The prevailing wage is the median wage and benefits earned by workers performing the same classification of work in the Denver area, as determined by the U.S. Department of Labor and the City and County of Denver's Career Service Authority. The types of workers affected include certain mechanics and laborers, such as window washers and custodial staff.

Under city ordinance, the Office of Human Resources is responsible for setting and amending Denver’s prevailing wage rate in alignment with local and federal laws and regulations.

Denver Labor, an office within the Denver Auditor’s Office, enforces the prevailing wage requirements.

In the report

CliftonLarsonAllen LLP conducted this examination on behalf of the Denver Auditor’s Office. The examination looked at how well the Office of Human Resources complies with its duties to set and amend the city's prevailing wage, including the office’s compliance with city ordinance and U.S. Department of Labor processes.

**FINDING 1: The Office of Human Resources Used an Outdated Method to Determine Prevailing Wage**

- CliftonLarsonAllen found one instance when an updated prevailing wage rate was six cents lower than it ought to have been. The discrepancy affected one job classification for about four months in late 2019, and the costs involved were less than $25,000.
- The error happened because the Office of Human Resources used an outdated Service Contract Act wage determination. The office needed additional review procedures to ensure prevailing wage rates are accurate and up to date.
- As of spring 2020, the Office of Human Resources implemented more safeguards and updated the prevailing wage rate to rectify this problem.

**FINDING 2: The City Should Evaluate whether the Office of Human Resources Is Best Suited to Set Denver’s Prevailing Wage Rates**

- The Office of Human Resources’ mission and goals are focused on overseeing the City and County of Denver’s personnel system and its internal employees. Therefore, CliftonLarsonAllen found the city should assess whether the office is indeed the right entity to be setting prevailing wages for external job classifications, as city ordinance currently requires it to.
- CliftonLarsonAllen recommends the City and County of Denver look at shifting this responsibility to other agencies that already perform a similar function or allow Human Resources to perform a cost-benefit analysis to see whether an outside organization ought to be setting prevailing wage rates instead.

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FINDING 3: The Office of Human Resources’ Policies and Procedures for Prevailing Wage Lack Complete Information

• Human Resources’ policies and procedures on how to set prevailing wage rates have two significant gaps:
  1. They do not address succession and turnover among Human Resources staff; and
  2. They do not address the roles and responsibilities for changing the prevailing wage rate determination procedures.

• The Office of Human Resources needs a formal prevailing wage manual and information-tracking document to ensure these issues are covered in formal, documented procedures.

FINDING 4: The Prevailing Wage Ordinance Does Not Currently Allow Workers an Opportunity to Appeal to Wages Rates

• The ordinance is missing key safeguards for workers — such as an ability for employees of city contractors to appeal prevailing wage rates set under the Davis-Bacon Act and a designation of which city agency is responsible for monitoring for prevailing wage stagnation and making adjustments to those rates accordingly.

• The examination team found examples of workers on city projects who had not received a pay increase in years, indicating potential stagnation in some prevailing wage rates.

• The Office of Human Resources needs to assess whether the Career Service Board, another board, or a new board should have expanded duties that allow for the opportunity to appeal stagnant or otherwise unfair wage rates.