent of the
Fair Wage
Policy***

The Fair Wage Policy (“Policy”) is contained in Schedule A of the By-law. The Policy is intended to:

- produce stable labour relations with minimal disruption;
- compromise between the wage differentials of organized and unorganized labour;
- create a level playing field in competition for City work;
- protect the public; and
- enhance the reputation of the City for ethical and fair business dealings.

***Contractors and
subcontractors
doing work for
the City must
comply with the
Fair Wage
Policy***

More specifically, the Policy requires vendors awarded City contracts to meet the requirements of the:

- Fair Wage Policy and/or
- Labour Trades Contractual Obligations (“LTCO”) in the construction industry

The Office investigates contractor and subcontractor compliance with Fair Wage Policy requirements.

² http://www.toronto.ca/legdocs/municode/1184_067.pdf

Types of wage rates

Under the provisions of the Policy, the Manager, Fair Wage Office, has delegated authority to update the wage rates in Schedule C of the Policy every three years. The Fair Wage Policy covers the following types of wage rates:

- Wage rates outside of the construction industry are set by the Office based on current market rates.
- Collective agreements in the Industrial, Commercial and Institutional (“ICI”) sector of the construction industry are negotiated on a province-wide basis, with local appendices that set wage rates. The City is bound to certain agreements, but not others. Vendors who perform work that falls within collective agreements to which the City is bound must be performed in accordance with the rates set out in the collective agreements.

For work within the ICI sector of the construction industry for which the City is not unionized or other sectors of the construction industry, the Fair Wage rate is determined by the prevailing collective agreement rate for that trade and/or sector of the construction industry.

Fair wage obligations are incorporated into procurement documents

The appropriate fair wage schedule(s) are attached to tender documents in every procurement, such that prospective bidders are aware of their contractual obligations under the Fair Wage Policy. Contractors are required to complete a Fair Wage Declaration form asserting their agreement to comply with all of the Fair Wage Policy requirements. For every call document issued, the Office reviews the information on the declaration forms submitted by the three lowest bidders for compliance with the Policy.

According to a report issued by the Purchasing and Materials Management Division, since 2012, the Office was involved in an annual average of over 1,800 contract awards. These contracts amounted to an average of \$1.9 billion each year.³

³ <http://www.toronto.ca/legdocs/mmis/2016/gm/bgrd/backgroundfile-92491.pdf>

Situations that preclude contract award to lowest bidder

If a bidder does not comply with the Policy, the Manager, Fair Wage Office, may recommend the next lowest bidder for contract award. Examples of situations that may preclude the lowest bidder from winning a contract include:

- wage rates provided by a vendor on the declaration form do not meet the minimum rates set in the applicable fair wage schedule; and/or
- an investigation is underway where the vendor is not cooperating by providing requested information; and/or
- a vendor in violation of the Fair Wage Policy has not paid the required back-wages to its affected employees.

Complaints are investigated

The Office also investigates complaints and takes enforcement action to determine whether a contractor has failed to pay its workers the prescribed hourly wage rates, vacation, holiday pay, and applicable amount for fringe benefits in accordance with the appropriate fair wage schedule. Investigations are guided by the respective Policy provisions as part of a vendor's contractual obligations with the City.

Various avenues for complaints

Contracted employees can file a complaint via various avenues:

- Telephone hotline (416-392-FAIR)
- Email address (fairwage@toronto.ca)
- In person discussions with employees at unannounced site visits

\$2.25 million in back-wages to employees over 10 years

The Office reports annually to the Government Management Committee on its investigations. The 2015 Annual Report has not been published at the time of our audit. According to the 2014 Annual Report, investigations conducted from 2004 through 2014 resulted in the recovery of approximately \$2.25 million in back-wages owed by vendors to 1,790 workers.⁴ During the same period, the Office also facilitated LTCO grievance discussions between trade unions and vendors, which resulted in \$713,000 in settlements by vendors.

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<http://www1.toronto.ca/City%20of%20Toronto/Purchasing%20and%20Materials%20Management/Selling%20to%20the%20City/Fair%20Wage%20Office/Annual%20Reports/backgroundfile-83194.pdf>

Number of investigations conducted annually

The following chart summarizes the number of investigations conducted by the Office:

Types of Investigations	2014	2013	2012
Fair Wage Investigations	60	62	37
LTCO Investigations	14	17	39
Total Investigations	74	79	76

The Office does not formally track all incoming complaints.

Three vendors have been disqualified since 2013

According to the disqualification provisions under the Policy, if the Office has found a contractor to be non-compliant in two separate instances over a three-year period, it may make a recommendation for vendor disqualification to the Government Management Committee and City Council. Disqualified vendors are precluded from conducting business with the City for a period of two years. The Office has disqualified three vendors since 2013. These vendors are publicly disclosed on the Office's website.

Violations during probation have permanent consequences

Vendors are on probation for one year after their two-year disqualification period. Any violation during a probation period is grounds for disqualification from conducting business with the City for an indefinite period of time.

Enforcement of the Fair Wage Policy with limited staff resources

The Office has a complement of three staff: one Manager, an Assistant Fair Wage Officer, and a Support Assistant. The Manager, Fair Wage Office, reports administratively to the Executive Director, Human Resources. All matters that arise through the enforcement of the Fair Wage Policy are reported to City Council through the Government Management Committee. Given the large and increasing volume of contracts issued by the City, the Office is constantly faced with the challenge of meeting work demands with limited resources.

AUDIT RESULTS

A. ENSURING WAGES OWED TO EMPLOYEES ARE ACCURATE

\$763,000 in back-wages paid to contracted employees between 2012 and 2015

The Fair Wage Policy was designed to ensure that contracted employees are paid fair wages in accordance with the applicable fair wage rates. When employees file complaints to the Office regarding their employers' payroll practices, they expect that the issue will be rectified and they will receive the wages to which they are entitled. Between 2012 and 2015, investigations conducted by the Office resulted in approximately \$763,000 in back-wages paid to contracted employees.

Concerning employee wages, it is critical that any amount unlawfully withheld from contracted employees be verified and accurately calculated. The Office needs to ensure that adequate procedures are performed when reviewing vendor payroll records to accurately calculate back-wages.

A.1. Payroll Information from Vendors Needs to be Verified

Reliance on integrity of vendor records

When the Office conducts a payroll review, the vendor is given five days to produce the requested payroll records. The Office generally relies on the integrity of records provided by vendors. If the Office does not perform adequate procedures to verify the accuracy and completeness of payroll records, falsified information is unlikely to be detected.

Vendors can falsify payroll records

In a recent fair wage investigation, a vendor was found intentionally falsifying payroll records and was subsequently disqualified. The falsified records were identified by the Office when it compared employee-provided paystubs to copies of paystubs provided by the vendor. The vendor intentionally altered its version of the paystubs such that it would appear to be in compliance with the Fair Wage Policy. The employees' retention of their paystubs facilitated this finding. When an employee does not retain his/her paystubs, this type of verification cannot be performed.

Cash payments are not easily identifiable from payroll registers

Furthermore, an employee paid in cash will most likely not be listed in a vendor's payroll register, making it difficult for the Office to identify this type of violation. These employees are likely paid at a rate lower than the applicable fair wage rate.

Finally, in a random payroll review we initiated, we brought to the attention of Office management that their current practice did not detect a vendor's error which resulted in the exclusion of back-wage calculations for two employees. This investigation is currently ongoing. The above findings are all indicative of the need to review other relevant sources of information in order to verify the accuracy and completeness of a vendor's payroll records.

Increase collaboration with divisional staff managing contracts

In our review of eight payroll investigations conducted by the Office, we noted opportunities to further increase collaboration between the Office and divisional contract management staff. The Office advised us that as part of their internal investigation procedures, they do not normally consult with divisional staff to verify information pertaining to contracted employees at City sites.

Collaboration with divisions is an effective way to detecting non-compliance

Since divisional staff are responsible for monitoring their contractor's performance, in some cases, they have the opportunity to notice contractor issues that may have fair wage implications. In fact, in one of the investigation files, a divisional supervisor sought advice from the Office regarding a vendor's invoicing irregularities. This prompted a fair wage investigation which found the vendor to be in non-compliance with the Fair Wage Schedule.

Enhancing communication and collaboration between the Office and divisional contract management staff may help improve the enforcement of the Fair Wage Policy and the detection of fair wage non-compliance.

Guidance on communicating fair wage issues would be helpful to divisional contract management staff

Divisional staff need to be aware of how their role in effectively managing contracts contributes to the Office achieving its mandate. Current guidelines published by the Purchasing and Materials Management Division do not provide guidance on communicating contract issues that might present fair wage implications to the Office.

Recommendations:

- 1. City Council request the Manager, Fair Wage Office, to ensure that payroll investigations, where possible and resource permitting, include procedures that verify the completeness and accuracy of vendor-provided payroll information.**
- 2. City Council request the Director, Purchasing and Materials Management Division, in consultation with the Manager, Fair Wage Office, to consider enhancements to current contract management procedures such that:**
 - a. Guidance is provided on the need for collaboration and timely communication to the Fair Wage Office of any contract issues that could present fair wage implications;**
 - b. A process be implemented to increase divisional contract management staff's awareness of the fair wage requirements that reinforces collaboration with the Fair Wage Office.**

A.2. Ensuring Employees are Appropriately Compensated

Reasonability and basis of hours used for back-wage calculations should be documented

When an employee's wages are at stake, it is imperative that payroll calculations are accurate. Our audit procedures included assessing the accuracy of back-wage calculations performed by the Office. In a sample of four files, we noted insufficient documentation to support the reasonableness or the basis of the hours used to calculate back-wages. This poses the risk that the calculations may be inaccurate because they were not well supported or documented.

Inconsistencies and errors in payroll back-wage calculations noted in one sampled file

In our review of one investigation file, we calculated up to an additional \$900 owing to a group of employees (a 9 per cent difference when compared to the calculation by the Office). The discrepancy was due to the following:

- inconsistencies in the inclusion/exclusion of statutory holiday hours, and
- mathematical errors on the vendor's timesheets which went undetected by Office staff.

Although Office staff advised us that there were reasons for the exclusion of certain hours, these reasons should have been documented in the investigation file.

Adjustments to payroll calculations not well documented

We also noted differences when comparing the hours in vendor-provided payroll records to the hours used by the Office in its payroll calculations. In one investigation that concluded compliance with fair wage rates, Office staff could not recall why the hours in their calculation were approximately one per cent lower than the hours in the timesheets provided by the vendor.

There was no documentation in the file to explain why the hours in payroll records did not match the hours used by the Office. Staff suggested that adjustments might have been made to reflect hours worked on a City contract vs. non-City work. While the difference was not significant in this case, it is important to document any adjustments that deviate from a vendor's records in case they are subsequently questioned by the affected employees or vendors.

Back-wage entitlements should be calculated based on an employee's start date on a contract

The Office's internal policies and procedures do not currently provide guidelines with respect to extending back-wages to an employee's start date on a specific contract. If a sample payroll period review identifies fair wage non-compliance, the Office then asks the vendor to provide all payroll records from the employees' start on the contract to ensure that they are paid their full entitlement.

In one out of two investigations where back-wages were owed, there was no documented evidence verifying employment start dates for the respective contract. This vendor has a multi-year contract so it is critical that the full entitlement owed to the group of employees be accurately calculated. Management advised that they generally rely on the completeness of records provided by the vendor. As a result, current practices are not sufficient in ensuring that employees are paid the entire amount they are owed.

No secondary review of payroll calculations

There was also no evidence of a secondary review by the Manager in two of these files that required vendors to pay back-wages. The Office's procedural manual does not contain a requirement for secondary review by the Manager. Such review may help ensure that payroll calculations are accurate.

Recommendation:

3. **City Council request the Manager, Fair Wage Office, to implement processes to ensure that:**
 - a. **All back-wages are accurately calculated;**
 - b. **Fair Wage Office staff be required to retain sufficient documented evidence to support the basis of all back-wage calculations;**
 - c. **A secondary review be conducted to ensure back-wage calculations are accurate;**
 - d. **The Manual of Office Procedures be updated to reflect all process improvements and compliance with these procedures be monitored on an ongoing basis.**

B. ENSURING ROBUST ANALYSIS OF VENDOR VIOLATIONS

Disqualified vendors cannot conduct business with the City for two years

Section 67-A10 of the Fair Wage Policy specifies the criteria for vendor disqualification:

“When a contractor or any sub-contractor is found to be in non-compliance with the provisions of the Fair Wage Policy in two separate instances over a period of three years inclusive, the Manager, Fair Wage Office must report and may recommend to the Government Management Committee that the said contractor or sub-contractor be disqualified from conducting business with the City for a period of two years, inclusive”.

Since 2013, City Council has adopted the disqualification of three vendors based on recommendations made by the Office. These vendors are publicly listed on the Fair Wage Office’s website.

B.1. Evaluations of Multiple Violations Should be Documented

Multiple violations by 4 vendors did not result in disqualification

In our review of six vendor investigation files, four vendors were each cited for more than two violations within a three-year period. However, these vendors were not recommended for disqualification. Examples of violations included:

- non-compliance with the Fair Wage Rate schedule;
- attempt to circumvent the Fair Wage Policy by deeming employees shareholders of a company;
- failing to provide the Office with contractually required payroll records.

Three of these four vendors have over \$15 million in current multi-year contracts with the City.

Interpretation of disqualification provisions

Management advised that these vendors were not recommended for disqualification because the occurrences were part of the same contract and therefore considered “one instance”. This was based on City Legal Services staff’s interpretation of the Policy. We noted that the Office consistently applied this interpretation across its investigations.

Criteria developed to guide analysis of violations

In 2006, Legal Services staff submitted a report to the Administration Committee proposing amendments to the disqualification process under the Policy as it pertains to the definition of “instances”.⁵ The report was not adopted by City Council.⁶ The following year, based on recommendations in a report issued by the City’s Internal Audit Division⁷, the Office developed internal guidelines to evaluate violations that warrant vendor disqualification. These guidelines were approved by City Council at its meeting in October 2007.⁸

Documented evaluation of violations is required

We recognize that the type and extent of violations vary and need to be evaluated on a case by case basis. Although the Office has developed criteria to guide their analysis of violations, information detailing why vendors with multiple violations did not warrant a recommendation for disqualification was not documented in the investigation files.

⁵ <http://www.toronto.ca/legdocs/2006/agendas/committees/adm/adm060502/it004.pdf>

⁶ <http://www.toronto.ca/legdocs/2006/agendas/council/cc060925/pof7rpt/cl082.pdf>

⁷ <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2007.GM3.1>

⁸ <http://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-10-22-cc13-dd.pdf>

Violating vendor was not disqualified on a timely basis

Disqualification recommendation should be timely

In the latest case of disqualification, a vendor with several City contracts was disqualified almost one year after its second fair wage violation. By this time, the contracts had already expired and the vendor was paid its full contract amount. Office staff advised that the delay in disqualification was due to the vendor's unwillingness to provide payroll information.

We acknowledge that in some cases, delays in the disqualification process may be inevitable due to various factors and operational requirements. Nonetheless, enforcement of the Policy requirements should be timely to avoid vendors circumventing fair wage requirements.

Recommendation:

- 4. City Council request the Manager, Fair Wage Office, to implement processes that ensure adequate evaluation of multiple violations in accordance with the Fair Wage Policy and internal Office guidelines; such analysis to be documented and retained in the investigation files, and recommendations for disqualification be reported in a timely manner.**

B.2. Actions Needed to Address Vendors that do not Co-operate

Vendors must provide requested payroll records within 5 business days

Vendors have five business days to submit the requested payroll records. Not producing the records within the given deadline is considered an instance of non-compliance as per the Fair Wage Policy. In 2014, the Office encountered eight vendors who did not provide the requested payroll information.

Violations should have been cited

In our review of two of these files, we noted that the Office did not issue a letter to the vendor citing the violation. Moreover, no further steps were taken by the Office and the investigation files were subsequently closed. Similarly, in 2013, we noted a total of six subcontractors who did not co-operate. Violation letters were not sent to any of these vendors. Office staff did not provide an explanation as to why these files were closed without further action.

No penalty for not co-operating

There was also no financial penalty to these vendors for not co-operating with the Office. The Office did not rigorously enforce the provisions in the Policy by citing the vendors for their violations.

Recommendation:

- 5. City Council request the Manager, Fair Wage Office, to effectively enforce the non-compliance provisions in the Fair Wage Policy particularly in cases where a vendor does not provide the required payroll information to the Office.**

B.3. Current Penalties Do Not Prevent Repeat Violations

15% administration fee is charged to violating vendors who do not pay fair wages

If a contractor or subcontractor fails to pay wages in accordance with the applicable Fair Wage Schedule, the Manager, Fair Wage Office has the discretion under the provisions of the Policy to charge an administrative fee up to 15 per cent. This fee is calculated on the back-wages paid to the affected employees. Administration fees are payable to the City Treasurer. Between 2012 and 2015, the Office charged approximately \$99,000 in administration fees.

Vendors repeated fair wage violations

In our review of six investigation files that cited vendors for violations, four of these vendors each had two repeat fair wage violations. Only two of these vendors were disqualified. In our view, the 15 per cent administration fee might not be enough of a deterrent for vendors who are willing to risk a repeat violation in the hopes that it is not detected. In addition, the penalty provisions in the Policy pertain only to the failure to pay fair wages. The refusal to produce requested payroll records or falsification of payroll records do not result in any financial penalty under the current Policy.

Recommendation:

- 6. City Council request the City Solicitor, in consultation with the Manager, Fair Wage Office, to review the current penalty provisions to ensure that they are effective in deterring vendors from breaching the Fair Wage Policy.**

C. ENHANCING THE CURRENT INVESTIGATION APPROACH

One of the duties of the Manager, Fair Wage Office, is to ensure compliance with Fair Wage Policy requirements and Labour Trades Contractual Obligations (“LTCO”) in the construction industry. On an annual basis, the Office aims to conduct a mix of random and complaint-driven investigations. Sources of complaints include:

- Current and past employees of contracted vendors
- Trade Union representatives
- Competing vendors
- City staff managing contracts

Complaints can be made through the following avenues:

- Emails to the Office’s email account
- Phone calls to the Office’s telephone hotline
- In-person complaints at unannounced vendor site visits by Office personnel

C.1. Broadening the Scope of Investigations to Include Subcontractors Where Feasible

Complaint-based investigations

According to the Office’s statistics, 284 investigations were conducted since 2012. Office staff advised that most of the investigations were initiated by complaints. In our review of a sample of ten investigation files, seven were investigations in response to complaints.

Investigations are not generally extended to include subcontractors

In our review of a sample of investigation files, we noted that when a contractor was deemed to be non-compliant, the Office did not normally extend its investigation to subcontractors. Office staff advised that investigations of subcontractors are only conducted if a complaint is made about that subcontractor. Staff further explained that through the normal course of business, subcontractors listed on the initial Fair Wage Declaration form might not be the subcontractors that are hired to perform the work.

Subcontractor non-compliance may go undetected

This presents a risk that new subcontractors hired during the term of a contract might not be aware of their obligations under the Fair Wage Policy. Staff advised that general contractors are expected to ensure their subcontractors are aware of the requirements under the Fair Wage Policy. Staff also indicated that certain construction contracts could involve a large number of subcontractors, making it difficult to enforce the fair wage requirements at the subcontractor level.

While we appreciate the practical difficulties relating to subcontractors, in our view, if a general contractor is cited for non-compliance, it would be prudent to investigate, at a minimum, a small selected sample of its subcontractors to determine whether a more extensive investigation is warranted.

Recommendation:

- 7. City Council request the Manager, Fair Wage Office, to give consideration to extending Fair Wage Policy investigations to subcontractors where applicable and feasible.**

C.2. Developing A Formal Complaint Tracking System

No tracking of incoming complaints

The Office does not currently have a system to track all incoming complaints. Consequently, we were unable to verify whether all complaints made to the Office were investigated or appropriately addressed. At the time of our audit, management was in the process of developing a complaint data system.

According to management, if a complaint is deemed to have merit for further investigation, a hardcopy investigation file is opened and the required procedures are performed. Complaints deemed without merit are not investigated. A documented record of why these complaints are not further investigated is not always retained.

Database allows for trending analysis and performance measurement

Given the number of complaints to the Office, it should implement a complaint intake system that can document and track all incoming complaints and their dispositions. Proper complaint tracking also allows for trending analysis to help identify industries and/or vendors that might be at higher risk for non-compliance. Furthermore, the system can be used to measure the effectiveness and efficiency of the Office in its ability to address or investigate all complaints, as well as facilitate annual reporting to the Government Management Committee.

Opportunity to leverage other complaint intake systems

The City's various Accountability Offices (i.e. Auditor General's Office, Office of the Ombudsman, and Office of the Integrity Commissioner) also conduct investigations based on complaints. The Office may be able to leverage the tracking systems currently used by these Accountability Offices in developing or acquiring its own system.

Recommendation:

- 8. City Council request the Manager, Fair Wage Office, to systematically track complaints received by the Office and the related complaint information through an intake system. In developing or acquiring the intake system, the Office should consider consulting the City's Accountability Offices to assess the feasibility of leveraging the existing systems being used by these Offices.**

C.3. Assessing Office Resource Requirements for Complaint Investigations and Random Reviews

55 investigations conducted in 2015

Although the Office conducted 55 Fair Wage and LTCO investigations in 2015, there are no statistics to distinguish between complaint-based versus random investigations initiated by the Office.

As part of our audit, we conducted a payroll compliance review on a random sample of three vendors. These vendors were not recently investigated by the Office. Two of the three sampled vendors had inadequate or incomplete timesheet records, and consequently we were unable to conduct a comprehensive review.

***Random audits
detected fair
wage issues***

Although one of the terms of the Fair Wage Policy requires the payment of wages on an hourly basis, we noted that one vendor paid a group of employees varying lump sums on a bi-weekly basis. The vendor indicated that these payments were based on each employee's output.

Since the vendor did not maintain employee timesheets, we could not determine whether the equivalent hourly wages were in line with the applicable fair wage rate. The Office is continuing to work with the vendor to resolve this issue so that any wages owing to this group of employees is accurately calculated and paid.

***Lack of onsite
records to verify
accuracy of
payroll records***

In another sample, although a divisional policy is in place requiring contract staff to sign in and out, the division managing the contract did not ensure compliance with this requirement. As a result, there was no supplementary information enabling us to verify the accuracy and completeness of vendor payroll records. In fact, the vendor's staff created the daily entries in the logbook after receiving our request.

In both samples, there were issues related to maintaining complete payroll records and a potential risk of cash payments to contract staff. The results of our random audit underscore the importance of random reviews by the Office as a means to proactively identify and address fair wage issues.

***Resource issue
presents an
ongoing
challenge to the
Office***

Management advised that the large number of incoming complaints coupled with limited staffing resources have restricted the Office's ability to conduct more random reviews. We recognize that this is an ongoing challenge faced by the Office.

According to management, given the limited resources, the Office implements a risk-based approach in selecting contracts or vendors for random reviews. In addition to a risk-based approach, after implementation of a new complaint tracking system, management may be in a position to more effectively assess work demands and allocate available resources between complaint-based investigations and random reviews.

Recommendation:

9. **City Council request the Executive Director, Human Resources, subsequent to the implementation of a Fair Wage Office complaint tracking system, to review the work demands and resources allocated to fair wage complaint investigations and random reviews to ensure the Office can effectively carry out the responsibilities under Chapter 67 of the Toronto Municipal Code.**

D. CLARIFYING BY-LAW AND ADMINISTRATIVE MATTERS

D.1 Applicability of the Fair Wage Policy to City Agencies

Policy was to be adopted by agencies, boards and commissions

Section 67-A2 of the Fair Wage Policy states that:

“...the Fair Wage Policy of the former Municipality of Metropolitan Toronto be adopted for all City departments, agencies, boards and commissions and replace all existing fair wage policies of the former local municipalities.”

Despite the Policy provision, City Legal Services staff indicated that they have in the past advised senior staff and City Council that the Policy may only be imposed on certain agencies, boards and commissions. Staff were not able to provide a specific staff report showing Council authorization or recognition of the above.

In 2011, City Council adopted recommendations in a staff report from the City Manager which outlined an approach to managing through agencies and corporations.⁹ This report included an attachment which collapsed the City’s various agencies, boards and commissions under the "Agencies" category.

Fair Wage Office has had minimal involvement with City agencies

According to Fair Wage Office protocol, complaints pertaining to contracts managed by the City’s agencies are generally re-directed to them. The Office also indicated that agencies that manage their own procurement (independent of the City’s Purchasing and Materials Management Division) have not generally consulted with the Office on fair wage matters.

⁹ <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.EX4.6>

Given the advice from City Legal Services staff and the lack of Council adopted information, it is not clear to us whether the Policy requirements apply to the City's agencies.

Disqualified vendors aren't communicated to City agencies

Notwithstanding the above, in the spirit of the City Policy, it is important that the City's major agencies are at least aware of vendor disqualification information in managing their own contracts. Although the Office is not required under the Policy to formally communicate this information to the City's agencies, it may be beneficial for the Office to actively inform them of vendors that have been cited for violations or have been disqualified.

Recommendations:

- 10. City Council request the City Manager, to forward this report and the Fair Wage Policy to the City's major agencies and clarify the applicability of the Policy requirements to these agencies.**
- 11. City Council request the Manager, Fair Wage Office, to forward its Council approved Annual Reports and vendor disqualification information to the City's major agencies.**

D.2. Improvements to Documentation Practices

The Office's internal guidelines with respect to documentation states that:

“due to the nature of the tasks performed by the Fair Wage Office, rigorous documentation is required to ensure that the Office can be held accountable for its decisions and actions.”

Enhancing current documentation practices

Our review of investigation files identified the following areas where documentation could be improved:

- Inclusion in each investigation file, a summary of the original complaint and actions taken by the Office to address/investigate the complaint;
- Adequate documentation of phone calls, site meetings, and verbal agreements;
- Documentation of the contract number pertaining to the violation;
- Documentation to support discretionary decisions (i.e. waiver of administration fees, back-wages that are not supported by payroll records).

Recommendation:

- 12. City Council request the Manager, Fair Wage Office, to review and update its Manual of Office Procedures to ensure the level of documentation by the Fair Wage Office is sufficient to hold the Office accountable for its decisions and actions. Updated documentation requirements should be implemented in all investigation files.**

D.3. Amendments to the Fair Wage Policy

Wage rates have not been updated according to Policy requirement

The Fair Wage Policy states that fair wage rates must be updated by the Office every three years. According to this, the rates should have been updated by June 1, 2016, three years after the last update in 2013. As of October 2016, the rates have not yet been updated.

Delay was due to the plan to update both construction and non-construction wage rates simultaneously

According to staff, this was due to delayed ratifications of various trade union collective agreements in the construction industry. Staff explained that in practice, the Fair Wage Schedules for both construction and non-construction industry wages should be simultaneously updated in order to minimize confusion caused by multiple wage schedule updates. This approach was supported by City Legal Services staff. As such it will be important for staff to request Council approval to amend the Policy requirement with respect to the timing of the schedule update.

***Policy provision
should match
current reporting***

From an administrative standpoint, the Manager, Fair Wage Office currently reports to the Executive Director, Human Resources. The Fair Wage Policy however states that the Manager, Fair Wage Office “*is deemed to be under the control of the Chief Corporate Officer for administrative purposes...*” The Fair Wage Policy should be updated to reflect the current reporting structure.

Recommendation:

- 13. City Council request the City Solicitor, in consultation with the Manager, Fair Wage Office, consider submission for enactment by City Council, amendments to the current Fair Wage Policy, such that:**
 - a. Updates to the Fair Wage Schedules follow the ratification of construction industry collective agreements;**
 - b. The Policy reflects the current reporting structure.**

CONCLUSION

The City established a Fair Wage Policy to ensure that the City’s contractors pay their employees a fair wage. Based on our review of a sample of files, investigations by the Fair Wage Office have addressed fair wage non-compliance. However, there are additional opportunities to deter and detect vendors that attempt to circumvent their contractual obligations and Policy requirements.

***13
recommendations
to help strengthen
Policy
enforcement***

This report provides 13 recommendations to help strengthen the enforcement of the Fair Wage Policy. We have identified opportunities to enhance a collaborative approach to oversight, enforcement, and administration of the Fair Wage Policy. The Policy’s goal of enhancing the reputation of the City for ethical and fair business dealings can be better achieved through ongoing collaboration between the Fair Wage Office, City divisions, and agencies.

AUDIT OBJECTIVES, SCOPE AND METHODOLOGY

In July 2016, the Auditor General issued an audit report entitled “Maximizing Value from Cleaning Contracts”. The audit identified the need to strengthen monitoring of vendor compliance with Fair Wage requirements. Subsequently, the Auditor General amended her 2016 Audit Work Plan to include a review of the Fair Wage Office. The Amended Work Plan was adopted by the City’s Audit Committee in July 2016.

Audit Objective

The objective of this audit was to review whether investigations conducted by the Office ensured contractor compliance with the City’s Fair Wage Policy and related procurement and contractual requirements.

Scope

Our audit focused on investigations conducted by the Office during the period January 1, 2012 to June 30, 2016.

Methodology

Our audit methodology included the following:

- interviews with City staff in the Fair Wage Office, Purchasing and Materials Management Division, Legal Services Division, as well as staff in various divisions managing the contracts we reviewed
- review of audit reports issued by other jurisdictions
- review of a sample of Office investigation files
- payroll reviews on vendors not recently investigated by the Office

Compliance with generally accepted government auditing standards

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**Management’s Response to the Auditor General’s Review of
Strengthening Enforcement of the Fair Wage Policy**

Rec No.	Recommendations	Agree (X)	Disagree (X)	Management Comments: <i>(Comments are required only for recommendations where there is disagreement.)</i>	Action Plan/Time Frame
1.	<p>City Council request the Manager, Fair Wage Office, to ensure that payroll investigations, where possible and resource permitting, include procedures that verify the completeness and accuracy of vendor-provided payroll information.</p>	X			<p>The Manager, Fair Wage Office, where information is available and resource permitting, will work in collaboration with the respective contract managers and others to verify the completeness and accuracy of the contractors' payroll information. It should be noted that not all job sites maintain the level of information necessary to independently verify payroll information and compliance.</p> <p>Completion Date: First Quarter 2017</p>

Rec No.	Recommendations	Agree (X)	Disagree (X)	Management Comments: (Comments are required only for recommendations where there is disagreement.)	Action Plan/Time Frame
2.	<p>City Council request the Director, Purchasing and Materials Management Division, in consultation with the Manager, Fair Wage Office, to consider enhancements to current contract management procedures such that:</p> <p>a. Guidance is provided on the need for collaboration and timely communication to the Fair Wage Office of any contract issues that could present fair wage implications;</p> <p>b. A process be implemented to increase divisional contract management staff's awareness of the fair wage requirements that reinforces collaboration with the Fair Wage Office.</p>	X			<p>The Director, Purchasing and Materials Management, and the Manager, Fair Wage Office, will review and update existing contract management procedures to provide more guidance to Divisional contract administrator(s) regarding Fair Wage Office responsibilities and develop an appropriate communication strategy or training package on the updated procedure.</p> <p>Completion Date: Third Quarter 2017</p>

Rec No.	Recommendations	Agree (X)	Disagree (X)	Management Comments: (Comments are required only for recommendations where there is disagreement.)	Action Plan/Time Frame
3.	<p>City Council request the Manager, Fair Wage Office, to implement processes to ensure that:</p> <p>a. All back-wages are accurately calculated;</p> <p>b. Fair Wage Office staff be required to retain sufficient documented evidence to support the basis of all back-wage calculations;</p> <p>c. A secondary review be conducted to ensure back-wage calculations are accurate;</p> <p>d. The Manual of Office Procedures be updated to reflect all process improvements and compliance with these procedures be monitored on an ongoing basis.</p>	X			<p>The Manager, Fair Wage Office, will review and update the Manual of Office Procedures to ensure investigations and decisions are sufficiently documented, calculated, accurate and applied consistently across all investigation files. There will be a secondary review of back wage calculations to ensure accuracy.</p> <p>The Fair Wage Office is currently developing a Fair Wage Information System which will improve payroll calculations and associated documentation.</p> <p>Completion Date: Third Quarter 2017</p>

Rec No.	Recommendations	Agree (X)	Disagree (X)	Management Comments: (Comments are required only for recommendations where there is disagreement.)	Action Plan/Time Frame
4.	<p>City Council request the Manager, Fair Wage Office, to implement processes that ensure adequate evaluation of multiple violations in accordance with the Fair Wage Policy and internal Office guidelines; such analysis to be documented and retained in the investigation files, and recommendations for disqualification be reported in a timely manner.</p>	X			<p>Case management issues have become increasingly complex in obtaining the documentation necessary to support a decision on appropriate action. The Office encounters certain contractor and sub-contractor deceptive payroll practices of underpayment of wages and misclassification of workers, underreporting of hours and workers, cash payments, unpaid overtime, banked hours worked, non-payment of benefits, off the clock violations and late payment of wages. The Policy guides the Manager, and provides the flexibility and discretion to take appropriate action in disputes and apply penalty provisions as necessary.</p> <p>Based on the particulars of each investigation, the Manager, Fair Wage Office, in consultation with Legal Services, will make a determination on whether a contractor is in violation of the Fair Wage Policy and will make recommendations regarding disqualifications in a timely manner. The investigation and support for subsequent decisions will be documented and retained in the respective investigation file.</p> <p>Completion Date: 2nd Quarter 2017</p>

Rec No.	Recommendations	Agree (X)	Disagree (X)	Management Comments: (Comments are required only for recommendations where there is disagreement.)	Action Plan/Time Frame
5.	City Council request the Manager, Fair Wage Office, to effectively enforce the non-compliance provisions in the Fair Wage Policy particularly in cases where a vendor does not provide the required payroll information to the Office.	X			The Manager, Fair Wage Office, in consultation with Legal Services, shall enforce the provisions of the By-law involving occurrences of non-compliance and for contractors or sub-contractors who fail to cooperate. Completion Date: 2 nd Quarter 2017
6.	City Council request the City Solicitor, in consultation with the Manager, Fair Wage Office, to review the current penalty provisions to ensure that they are effective in deterring vendors from breaching the Fair Wage Policy.	X			Legal Services, in consultation with the Manager, Fair Wage Office, to review and compare other penalty provisions in contract or legislative provisions to analyse whether the current penalty provisions in the Fair Wage Policy are effective as a deterrent. Resource constraints and impact on project completion must also be considered. Completion Date: first quarter, 2017
7.	City Council request the Manager, Fair Wage Office, to give consideration to extending Fair Wage Policy investigations to subcontractors where applicable and feasible.	X			The Fair Wage Office investigates contractors and sub contractors to ensure they are in compliance with the Fair Wage Office. When investigating a contractor for alleged violation of the Fair Wage Policy, the Manager, Fair Wage Office will consider extending the investigation to subcontractors as circumstances dictate and resources allow. Completion Date: 1 st Quarter 2017

Rec No.	Recommendations	Agree (X)	Disagree (X)	Management Comments: (Comments are required only for recommendations where there is disagreement.)	Action Plan/Time Frame
8.	<p>City Council request the Manager, Fair Wage Office, to systematically track complaints received by the Office and the related complaint information through an intake system. In developing or acquiring the intake system, the Office should consider consulting the City's Accountability Offices to assess the feasibility of leveraging the existing systems being used by these Offices.</p>	X			<p>The Fair Wage Office is currently developing a Fair Wage Information System (FWIS) which will effectively track, document and report complaint investigations. The FWIS will also interface with the Purchasing and Materials Management Division's processes and systems to more efficiently share tendering documents and information.</p> <p>The Manager, Fair Wage Office, will assess the feasibility of leveraging the existing systems used in the Accountability Offices and incorporate system amendments as warranted.</p> <p>Completion Date: 3rd Quarter 2017</p>

Rec No.	Recommendations	Agree (X)	Disagree (X)	Management Comments: (Comments are required only for recommendations where there is disagreement.)	Action Plan/Time Frame
9.	<p>City Council request the Executive Director, Human Resources, subsequent to the implementation of a Fair Wage Office complaint tracking system, to review the work demands and resources allocated to fair wage complaint investigations and random reviews to ensure the Office can effectively carry out the responsibilities under Chapter 67 of the Toronto Municipal Code.</p>	X			<p>There are currently three (3) staff in the Fair Wage Office who are, in part, responsible for:</p> <ul style="list-style-type: none"> • Ensuring vendors meet the requirements of the Fair Wage Policy and Labour Trade Contractual Obligations and negotiating resolution to associated grievances; • Reviewing all tenders to ensure vendors are in compliance with the Fair Wage By-Law • Conducting investigations to ensure contractors and subcontractors are meeting their responsibilities under the Fair Wage By-Law. Investigations occur in response to complaints received by the Fair Wage Office as well as from planned risk-based random audits. <p>The Fair Wage Office is also responsible to:</p> <ul style="list-style-type: none"> • Maintain correspondence and all documentation • Participate in corporate projects as required (e.g. Quality Jobs, Living Wages and Fair Wages in Toronto Report) <p>The Executive Director, Human Resources will conduct a business review of the Fair Wage Office to review the associated work demands and determine its ability to meet its obligations under the Fair Wage Policy and Labour Trade Contractual Obligations with existing resources.</p> <p>Completion Date: 1st Quarter 2018</p>

Rec No.	Recommendations	Agree (X)	Disagree (X)	Management Comments: (Comments are required only for recommendations where there is disagreement.)	Action Plan/Time Frame
10.	City Council request the City Manager, to forward this report and the Fair Wage Policy to the City's major agencies and clarify the applicability of the Policy requirements to these agencies.	X			The City Manager will forward this report and the Fair Wage Policy to the City's agencies. Completion Date: 1 st Quarter 2017
11.	City Council request the Manager, Fair Wage Office, to forward its Council approved Annual Reports and vendor disqualification information to the City's major agencies.	X			The Manager, Fair Wage Office, will forward the Council approved Fair Wage Office Annual report and contractors' disqualification information to the City's agencies. Completion Date: 1 st Quarter 2017
12.	City Council request the Manager, Fair Wage Office, to review and update its Manual of Office Procedures to ensure the level of documentation by the Fair Wage Office is sufficient to hold the Office accountable for its decisions and actions. Updated documentation requirements should be implemented in all investigation files.	X			The Manager, Fair Wage Office, will review and update its Manual of Office Procedures to ensure actions and decisions are documented. Documentation requirements will be implemented in the investigations files and/or the future Fair Wage Information System. Completion Date: Second Quarter 2017
13.	City Council request the City Solicitor, in consultation with the Manager, Fair Wage Office, consider submission for enactment by City Council, amendments to the current Fair Wage Policy, such that: a. Updates to the Fair Wage Schedules follow the ratification of construction industry collective agreements; b. The Policy reflects the current reporting structure.	X			Legal Services, in consultation with the Manager, Fair Wage Office, will draft the appropriate language and bring a report to Government Management Committee and By-Law amendments to Council. Completion Date: 1 st Quarter 2017