

**CITY
ANTI-SWEATSHOP
ORDINANCE**

Report by the
Office of City Controller

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City of Pittsburgh



Pennsylvania

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To the Honorables: Mayor Luke Ravenstahl
and Members of Pittsburgh City Council:

The Office of City Controller is pleased to present this performance audit of the *City Anti-Sweatshop Ordinance*, conducted pursuant to the Controller's powers under Section 404(c) of the Pittsburgh Home Rule Charter.

EXECUTIVE SUMMARY

A sweatshop is a manufacturing workplace that treats its workers inhumanely, paying low wages, imposing harsh and unsafe working conditions and demanding high levels of productivity (long hours and big quotas) that are harmful to the workers. Although sweatshops still exist in the United States, the term "sweatshop" is increasingly associated with factories in developing countries such as India, China, Bangladesh and Honduras.

The Controller was directed by City Council to "conduct a Performance Audit to assure compliance with Ordinance 32 of 1997 to prevent the purchase, lease, rental or taking on consignment, any goods, or products made under sweatshop conditions". The main objectives of this audit are to determine if City purchasing is in compliance with the City's anti-sweatshop ordinance and if the City's current vendor certification requirement adequately prevents the purchase of materials made under sweatshop conditions.

Findings and Recommendations

Section 161.16 of the Pittsburgh Code requires vendors who have a contract with the City for goods or products to sign a statement certifying "that nothing has come to his/her attention that would lead him/her to believe that any of the goods/products provided herein were made or provided under sweatshop conditions".

Effectiveness of City Anti-sweatshop legislation

Finding: A review of contracts entered into by the City indicates that the anti-sweatshop certification is signed and attached to all City service and commodity contracts.

Finding: **This written anti-sweatshop certification, however, does not ensure that the products purchased by the City are sweatfree.** A statement by the vendor that he/she has no knowledge that his/her goods are made under sweatshop conditions is not assurance that they are not made in sweatshops. **Therefore, the Department of Finance, Bureau of Procurement, Facilities and Fixed Assets, is not meeting the intent of Ordinance 32 which is to prevent sweatshop purchases.**

Finding: The most effective way to ensure that purchases are sweat free is to have independent monitoring of the conditions of production. To do so requires factory location disclosure which the current City certification form does not provide.

RECOMMENDATION NO.1:

If the City intends to effectively enforce its anti-sweatshop code, a City-County sweatfree policy must be developed that includes as many goods as possible. The City should take the lead in determining a dollar amount threshold for sweatfree purchases, rather than wholesale exclusion of explanatory purchases.

RECOMMENDATION NO. 2:

The City should replace its vendor certification with a factory disclosure form that ensures compliance with the code of conduct specified in Section 161.02(e) of the Pittsburgh Code.

RECOMMENDATION NO. 3:

At a minimum, the disclosure form should contain factory location and wage information. This would allow a third party independent monitoring organization to verify wage and working conditions at that factory.

RECOMMENDATION NO. 4:

The disclosure information should be certified by the product manufacturer and not by the local vendor. Factory locations and wage disclosure requirements also would

allow companies to monitor production origins and comply with anti-sweatshop conditions.

Finding: This disclosure form would not place an undue burden on the manufacturer. Most corporations already track their goods to the subcontractor or factory level in order to monitor the quality of their products.

Finding: Adoption of disclosure forms could be accomplished under the City's existing ordinance. However, the factory disclosure requirement would have to be added to section 161.16, *Required Provisions in Contracts*, of the Pittsburgh Code.

Finding: The City's anti-shop certification requirement does not apply to explanatory purchases.

Explanatory purchases are purchases for \$1000 or less from any source and are supposed to be used only for emergency or occasional purchases. However, explanatory purchases could be improperly used to circumvent buying from a vendor under contract.

City-County Purchasing Merger

Finding: The City and County are considering raising the explanatory purchase limit as part of the City-County purchasing merger. A City-County anti-sweatshop policy that includes higher dollar value explanatory purchases could inadvertently cause the City to purchase more goods made under sweatshop conditions.

City Purchases from County Contracts

Finding: The City's vendor certification requirement is being circumvented by allowing uniform purchases from County contracts which have no sweatfree affidavit requirements.

Auditor Field Work Results

The auditors visited numerous departmental sites to obtain the brand or manufacturer and country of origin of uniforms worn by the employees. The auditors submitted a list of these apparel manufacturers to Pittsburgh Sweatshop Alliance, an anti-sweatshop activist group, to determine if any of the manufacturers were known to produce goods under sweatshop conditions.

Finding: Without factory location-disclosure, it is impossible for a third party sweatshop monitoring organization to determine if City uniforms are made in sweatshops.

Finding: The current affidavits used by the City are not useful for enforcing the City ordinance. The City does not require vendors to disclose or obtain information from their supply chain. Therefore, it is impossible to track specifically in which factory the clothing items were manufactured.

Finding: Other cities and states have anti-sweatshop enforcement laws, and their approach to enforcement is more aggressive than current City enforcement policy. These enforcement approaches include public disclosure of factory locations and wages and independent monitoring of factory conditions.

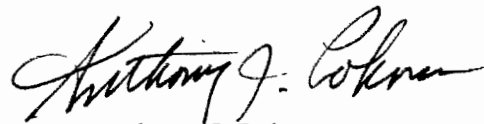
Factory Disclosure and City-County Purchasing Agreement

RECOMMENDATION NO. 5:

This factory disclosure requirement should be a part of any joint City-County purchasing agreement. Such disclosure would meaningfully comply with Allegheny County Council's proposed sweatfree purchasing ordinance.

We are pleased that the Department of Finance, Bureau of Procurement, Fleet and Asset Services agrees with the general findings of our audit and will review some of our recommendations with the City Law Department for possible implementation.

Sincerely,



Anthony J. Pokora
Deputy Controller