

LOCAL NEWS

Audit finds Irwindale-based LA Works overbilled Los Angeles County by nearly \$1 million

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The Los Angeles County Board of Supervisors voted Tuesday to end a contract with LA Works in Irwindale.

Audits done for the board discovered the agency overcharged the county nearly \$1 million for job training of unemployed residents and jail inmates. Supervisor Gloria Molina led the charge.

“While I respect the Sheriff’s duty to manage the inmate population, this board, as elected representatives, are the fiscal watchdogs for the taxpayers’ money,” Molina said. “Given the significant overbilling issues identified in the auditor-controller’s multiple audits, it is not in the county’s best interest to extend the existing contract with LA Works beyond its current expiration date.”

The current contract will expire at the end of May. Molina asked the Sheriff’s Department to begin immediate negotiations with another provider to continue career technical education and life skills to inmates. The other supervisors concurred, with Don Knabe absent.

In an audit, the county controller had questioned \$871,920 paid by the Department of Community and Senior Services for job training from LA Works.

“LA Works billed Community and Senior Services for on the job training (OJT) for individuals that were not eligible for program services,” the audit reported.



“For example, LA Works inappropriately enrolled nurses employed at two hospitals and earning \$32 per hour into the OJT program. As stated earlier, employed individuals are only eligible for intensive services and OJT if their earnings are below \$11.84 per hour.”

The audit reported that 85 percent of the OJT participants interviewed said they got job offers without any help from LA Works. They hadn’t even met with LA Works’ representatives before their job orientations at the two unidentified hospitals.

Since July of 2009, LA Works has reportedly enrolled 173 nurses in the OJT program. LA Works paid 25 percent of the nurses’ salaries.

The auditor calculated that every nurse was paid \$32 an hour and worked 630 hours in the OJT period. Since they were ineligible, the auditor estimated LA Works “inappropriately” billed the county \$871,920.

In addition, the audit found LA Works did not maintain complete agreements in 75 percent of the case files reviewed.

“Due to the severity of our audit findings, we question the validity of the entire amount OJT billed by LA Works for these hospitals.”

LA Works’ CEO Salvador Velasquez did not return calls or reply to an email seeking comment. County officials said the Irwindale agency originally disputed the audit findings.

“Since then, it is my understanding that LA Works has agreed to repay the money,” said Anna Pembedjian, justice deputy for Supervisor Michael Antonovich.

The LA Works contract with the community services department ends on June 30. The supervisors did not take action on that contract.

Another audit found discrepancies in the contract with the Los Angeles County Sheriff’s Department. The county hired the Irwindale agency to provide vocational and life skills classes for inmates in county jails.

Vocational programs include commercial painting, landscaping, bicycle repair and other jobs. Life skills include instruction in parenting, personal relations and substance abuse.

The Sheriff’s Department reimbursed LA Works for costs plus a 15 percent management fee. In 2013, the county paid LA Works \$6.7 million.

The recent audit uncovered \$86,155 in overbilling for vacation, sick and holiday pay that LA Works staff earned before the contract. LA Works overbilled



\$47,469 for two staff members, who also worked on non-sheriff's programs for 21/2 years.

In a response to the auditor controller, the Irwindale agency wrote "The total amount of \$86,155 will be paid back in full. LA Works agrees that the amount stated was billed incorrectly."

As for the billings for non-sheriff's programs, "LA Works included the amount \$47,469 as a credit on the March 2014 invoice. To prevent incorrect allocation of time, LA Works has implemented accounting procedures that allow employees to code time amongst all LA Works programs on the employee time card."

Molina later amended her motion to permit the Sheriff's department to negotiate and enter into a new contract with the second most responsible bidder upon the county counsel's approval.

"This authority will expedite the contracting process to minimize the disruption of vocational and life skills training to our county inmates," said Martha Jimenez, Molina's senior counsel.

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