



### Annual Verification Standards

1. Annual verification procedures must be performed by a licensed public accounting firm\* or the supplier's internal audit department.
2. Annual verification procedures can only be performed by the supplier's internal audit department if the internal audit function reports directly to an independent board.
3. If the annual verification procedures are performed by a licensed public accounting firm\*, the accounting firm must have no affiliation with the supplier.

### Annual Verification Procedures

1. Obtain and review a copy of the contract being reviewed.
2. Identify all supplier and subsupplier employees and independent contractors performing services under the contract with University of California (UC) for one full year from the contract's effective date or most recent verification period end date (Verification Period). If possible, obtain documentation (e.g. project records) to support the list of employees and independent contractors performing services under the contract for the Verification Period. If documentation does not exist, obtain a written statement from management with the list of employees and independent contractors performing services under the contract during the Verification Period.
3. Review supplier and subsupplier employee payroll records and independent contractor invoices for the Verification Period and verify that all employees and independent contractors were paid an hourly rate equal to or greater than:
  - \$13 per hour - 10/1/15-9/30/16
  - \$14 per hour - 10/1/16-9/30/17
  - \$15 per hour as of 10/1/17

Note: For salaried employees, divide the employee's annual base salary by 2,080 (or prorated amount) to determine the hourly rate. If the employee received a salary adjustment during Verification Period, evaluate each salary level separately.
4. For any exceptions noted:
  - a. Document the exception on the Independent Accountant/Internal Auditor Verification Form to be sent to UC.
  - b. Document corrective action and a completion target date from management for resolution of the exception in the verification report.

\*A licensed public accounting firm is a public accounting firm licensed by the board of accountancy of the jurisdiction in which it practices.