COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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AUDITOR-CONTROLLER

February 22, 2002

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: **CUSTODIAL CONTRACTS COMPLIANCE REVIEW**

We have completed reviews of all County custodial services contracts. The reviews were conducted to verify that each contractor is complying with all relevant State and federal labor and employment laws and the terms of its County contract.

Background

On October 19, 1999, your Board instructed the Auditor-Controller (in conjunction with County Counsel, the Chief Administrative Office, and other County departments) to conduct audits of all County custodial service contracts and report the results to the Board. When we initially began our reviews in 1999, the Chief Administrative Office listing of Proposition A contracts identified 21 different custodial firms with County contracts. Over the last two years, the number of custodial firms with County contracts has varied as existing contracts were terminated or new contracts were awarded to new firms or firms with existing County contracts. In August 2001, the number of custodial contractors with County contracts decreased to 17.

Results of Reviews

Overall, we have reviewed 25 County contractors. In response to the Board's request, we reviewed 21 custodial contractors and issued 23 reports (We conducted follow-up reviews of two custodial contractors). Also, prior to the October 19, 1999 Board Order, at the request of your Board, we reviewed two other custodial contractors (Multiple reports were issued on each of these contractors in March through June 1999). Finally, we reviewed one landscape contractor and one cafeteria contractor. These two reviews were requested by the Internal Services Department and Office of Affirmative Action Compliance (OAAC), respectively.

Of the 25 County contractors reviewed, 12 (48%) contractors had major or significant violations of relevant State and federal labor and employment laws and/or the terms of their County contracts. For example, four contractors misclassified their custodial staff as independent contractors that resulted in the firms not paying the appropriate payroll taxes. Eight contractors did not maintain timecards that document the hours their employees worked, which is in violation of State labor laws. Finally, one contractor refused to provide us with payroll documents of employees assigned to work at County facilities even though the County contract requires them to do so. As a result of these reviews, one custodial contractor with major labor, employment, and contract violations was debarred.

Of the remaining 13 contractors reviewed, 10 contractors had no labor law or County contract violations and three contractors had only minor contract violations.

Attached is a listing of the contractors we reviewed, the date of each report and our assessment of each contractor's compliance or non-compliance with applicable State and federal labor and employment laws and its County contract. As requested by County Counsel, at the conclusion of each review, we reported our findings directly to County Counsel. (Because we did not note any violations in our review of the landscape contractor, we only reported the results of that review to ISD.) In addition, each contracting department was notified of any findings to follow up and ensure that all violations are corrected.

Ongoing Monitoring

We have completed your Board's request to review all County custodial contractors. We will continue to provide assistance to the OAAC, where necessary, in ensuring Countywide compliance with the Living Wage Ordinance (LWO). We have also expanded our fiscal reviews of County departments to include an assessment of their compliance with the LWO.

If you have any questions, please call me or have your staff contact DeWitt Roberts at (213) 974-0301.

JTM:DR:DC

Attachment

c: David E. Janssen, Chief Administrative Officer
Lloyd W. Pellman, County Counsel
Violet Varona-Lukens, Executive Officer
Public Information Office
Audit Committee Members

Custodial Contract Reviews
Summary of Reports Issued

Contractor	Report Date	Department	Assessment of Violation (1)
Natural Building Maintenance	(2)	ISD	Major
Metro Building Maintenance	(3)	DPW, Probation, B&H, ISD	Major
Advanced Building Maintenance	01/14/00	ISD, LB Court House	None
Pedus Building Services	02/01/00	DHS, Coroner	None
A-One Building Maintenacne Company	02/23/00	Public Library	Major (4)
Korean Maintenance Company	03/21/00	DPW	None
Expert Development	04/06/00	DCFS - MacClaren Hall	None
Empire Maintenance Company	04/13/00	Military & Veterans Affairs	Minor
AA Building Maintenance	04/24/00	Public Library	Major, Major (5)
Pacific Sun Maintenance Company	05/19/00	Public Library	Major, Significant (6)
Sodexho Marriott	06/13/00	Museum of Natural History	None
LA Cha Maintenance Company	09/22/00	B&H, DCFS	Minor
Quality Cleaning Services	09/26/00	DPW, LA County CDC	Significant
Far East Landscaping	10/16/00	ISD, DHS, DCFS,	None
Diversified Maintenance Company	12/07/00	DPW, ISD	None
California Dining Services	12/29/00	CAO	Major
Diamond Contract Services, Inc.	02/06/01	ISD	None
PJK Maintenance, Inc.	03/06/01	ISD	None
Premier Building Maintenance	03/16/01	ISD	None
Reliable Building Maintenance	05/16/01	ISD	Significant
Glenn Building Maintenance	07/06/01	DPW	Minor
Bell Building Maint.	09/18/01	Probation, DPW, ISD	Significant
Systems Management	12/21/01	DPW	Significant
Porschia Alexander of America, Inc.	01/24/02	DHS	Significant
United Building Services	02/01/02	B&H	Significant

(1) A brief description is provided on the following page of each category of violation assessment.

(2) 03/19/99, 03/26/99, 04/02/99

(3) 04/09/99, 04/16/99, 05/17/99, 06/29/99

(4) Contractor was debarred effective June 20, 2000.

(5) A follow-up review was completed on 12/05/01 that noted a major violation of the County contract continues to exist.

(6) A follow-up review was completed on 11/06/01 that noted a significant violation of the County contract continues to exist.

Custodial Contract Reviews
Criteria Used in Assessing Violations

In assessing the custodial contractors' compliance/non-compliance with the various State and federal laws and County contract terms, we evaluated the contractions using the rating criteria identified in the ***Guidelines For Assessment of Proposer Labor Law/Payroll Violations***. As noted in the Guidelines, the assessment of whether a violation is major, significant, or minor shall include, but not limited to, consideration of the following criteria and variables:

Accuracy in self-reporting by contractor
Health and safety impact
Number of occurrences
Identified patterns in occurrences
Dollar amount of lost/delayed wages
Proportion to the volume and extent of services provided, such as number of employees

The following are examples that would warrant each classification if the contractor demonstrated all the noted violations.

Major – Contractor did not maintain payroll/timekeeping documentation, misclassified employees as sub-contractors, sub-contracted portions of the County contract without notifying the department, and did not pay the employees for all hours worked. Also, contractors who refuse to provide us with payroll/timekeeping documentation are assessed a major classification.

Significant - Contractor did not maintain payroll/timekeeping documentation.

Minor – Sub-contracted portions of its County contract without notifying the department. The sub-contractors are complying with all relevant State and federal labor laws and County contract provisions.

None – Contractor was complying with all relevant State and federal labor laws and County contract provisions.