



RON GALPERIN
CONTROLLER

March 28, 2017

Honorable Eric Garcetti, Mayor
Honorable Michael Feuer, City Attorney
Honorable Members of the Los Angeles City Council
All Angelenos

Re: Audit of LADWP's Training Programs

Today, I am releasing an *Audit of LADWP's Training Programs* that evaluates the Department's training -- both of new employees and of ongoing trade and professional development for the utility's nearly 9,100 employees.

As the nation's largest municipal utility, the LADWP must recruit the best employees -- and its workforce must be well-trained to effectively serve the needs of 681,000 water customers and 1.4 million electric customers. The utility industry requires unique knowledge and skills to provide water and power, to maintain and upgrade our infrastructure, to avoid the hazards of utility-related work and to offer quality customer service. To these ends, LADWP offers apprenticeship programs, as well as safety training, technical trainings, continuing professional education and tuition reimbursements.

The costs of LADWP's apprenticeships, programs, trainings and reimbursements totaled \$154 million in FY 2015. We undertook our audit insofar as it is vital to know whether the money is being well-spent, and whether the intended results are being achieved. Our findings suggest that substantive changes are needed. And while in the course of this audit, I am pleased that LADWP has taken some initial steps to seek to address the findings outlined by my Office, there is much to be done to effectuate the changes that are called for.

Insofar as the City is in the midst of negotiating a new multi-year Memorandum of Understanding (MOU) between LADWP and the International Brotherhood of Electrical Workers (IBEW) Local 18¹, there is a notable opportunity to adopt key elements of the recommendations from the audit into the MOU. In particular, alternative training and hiring models can help improve apprentice graduation rates.

¹ The new MOU also provides City leaders with the opportunity to consider the performance and the future of the Joint Safety Institute and the Joint Training Institute, the two nonprofit entities established jointly between LADWP management and IBEW Local 18, and that were reviewed by the Controller's Office in an April 2015 audit.



In addition, it may be prudent to implement a revised compensation structure that better attracts apprentices, and retains these individuals as well.

LADWP should also consider designating a senior level manager to oversee all training, streamline the recruitment process, and continue to monitor workers' compensation claims -- helping to ensure skilled craft employees are available to fill anticipated workforce gaps within the Department.

Notable Audit Findings:

Apprenticeships With High Costs & Low Graduation Rates -- LADWP spent in the area of \$40 million in FY 2015 on four long-term craft apprenticeship programs for the Power System. One of these programs, for electrical mechanic trainees, graduated more than 80% of students. However, the three other programs had graduation rates at or below 50% during the period under audit. The Department believes that the cost to graduate an apprentice ranges from \$440,000 to \$665,000, inclusive of salary, trainers, facilities and other overhead. Low graduation rates mean a lost investment in time and salaries for people who ultimately do not graduate, and do not end up working for the utility long-term.

The Problem of Attrition -- LADWP lacks any real requirement that graduates of its apprenticeship programs continue to work for the utility. This fact, coupled with generous signing bonuses offered by other utility companies, has resulted in some LADWP apprenticeship graduates leaving within a short period of time after they graduate. Unfortunately, LADWP does not maintain a complete and reliable record of the attrition rates of its apprenticeship program graduates, but there have been multiple such cases. Given the costs of graduating an apprentice, each such graduated apprentice that LADWP loses costs the utility and its ratepayers hundreds of thousands of dollars.

Escalating Salary Costs -- About 99 percent of reported training costs were related to wages and benefits paid to trainees and trainers while employees were being trained. The \$154 million in training-related costs in FY 2015 represent a steep increase of 60% over the \$96 million spent in FY 2012. Most trainings were in-house, with less than 1 percent of training costs paid for outside vendors, conference fees or tuition reimbursements.

Growing Overtime -- In part to compensate for the lack of new employees hired through apprenticeships, LADWP is paying more overtime to power system employees. For example, overtime for electric distribution mechanics -- whose apprenticeship program had only a 43 percent graduation rate -- increased from 23 percent of payroll costs in FY 2013 to 41 percent of payroll costs in FY 2015.

Insufficient Planning for the Workforce of the Future -- The challenges in recruitment, training and graduation place LADWP at risk of not having enough skilled craft employees to fill its anticipated workforce gaps with a sizeable number of retirements expected in the coming years. Unless the utility becomes more effective at training, the shortfall of well-trained individuals would adversely impact both routine maintenance activities and possibly even delay the Department's new infrastructure projects and its Integrated Resource Plan.

The Ongoing Challenge of Workers' Compensation Claims -- One of the vital measures of good training is the impact it can have on reducing worker injuries. While LADWP experienced a decline in workers' compensation claims from 1,094 in 2010-11 to 957 in 2014-15, its rate of employee injuries and claims is still markedly above the levels reported by Pacific Gas & Electric, Southern California Edison and Seattle City Lights. On the positive side, mandatory trainings on Equal Employment Opportunity have been expanded, resulting in a reduction of related claims by more than one-half over a decade. The lesson is that good training saves money.

A Gender Gap -- LADWP's apprenticeship programs -- and ultimately some of its best paying jobs -- are overwhelmingly male-dominated. Women accounted for just 5 percent of enrollees in all four apprenticeship programs in FY 2015. The LADWP has recently initiated a program to recruit more women -- but more can and should be done to provide more women with more opportunities.

Tuition Reimbursements With Few Strings Attached -- LADWP is more generous with covering the cost of higher education tuition for employees than other utilities surveyed -- and than other L.A. City departments. The utility reimburses all tuition expenses with no lifetime limit, but requires employees whose costs have been covered to remain employed for just one year.

Recommendations:

Setting of Meaningful Goals and Expectations -- There needs to be clear and meaningful goals and expectations for all training programs, for example: apprentice graduation and retention; reduction of injuries and workers' compensation claims; and the maintenance and building of trade and professional skills. The solution is a dedicated senior-level manager to be responsible for overseeing all training investment and results. We urge the Department to report on these, as more specifically outlined in the audit and recommendations therein.

Collection and Application of Better Data -- Our audit found that LADWP does not adequately analyze results of its four apprenticeship programs to determine how it can better select apprentices, and how it can achieve better graduation rates. Better data, and better use thereof, will help LADWP to determine how to best invest its training dollars to reduce worker injuries and related workers' compensation injuries. Accordingly, the Department should implement better data collection and tracking policies and processes -- and report regularly on its data and progress to the LADWP's Board of Commissioners and to the City Council and the Mayor.

Reassessment of Apprenticeship Programs -- LADWP currently has a long timeframe from recruitment to placement of a journey level worker. Compared to other utilities, LADWP requires a five-step process: job classification, recruitment, selection, training and placement. The Department should explore additional and alternative training and hiring models that are not so dependent on in-house apprenticeship programs. One way to do this is to expand pre-apprenticeship and apprenticeship feeder programs, possibly in partnership with schools such as L.A. Trade Technical College and with labor. Rather than the LADWP taking in the full burden and risk of training, the LADWP could then hire new employees who have received more advanced training elsewhere. These options could help to reduce the significant costs currently associated with apprenticeship programs.

March 28, 2017

Page 4 of 4

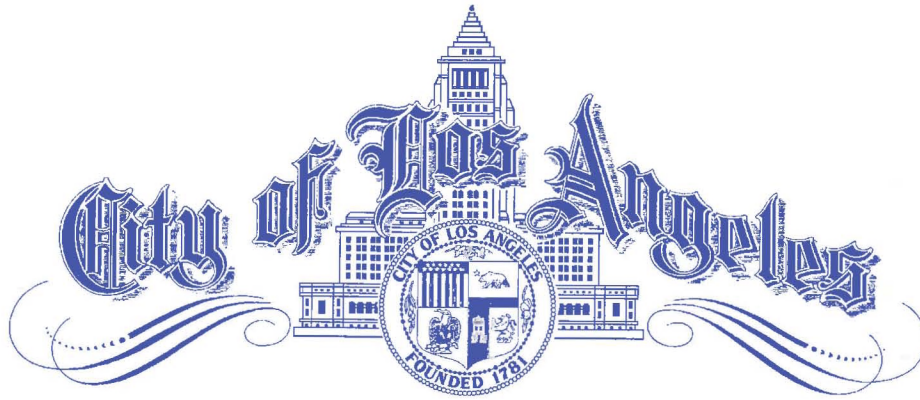
Implementation of a Better Strategy to Retain Graduated Apprentices -- The audit also highlights the lack of any requirement, or of significant incentives for graduating apprentices to continue their employment with LADWP after graduation. Employees who receive valuable training at LADWP's expense are free to leave for another utility without consequence. Moreover, companies like Southern California Edison lure graduates with hiring bonuses and then pay double-time rates for any overtime worked – making it very enticing for recent graduates to leave LADWP (which generally pays overtime at the rate of time and a half). Accordingly, LADWP and the City need to better assess and implement a compensation structure that both attracts and retains well-trained individuals. Specifically, LADWP should develop a revised compensation structure based on a calculated investment cost and benefit of retaining key skilled employees. It may be prudent to impose penalties for early departure after much training, while rewarding longevity.

Revision of Tuition Reimbursement Policies -- While furthering the professional development of employees is laudable, there needs to be reasonable limits and clearer rules and expectations.

Respectfully submitted,


Ron Galperin
CITY CONTROLLER

Cc: Board of Water and Power Commissioners
General Manager David Wright, Los Angeles Department of Water and Power
Eric Garcetti, Mayor
Herb Wesson, Council President
City Councilmember Nury Martinez, Chairwoman, Energy and the Environment Committee
Richard Llewellyn, Interim City Administrative Officer



RON GALPERIN
CONTROLLER

March 28, 2017

David H. Wright, General Manager
Los Angeles Department of Water and Power
111 N. Hope Street, Room 1520
Los Angeles, CA 90012

Dear Mr. Wright:

Enclosed is an audit report entitled "Audit of the Department of Water and Power's Training Programs", dated March 28, 2017. A draft report was previously provided to your Department and comments provided by your staff at the exit conference held on December 20, 2016 were evaluated and considered. In addition, your Department's formal response and the action plan for implementing the audit recommendations is included in Appendix III of the report.

If you have any questions or comments, please contact me at alfred.rodas@lacity.org or (213) 978-7392.

Sincerely,

ALFRED RODAS, CPA, CIA, CIG, CIGI
Director of Auditing

Enclosure

cc: Mel Levine, President, Board of Water and Power Commissioners
Frederick H. Pickel, Ph.D., Ratepayer Advocate, Office of Public Accountability
Ana Guerrero, Chief of Staff, Office of the Mayor
Barbara Romero, Deputy Mayor
Richard H. Llewellyn, Interim City Administrative Officer
Sharon Tso, Chief Legislative Analyst
Holly L. Wolcott, City Clerk
Independent City Auditors



RON GALPERIN
CONTROLLER

March 28, 2017

Richard H. Llewellyn, Interim City Administrative Officer
200 N. Main Street, Room 1500
Los Angeles, CA 90012

Dear Mr. Llewellyn:

Enclosed is an audit report entitled "Audit of the Department of Water and Power's Training Programs," dated March 28, 2017. We previously provided a section of the report to your office on December 28, 2016 and comments provided by your staff were evaluated and considered in finalizing this report. In addition, your Department's formal response and the action plan for implementing the audit recommendation is included in Appendix III of the report.

If you have any questions or comments, please contact me at alfred.rodas@lacity.org or (213) 978-7392.

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A U D I T

City of Los Angeles


Audit of the Department of Water and Power's Training Programs

March 28, 2017



RON | GALPERIN
Los Angeles City Controller
LAController.org





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Why did the Controller do this Audit?

A well trained workforce is an integral part to achieving organizational excellence and to ensuring that the delivery of reliable, high quality services is both achieved and sustained.

The Los Angeles Department of Water and Power (LADWP) employs approximately 9,100 people. While a well-trained workforce is critical to the success of LADWP, its investment in training must be capably managed to ensure that it leads to desired outcomes and an acceptable rate of return.

This audit was done to help provide insights about how the training programs at the LADWP can be optimized to ensure that ratepayer resources expended on training at the LADWP are providing a satisfactory return on investment which is vital to the City of Los Angeles.

TABLE OF CONTENTS

EXECUTIVE SUMMARY	i
BACKGROUND	1
<u>FINDINGS, OBSERVATIONS AND RECOMMENDATIONS</u>	
SECTION I: MANAGEMENT'S OVERSIGHT & REPORTING	6
SECTION II: APPRENTICESHIPS	15
SECTION III: CASH EXPENDITURES ON TRAINING.....	27
GLOSSARY OF KEY TERMS:	33
<u>APPENDICES</u>	
APPENDIX I: ACTION PLAN	35
APPENDIX II: FINANCIAL IMPACT.....	42
APPENDIX III: DEPARTMENTS' FORMAL RESPONSE & ACTION PLAN	43
<u>EXHIBITS</u>	
EXHIBIT 1: TRAINING COST GROWTH OVER FIVE YEARS.....	2
EXHIBIT 2: POWER'S MAIN APPRENTICESHIP PROGRAMS.....	3
EXHIBIT 3: 5 YEAR WORKERS' COMPENSATION CLAIMS HISTORY	14
EXHIBIT 4: GRADUATION RATES FOR THREE OF POWER'S MAIN APPRENTICESHIP PROGRAMS.....	16
EXHIBIT 5: TRAINING TIME ALLOCATION	16
EXHIBIT 6: OVERTIME TREND IN POWER SYSTEM	19
EXHIBIT 7: GENDER DIVERSITY AS OF 2014-15	21

EXECUTIVE SUMMARY

Introduction

The Los Angeles Department of Water and Power (“LADWP” OR “Department”) employs approximately 9,100 individuals with diverse jobs. These jobs include skilled craft positions, professionals and technicians, administrative support, protective services, and maintenance workers. The utility industry requires unique knowledge and skills and inherently has more hazards in the workplace; accordingly, **LADWP provides apprenticeship programs, as well as safety training, technical trainings, continuing professional education and tuition reimbursements.**

This audit reviewed a five-year period, in which the Department’s spending on training ranged from \$95 million to \$154 million annually. This amount does not represent payments to outside vendors and contractors to pay for training. Instead, *99% of this amount represents wages paid to employees while they attended training classes or on-the-job trainings.* Less than 1% of total training costs were paid to outside vendors to provide training in-house or for employees to attend conferences. An additional \$2 million was paid as tuition reimbursements.

The Power System comprises more than 80% of the Department’s total training costs, averaging \$95 million per year, with \$40 million incurred for its apprenticeship programs. Power has four main craft apprenticeships, whereby trainees hired through the civil service system earn a salary during their 24 to 42 month apprenticeship, which includes both classroom and field training, and assignment to a work crew. The Water System provides craft training, but has no formalized apprenticeship programs.

Other internal trainings are developed and offered based on the Department’s needs, including City or legislative requirements, safety considerations and to enhance and improve employee performance. The Joint Safety Institute (JSI) and Joint Training Institute (JTI)¹ help to identify Departmental training opportunities, and function as incubators for training and safety programs at LADWP. The Department’s database noted approximately 300,000 individual attendees at 701 distinct courses provided at LADWP over a five year period.

¹ The Joint Safety Institute (JSI) and Joint Training Institute (JTI) are non-profit organizations established as a collaboration between LADWP management and labor through IBEW Local 18. JSI and JTI support LADWP by identifying, developing, and purchasing training curriculum used by LADWP. This report evaluates only LADWP’s direct costs for training programs, not those paid through the Trusts, which were the subject of a prior Controller audit issued in April 2015

LADWP encourages continuous development and learning, and has provided programs to facilitate training its workforce. For LADWP to deliver on its mission to provide “clean, reliable water and power in a safe, environmentally responsible and cost-effective manner,” management indicated that it must maintain a well-trained workforce; in addition, the Power System intends to help fill its workforce gaps related to critical skilled craft positions through its apprenticeship programs.

Objective

The main objective of this audit was to evaluate the efficiency and effectiveness of training at LADWP and to determine whether the Department achieves its desired outcomes in developing a well-trained workforce in a cost-effective manner.

Relevant Observations

In conducting this audit, we made note of certain conditions that though not deemed as Findings are considered items of importance warranting management attention.

- LADWP invests heavily in safety training and has experienced a decline in workers' compensation claims over the past five years; however, its claims rate is still higher than other utilities.
- LADWP is heavily dependent on its own apprenticeship training programs to fill its workforce gaps.

Summary of Key Audit Findings

Favorable Conditions Noted

- LADWP has developed comprehensive internal programs that result in well-trained and skilled craft employees.
 - The Water System has an accredited training program.
 - The Power System's apprenticeship programs develop recognized journey-level skilled workers.
- LADWP conducts most trainings in-house.
 - This saves money by not using outside consultants or sending employees to numerous external trainings.
 - Training is customized to LADWP operations.

- LADWP encourages employee development and provides numerous training opportunities which support career growth and contribute to a low turnover rate.
- We noted effective internal controls over LADWP's processing of training related payments (i.e., tuition reimbursements, expense reports).
- LADWP has enhanced and expanded its mandatory trainings focused on Equal Employment Opportunity and Safety. Management indicated that these trainings are a contributing factor in reducing in the number of discrimination and workers' compensation claims filed by employees.

Areas Requiring Attention

Key Audit Findings

- LADWP invests in extensive apprenticeship programs, but had **low graduation rates for three of four programs**. While new strategies are being pursued, results are not yet apparent in the multi-year apprenticeship programs affecting the Department's ability to fill the workforce gap created by retirements and new technologies.
- LADWP's information systems **do not provide complete and reliable information about training** and related costs that could be used for management monitoring.
- LADWP had not developed adequate goals and strategies for training. We found **limited reporting to facilitate comparing actual results to goals, and no monitoring on the effectiveness of strategies pursued**. Training reports lacked detail and analysis, or had been discontinued.

Conclusion:

While the Department has invested heavily in training programs, it has not adequately monitored its training investment or realized optimal returns. No LADWP executive-level position has been made responsible for overseeing or monitoring the training costs and related benefits, or holding divisions accountable to ensure that training objectives are realized.

Furthermore, while the quality of trainings appeared to be high and generally met the Department's needs, we noted that apprenticeship graduation *rates* are too low to fill the anticipated need for positions identified by the Power System's Integrated Human Resources Plan.

Potential Impact

In the next seven years, LADWP expects to lose between 1,200 and 1,700 of its approximately 9,100 employees to retirement. A workforce gap, particularly for skilled craft employees, has been cited as a problem. Trained employees are needed to meet the Department's challenges, which include eroding infrastructure, new environmental regulations and new technologies.

Without clear goals and strategies to improve the apprenticeship graduation rate and consideration of risks related to retaining those graduates, LADWP will not be able to address its anticipated workforce gaps, which in turn could impact its ability to achieve its stated mission.

Training, like any investment, should provide an optimal rate of return. The Department may be dedicating unnecessary resources to some training activities, since management has not determined what outcomes are expected, or measured the actual results against the cost of providing such training.

What the Department should do next:

To address these problems, we recommend:

- Evaluation of reporting needs for the Department's training activities, and stronger oversight/monitoring of its investment in those activities, including:
 - Designating centralized oversight of training programs under strong leadership, and
 - Improving reporting capabilities through better data collection processes and updating information systems;
- Stronger goals that are specific, measurable and include strategic initiatives and action plans;

- Reporting on how it plans to further reduce workers' compensation claims and resulting costs over the next several years through its training programs.
- Improving apprentice graduation rates through various strategies, including addressing hiring obstacles and delays, and targeted outreach for recruitment.
- Exploring other training paradigms beyond heavy reliance on apprenticeship programs that could be adopted in the future to meet the anticipated workforce gap.

Scope and Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In accordance with these standards and best practices, we performed the following work:

We reviewed LADWP's training programs, including trainings conducted in-house at LADWP facilities or off-site at conferences and seminars or formal education degrees obtained on the employees' own time. The training programs are wide-spread throughout the Department; therefore, we focused on skilled craft training, including numerous apprenticeships, safety trainings, HR related courses on supervision, and continuing professional education and miscellaneous courses, based on data from July 2010 through June 2015.

Audit fieldwork was primarily conducted from July 2015 through March 2016 and generally covered activities over a five year period through June 30, 2015.

Interviews, Meetings & Site Visits

We conducted more than 70 interviews with LADWP management and staff from the Joint, Water and Power Systems, including AGMs, directors, managers, analysts, and training staff.

Site Visits, Process Walk-throughs & Data Analysis

We visited the Power and Water training facilities, the Scattergood Steam Plant and Los Angeles Trade Technical College. We conducted walkthroughs of processes used to track

trainings, apprenticeships, contracts and expense reporting by viewing various information systems currently used to track, maintain, report on trainings. We obtained data provided by the Department and the Personnel Department and analyzed training classes, tuition reimbursements, and diversity statistics. We also obtained and reviewed governance documents, LADWP's policies and procedures, MOU's, workers compensation statistics, safety reports, Injury and Illness Prevention Program (IIPP) documents, cost reports, and external and internal audit reports.

Benchmarking and Literature Review

We surveyed other jurisdictions throughout the Country regarding their training programs and costs; we also asked about workers' compensation. While LADWP does not truly have many peers, we received partial answers from 5 utilities, relevant information is incorporated within the findings and recommendations section. Those providing some information were:

- Pacific Gas & Electric (power)
- Southern California Edison (power)
- Salt River Project,
- Seattle City Light (power)
- Long Beach Water Department (water)

Review of the Report

On November 21, 2016, a draft of this report was provided to LADWP management and we met with LADWP management at an exit conference held December 20, 2016. We considered their comments as we finalized this report.

In this meeting, the Department provided Power System Safety and Training's goals and objectives in response to Finding #2. Documents provided were subsequent to the audit period, but provided more detail with strategies than prior years for a portion of the Power System.

Much of the discussion was centered on the cost and graduation rates of apprentices. The Department discussed employing the strategies discussed in the report and indicated that graduation rates are increasing. Management provided documents that projected higher graduation rates for current classes, including two ending December 30, 2016, with 80% and 61% graduation rates.

Department Response & Action Plan

LADWP and the City Administrative Officer provided a formal response and Action Plan, which are included as Appendix III. Below is our assessment and related comments pertaining to both.

The Department agreed with all but one of the fifteen recommendations that were directed to LADWP. Based on the action plan provided, we now consider thirteen of the recommendations as Partially Implemented/In Progress (1.1; 1.2; 2.1; 2.2; 2.3; 3.1; 3.2; 3.3; 4.1; 4.2; 5.1; B.1 and 6.1), one as Not Yet Implemented (A.1) and one as Disagree (7.1). We offer the following comments to clarify our position and assessment of the current status of recommendations, which may differ from that expressed by management.

With regard to the Recommendations related to Finding #2, we note that although the Department agreed with the recommendations, the actions proposed only partially address the intent of the underlying Finding, which pertained to all training. Management's response addressed issues relative to the Power System and indicated the recommendation has been implemented. While we acknowledge that the Power System incurs the majority of the Department's training costs and that improvements have been made in that area, the intent of the recommendation was to address the concerns on a Department-wide basis. Accordingly we reiterate our position that management consider the recommendation from a broader, Department-wide, strategic perspective; rather than solely focused on the Power System's training programs.

Recommendation B.1 was to explore other training paradigms beyond heavy reliance on apprenticeship programs. Management indicated this is implemented, since the Power System has been hiring journey-level workers through the City's open list system. While we acknowledge this action as a step in the right direction, this action is generally infrequent, so we encourage management to continue to explore alternative hiring arrangements to expand its skilled workforce. Accordingly, we consider this item to be In Progress.

The recommendations related to Finding #5, that LADWP does not have a requirement or contract to retain employees who complete their apprenticeship programs, were directed to both LADWP and the City Administrative Officer for consideration and action. Specifically, LADWP should analyze the cost/benefit of the programs to inform a revised

compensation structure, including provisions designed to protect the Department's investment and retaining employees, and; along with the CAO, consider these issues in upcoming MOU negotiations. Based on the Departments' reported information provided in their action plan, implementation of this recommendation is considered In Progress. While we acknowledge efforts made by the City in the past to consider this issue, we believe that all of the appropriate parties, including the CAO, LADWP management and their HR Division must continue to be creative and diligent in establishing ways to mitigate the risk of severe shortages of electrical workers in the future. Negotiations must stress the urgency of retaining these workers through effective strategies.

Recommendation 7.1 pertained to LADWP's practice of advancing 100% of the estimated costs of an employees' travel, which had contributed to lengthy delays in closing out expense reports and which increases the risk of overpayment if actual expenditures are less than anticipated. Management disagreed with some points included in the recommendation, and indicated that changing the practice to providing 90% of the expense request would need to be discussed through labor relations. We urge the Department to limit the practice of providing a full advance for all travel costs.

We wish to acknowledge the efforts the Department has taken or planned to address the audit recommendations. We cite the following as examples:

- (i) Our concerns related to the completeness and reliability of information used by the Department for oversight and reporting purposes will be addressed by the Department's planned replacement of its human resources and financial reporting systems, scheduled for implementation in FY 2019-20 (response to recommendations 1.1 and 1.2).
- (ii) The Department's planned efforts to develop a more comprehensive review of current outcomes and costs to help improve the effectiveness of its training programs (response to recommendation 2.2).
- (iii) The Department's plan to report to the Board of Water and Power Commissioners on how it plans to further reduce worker's compensation claims and resulting costs over the next several years through its training programs (response to our observation A.1.)
- (iv) The Department's plan to increase outreach sessions at military bases, journey level or lineman schools, and local area skill centers to help bring qualified candidates into the Department's training programs (response to recommendations 3.2 and 3.3).

The Department's actions to address the issues identified in this audit will be considered as part of a future follow-up by the Controller's Office.

Finally, we would like to thank LADWP staff and management for their time and cooperation during this audit, as well as staff from the Los Angeles Police Department and the Offices of the CAO and City Attorney, that provided helpful information that we considered during the audit and in drafting this report.

BACKGROUND

To prepare employees for skilled craft positions, the Department often hires apprentices and provides classroom and on-the-job training. In addition, the Department provides safety and other mandatory training and significant opportunities to all employees to advance their careers by providing training, tuition reimbursements and continuing education. Training is important to LADWP as stated in MOUs and their employee manual. The Department encourages continuous development and learning and has developed programs to facilitate training to its diverse workforce.

LADWP has about 9,100 employees with roughly 20% in the Water System, 40% in the Power System, and 40% of employees serving both sides of the organization through administration, finance, information technology, etc. (referred to as the Joint System). Overall, LADWP's workforce includes diverse jobs, comprised of skilled craft positions, professionals and technicians, administrative support, protective services, maintenance workers, and officials/administrators. More than half of the workforce is skilled craft (37%) and professionals/technicians (28%).

I. TRAINING COSTS

LADWP's training costs have ranged from \$95 million to \$154 million annually over the last five fiscal years.

Nearly all of these costs derive from internal trainings², which are delivered either by other LADWP employees or by consultants. During fiscal year (FY) 2014-15, less than 1% of training costs were payments to outside entities, including contracted vendors and conference/seminar registration fees. An additional \$2 million is spent annually on tuition reimbursements for employees pursuing college or specialty degrees on their own time.

Over the audit period, the average annual training cost per employee was \$13,000. However, the allocation of training is skewed towards the Power System with \$24,000 per employee, which includes apprenticeships; the other systems had average costs of \$6,000 for Water and \$5,000 for Joint. LADWP classifies training costs and activities by system: Power, Water, and Joint.

The Power System comprises more than 80% of total Department's training costs, averaging \$95 million annually. Approximately \$55 million of that amount is for craft trainings (\$40 million for apprenticeships and \$15 million for other systems' craft trainings and continuing education for journey-level workers).

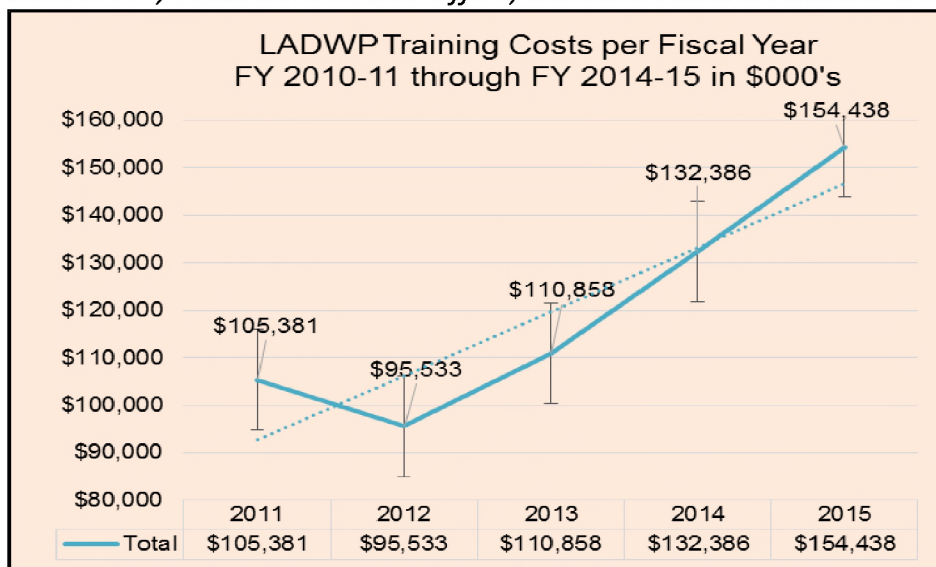
² Training costs derived from employees charging time to training, along with other direct expenditures, such as employee benefits and cost of supplies.

Total training costs have grown to \$154 million in FY2014-15.

Training costs increased over our audit period and Department management indicated they are not expected to decrease due to the number of new hires needed to replace experienced staff expected to retire, and required training as new technology is developed. Management indicated that maintaining a well-trained workforce will be an ongoing priority.

Exhibit 1 – Training Cost Growth over Five Years

(Source: LADWP, Financial Services Office; excludes reimbursements & tuition)



II. TRAINING COMPONENTS

A. APPRENTICESHIPS

The lengthiest programs, which also have the largest training costs are the apprenticeships offered in the Power System. We found that labor-related costs coded to apprenticeship activities are about \$40 million a year, or 34% of the Department's total training costs. The programs require a time commitment of up to 42 months, during which the trainee is paid a salary.

The Power System's four main craft apprenticeship programs include: Electrical Mechanic Trainee (EMT), Electric Distribution Mechanic Trainee (EDMT), Electric Station Operators (ESO), and Steam Plant Assistant (SPA). The Power System also offers other less extensive apprenticeships. Apprenticeships include both classroom and field trainings, mostly at

LADWP's Truesdale Training Center, and on-the-job training while assigned to work crews. The Exhibit below lists the prerequisites, duration and class size for the primary apprenticeships.

Exhibit 2 - Power's Main Apprenticeship Programs

(Source: LADWP - Power System Utility Administrators)

Apprenticeship Program	Prerequisite – Previous Experience	Apprenticeship Term – # of Months	Appx. # of Trainees per Hiring Class
Electrical Mechanic Trainee (EMT)	6 mos. electric exp.	40	30
Electric Distribution Mechanic Trainee (EDMT)	Pole climbing cert. 6 mos. electric exp.	42	30
Electric Station Operator Trainee (ESOT)	None	24	20 – 30
Steam Plant Assistant (SPA)	None	36	30

The Water System also provides craft training and has their own training center, but it does not have formalized apprenticeship programs like Power; Water spends much less than Power on training.

B. OTHER INTERNAL TRAININGS

Divisions develop trainings based on the Department's needs, City requirements, legislative requirements, safety considerations, or the desire to enhance and improve employee performance.³ . Most trainings are delivered in-house and often by LADWP staff who are trained to teach the courses. Trainings may be designated as mandatory or optional; attending optional training requires a manager's approval.

Mandatory trainings administered by the Joint System may be applicable to every employee, or just to specific employees (e.g., those in the field handling hazardous materials, etc.). Examples of mandatory training included the EEO training, safety trainings, and environmental trainings.

Optional trainings include employee development programs and skill enhancements, such as the Supervisory Development program, the Executive Leadership Development

³ The Joint Safety Institute (JSI) and Joint Training Institute (JTI) also identify training opportunities for LADWP since they function as incubators for appropriate trainings and safety programs. See glossary.

program, and software program classes. These are based on the Department's focus on employee training and development, along with their culture of promoting from within.

The Human Resources Management System (HRMS) database reported an attendance of 292,992 in 701 distinct courses. The number of courses taken by each employee over the five-year period varied considerably based on the employee's job classification.

While the majority of the **Craft** training costs are Power's apprenticeships and journey-level refresher courses, some additional Craft training occurs in the Water and Joint Systems.

Technical and **Other** trainings accounted for the remaining costs, at approximately \$16 million each. Technical training includes training for white collar employees (e.g., water quality courses, engineering, information technology, certified continuing education, etc.), while the HR-mandatory courses are generally classified as Other.

Positive outcomes have resulted from training. For example, the Department indicated it has experienced a notable reduction in discrimination complaints as a result of management and policy changes, along with mandatory EEO trainings. EEO management presented a ten-year history reflecting a decreasing trend in new internal claims by year, starting at 102 decreasing to 47 for 2014 (with 31 new claims through October 2015).

Safety trainings are extremely important to the Department, especially for craft employees working in dangerous places (e.g., heights and high voltage). The Department spent approximately \$30 million on Safety training. Safety trainings are determined in a collaborative manner based on injury reviews and discussion at safety committee meetings, Joint Labor Management meetings, and through the incubator work done by the Joint Safety Institute. The Safety managers review both near-miss accidents and actual on-the-job injuries to suggest and promote new and existing trainings.

C. OUTSIDE TRAININGS AND CONFERENCES

LADWP's training programs are primarily delivered in-house in a classroom setting or on-line. Less than 1% of the Department's total training costs (approximately \$1.5 million annually) is paid for trainings provided by outside vendors, including LADWP employees attending outside conferences/trainings. Some vendor payments are actually for "train the trainer" contracts enabling LADWP employees to deliver the trainings in-house. It should be noted that the JSI and JTI Trusts (not LADWP) execute and pay for many contracts with external training providers, and we found no duplication of payments by LADWP for the same vendor/topics.

Specialized continuing education may be provided at outside trainings for those needing to meet professional or technical certification requirements, and attendance at regional and national conferences is approved for some employees to discuss leading practices and changes in the industry.

D. TUITION REIMBURSEMENTS

LADWP encourages employees to pursue higher education through its tuition reimbursement policy, which costs LADWP approximately \$2 million per year. Over the five-year period ended June 2015, LADWP reimbursed 565 employees a total of \$9.9 million (an average of \$17,522 per participating employee) for college tuition and certain related expenses.

FINDINGS, OBSERVATIONS & RECOMMENDATIONS

This section discusses findings and recommendations for the following three areas:

- Management oversight and reporting
- Apprenticeships
- Cash expenditures on training

SECTION I – MANAGEMENT OVERSIGHT & REPORTING

Finding #1:

The Department's information systems did not contain complete and reliable information about training and related costs that could be used for management monitoring.

Discussion

An effective internal control system is intended to, among other things, help an entity to run its operations efficiently and effectively and report reliable information. This is detailed in the Standards for Internal Control in the Federal Government published by the United States Government Accountability Office.⁴ According to this framework, there are five components to internal control. These components are:

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring

The control activities component includes the principle that “management should design control activities to achieve objectives and respond to risks.” The control component of information and communication above includes the principle that “management should use quality information to achieve the entity’s objectives.”

⁴ The Standards for Internal Control in the Federal Government are based upon the 2013 Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations (COSO). This framework is generally considered to be the standard bearer for providing principles for the establishment of an effective internal control system for any entity, regardless of the industry it is in and regardless of whether that entity is in the public or private sector.

In the course of our audit, we noted that the Department has certain challenges related to collecting data about training.

First, we discovered that not all trainings were recorded in HRMS. Our testwork found that 15% of the training sessions sampled were not entered into the HRMS system.

Second, data fields in the HRMS system intended to capture the number of hours for a new class, and to indicate whether the class was mandatory or optional, were not required to be completed. We also noted that training coordinators did not consistently enter the course hours or identify whether the course was mandatory when setting up a new course in the system. The HRMS administrator suggested that HRMS reports for mandatory trainings would not be reliable, overall.

Third, we noted that while division or section management is aware of the types of trainings provided to their employees and has a process for documenting trainings attended through HRMS, the Department did not have a process in place to identify which specific employees needed to attend certain training and then document that information in HRMS. For example, the Environmental Affairs Division (EAD) knows the legal requirements concerning storm-water treatment, and identifies trainings that field staff need in order to meet the requirements. However, EAD did not know which specific employees needed to take that training, and therefore, could not effectively monitor compliance.

Fourth, the HRMS system does not capture any cost information on training courses and the Department does not quantify the actual or estimated cost per employee spent on training, or cost per course. LADWP has financial systems that are decades old and are not set up to easily identify or monitor training costs at LADWP. LADWP's FSO – Budget Office developed a training cost report for the Rate Payer Advocate, through a complex process of combining data from two systems (RCAS, the cost accounting system and IBIS, the budgeting system) along with an Access database. The report is based on labor charges to training "jobs", and includes both direct and indirect costs. While this process can provide training costs by organizational level, it is not linked to HRMS, preventing visibility into costs of specific trainings or training types. HRMS provides courses without cost information, and the job costing systems provides cost without identifying types of training taken.

The above conditions occurred for a variety of reasons. To begin with, the LADWP systems are decades old and were not set up to capture details on training and their

related costs. Accordingly, the Department does not have one system that provides both cost and content of trainings. In addition, even with the current system limitations, it did not appear that management has prioritized the monitoring and reporting on training (see Finding #2). For example, there has not been a concerted effort to design systems and interfaces to enable reporting on both the cost and the content of training. Also, because the Department is decentralized and each division/section is responsible to enter data into the HRMS system, important data is not being captured because the Department has not made the completion of certain data fields in the HRMS system mandatory or facilitated this through drop-down options.

As a result of the above conditions, there is limited visibility into the true cost of training LADWP employees, as well as a risk that not all mandatory trainings will be attended by designated staff due to a lack of robust and informative information systems and monitoring processes.

Recommendations

LADWP management should:

- 1.1 Evaluate reporting needs for trainings, and ensure data collection and reporting is sufficient. At a minimum, reporting should convey the types of trainings, cost details, training hours, and mandatory class compliance.**
- 1.2 Assess the feasibility of updating financial and HR systems to allow for integration/interface with other systems to allow for improved reporting on training and adequate data validation controls.**

Finding #2:

LADWP had not developed adequate goals and strategies for training.

Discussion

As discussed in finding #1, the United States Government Accountability Office has published Standards for Internal Control in the Federal Government. These standards include 17 core principles that should underlie any system of internal control. Among these 17 principles are the following 4 principles relevant this finding:

- Establish structures, reporting lines, authorities and responsibilities
- Demonstrate commitment to a competent workforce
- Hold people accountable
- Specify appropriate objectives

Reference is made to the above while also considering that the Power System has developed an Integrated Human Resources Plan (IHRP). This plan is “a broad and systemic solution. It is a significant and far-reaching strategy that will manage the availability of the Power System’s workforce for the next ten years and beyond.” This document lays out strategies for filling the anticipated workforce gap and states that training programs are needed to fill the expected shortfalls.

The Department’s leadership training discusses goal-setting and teaches that goals should be “SMART”, which is an acronym for: Specific, Measurable, Attainable, Relevant and Time-Bound.

Training is important to LADWP as stated in MOUs and in employee manuals. These encourage continuous development and learning, the Department has developed programs to facilitate training.

The Department’s mission is to provide “clean, reliable water and power in a safe, environmentally responsible, and cost-effective manner...” Collectively, all of the above supports the position that a well-trained workforce necessitates that clear goals with measureable outcomes should be established with regard to training and that management has a responsibility to ensure that training is provided in a cost-effective manner.

In the course of our audit, we noted that the Department’s training goals were limited and general. The goals did not describe how the training programs align with the Department’s overall goal for a well-trained workforce with specific “SMART” sub-goals and objectives. The divisions that sponsor or promote training indicated only general objectives; e.g., to keep employees up-to-date with technology, ensure continuing education is met, and to fulfill any mandatory training requirements. The LADWP Divisions/Sections that have training goals included Corporate Safety, the Power Integrated Support Services Division and the HR Training and Development Section.

The HR Training and Development had goals with metrics and provided monthly reporting of their progress against those goals with both numbers and discussion, only missing the

cost to the organization to provide those trainings. However, the reports were discontinued in 2015 and no reason was given for their discontinuance.

Corporate Safety has a goal to keep workers safe and mandates safety trainings to accomplish that goal. Monitoring efforts included reports on OSHA-reportable injuries. However, those reports did not discuss what caused the reduction in injuries, or if it could be attributed to additional safety training. The reports also did not identify which safety courses were provided to draw a correlation between training and reduced injuries, and there was no associated information on training hours or cost.

Power Administration did not provide goals and strategies that correlated the forecasted need for more workers against the strategies needed to attain those workers. For example, the Power System did not set goals that establish the number of apprentice graduates to fill the gaps. Instead, the Power System set targets for how many active apprentices should be in each program. Maintaining a targeted class size does not directly address the number of successful graduates, since many people drop out before completion. It should also be noted that the Power Administration did not consider the Department's Integrated Human Resources Plan (IHRP) as final so there was no direct correlation to the strategies or needs as defined in the IHRP. The 2013 IHRP describes the challenges and strategies necessary to maintain an adequate workforce at LADWP. The report forecasts workforce gaps for key jobs, incorporating attrition and identifying the number of new journey level workers needed for jobs that could be filled by graduating apprentices. LADWP Senior management deemed the IHRP a critical roadmap to meet the Department's workforce needs and to provide electric service to Department customers. The IHRP noted gaps in key positions, including 125 Electric Distribution Mechanic positions for 2014 (representing 23% of total needed positions for that classification). However, the total active enrollment in the 42-month EDMT apprenticeship program was only targeted at 110. A more relevant goal than targeted class size would be a goal targeting a specific number of graduates, and to detail the strategies required to accomplish that goal, linking this to the overall need to fill the workforce gap.

The Power System does report on the number of apprentices in each class (hiring group); however, there is no discussion or analysis provided of the enrollment number. It is worth noting that while the training superintendents have a clear understanding of the apprentices' challenges and successes, their direct knowledge of successes did not appear to be incorporated into the reporting on apprenticeships. For example, the reports did not provide an analysis of why apprentices succeeded or failed, and the reports did not provide any type of trend analysis. We point out that the Department did not have

metrics on the cost per graduate and only calculated and provided this information when requested by the auditors.

Finally, we noted that the reporting done on apprenticeship cost is disjointed from performance. For example, the only reports that included cost information for apprenticeships were those that were initially prepared for the Ratepayer Advocate. And those reports, prepared by Financial Services Office (FSO) management contained limited information on training content. FSO management prepared budget-to-actual reporting on training costs for only the last year (FY 2014-15) of our five-year audit period. Routine annual budgeting does not clearly define training costs, since the vast majority of training is based on labor hours and is therefore embedded within total salaries.

The above conditions occurred for a variety of reasons. First, LADWP operates in a decentralized manner with no single group or division having responsibility for tracking training results or measuring success. While this operating style allows for flexibility and autonomy within the organization, it is not conducive to the central establishment of Department wide goals that may be critical to future operational continuity. The turnover of executive management and focus on potential governance changes and rate increases may have limited any attention given to goal establishment for training or training reporting.

In addition, because most training is provided by in-house staff, training costs are primarily incurred in the form of the labor hours of those providing and attending the training, versus direct expenditure of LADWP funds. Hence, the tracking of costs associated with training may have been deemed less of a priority.

As a result of not establishing clearly defined goals related to training, and inadequate monitoring and reporting on the impact of the Department's significant investment in training, LADWP management cannot know if it receives an acceptable return for its significant investment in training. This in turn impairs the Department's ability to know whether it will be prepared in the future to have sufficient and adequately trained craft workers to build new infrastructure and effectively continue operations, as the Department loses many of its skilled and experienced workers to retirement.

Recommendations

LADWP management should:

- 2.1 Designate a senior-level manager to be responsible for overseeing all training. The duties of this individual should include:**
 - a. Identifying the key training programs and divisions which require investment, such as apprenticeships, safety, HR training & development.**
 - b. Working with the divisions/sections to establish the desired outcomes for each training – the return on investment – and set the appropriate quantity and quality of training for each.**
 - c. Working with the divisions/sections to develop clear attainable "SMART" goals with strategies and metrics for each of the key types of training. The designee should ensure that progress towards these goals can be measured. For example, apprenticeship goals should be aligned with the workforce gaps, and the number of graduates needed to fill those gaps.**
- 2.2 Monitor the actual results of training and compare these results to training goals, including program costs, outcomes and other relevant analyses such as determining which initiatives achieved greatest success, met projections, etc.**
- 2.3 Determine the amount of funds to invest in training based on Department's overall mission and maximize the return on investment as measured by monitoring the costs and results as compared to goals.**

Relevant Observation

In conducting this audit, we made note of certain other conditions that though not deemed as Findings are considered items of importance warranting management attention.

A. LADWP invests heavily in safety training and has experienced a decline in workers' compensation claims over the past five years; however, its claims rate is still higher than other utilities.

In 2000, LADWP entered into an agreement with the International Brotherhood of Electrical Workers (IBEW) to create a nonprofit Trust, the Joint Safety Institute (JSI) to assist in the development and delivery of safety programs, enhance information sharing, provide technical assistance, research safety issues, and support the establishment of programs designed to continuously improve worker health and safety. JSI works with the Department's Corporate Safety Division to develop and promote safety trainings.

Safety trainings can play a significant role in reducing occupational injuries that result in workers' compensation claims. LADWP incurred approximately \$30 million in safety training in FY 2013-14, roughly 26% of its overall training costs. The Safety Division identifies and mandates certain safety training classes with the goal to reduce the severity and even prevent injuries. For example, LADWP initiated a Department-wide effort to provide "SafeStart" awareness training to all 9000 plus employees; it identifies rushing, frustration, fatigue and complacency as four states that can cause or contribute to critical errors that increase the risk of injury. In addition, a two-day Incident Prevention and Investigation class provides supervisors and others the skills and knowledge to effectively plan work to avoid incidents as well as incident investigation techniques, that result in lessons learned to prevent recurrence.

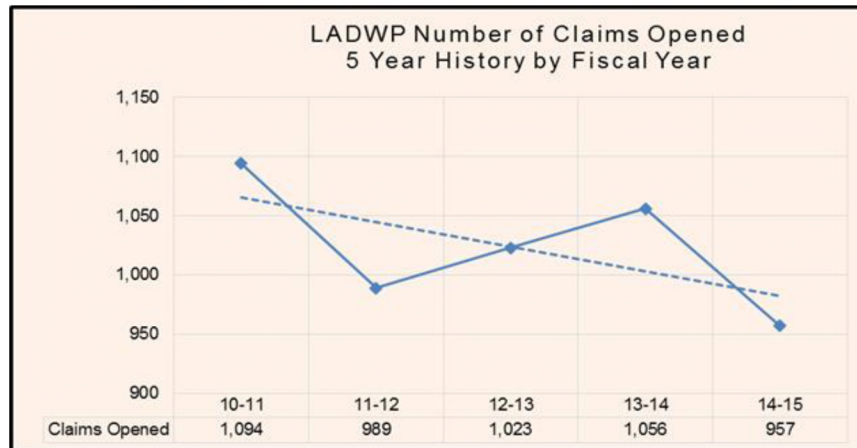
Workers' compensation claims costs are expensive. In FY 2014-15, our audit found that LADWP paid \$20.4 million in such costs, not including the wages paid to employees during their absence due to workplace injury or illness.

The LADWP Corporate Safety Division tracks injuries involving LADWP employees and reports these injuries to the Occupational Safety and Health Administration (OSHA). The Division noted that the rate of OSHA recordable injuries decreased from 8.5 in 2004 to 4.8 in 2013.

Our audit also noted a decline in LADWP's workers' compensation claims filed over a five-year period, as noted in the Exhibit below.

Exhibit 3 – 5 Year Workers' Compensation Claims History

(Source: LADWP, Risk Management Division)



While LADWP has seen a decline in new workers' compensation claims, other utilities reported much lower rates. We found that LADWP had 10.2 claims per 100 employees in 2014-15, though Pacific Gas & Electric (PG&E), Southern California Edison (SCE), and Seattle City Lights (SCL) stated their claims per 100 employees over time has averaged 4.0, 5.0, and 6.3, respectively. We recognize that an organization's workers' compensation claim experience is not exclusively a result of training. Fewer claims may be filed as a result of the organization's culture, policies and incentive programs.

A 2015 evaluation of JSI conducted by the CAO recommended that the Board develop a performance measurement framework, a monitoring system, and annual reports that include activity indicators, outcome indicators, and intervention effectiveness evaluations for specific initiatives and strategies, including safety trainings. This is consistent with our audit's findings #1 and #2 and related recommendations presented above.

Recommendation:

LADWP management should:

- A.1 Report to the Board of Water and Power Commissioners on how it plans to further reduce workers' compensation claims and resulting costs over the next several years through its training programs.**

SECTION II – APPRENTICESHIPS

Finding #3:

LADWP invests in extensive apprenticeship programs but has low graduation rates for three of four main programs.

Discussion

LADWP has an aging workforce and expects to lose thousands of employees to retirement in the next seven years. These retirements mean trained employees are needed to handle the Department's future challenges, such as eroding infrastructure, new environmental regulations and new technologies. For LADWP to deliver on its mission to provide "clean, reliable water and power in a safe, environmentally responsible, and cost-effective manner..." the Department needs to fill this workforce gap.

Apprenticeship trainings are expensive. In addition to the related costs of salaries for those in the apprenticeship programs, there is the cost of instructors and facilities. LADWP estimates that the cost to graduate an apprentice ranges from \$440,000 to \$665,000.

LADWP apprenticeship programs are extremely important to the Power System, as the Department hires unskilled employees with the expectation that they will become successful journey level workers through their multi-year training programs. However, both Power System management and the Integrated Human Resources Plan (IHRP) acknowledge low apprenticeship program graduation rates, and noted the challenges and various strategies to address the low graduation rates. The IHRP is an appendix that was added to the annual Power System's Integrated Resource Plan in 2013 and is a plan to address the workforce gaps in the Power System at LADWP. The IHRP says: "Attrition, unoccupied positions, and inadequate training graduation rates are the main causes of pervasive vacancies in the feeder classes for key positions throughout the Power System." It further stresses that their strategy to fill the workforce gaps "is heavily dependent on the effectiveness of the technical training programs provided by PSST (Power System Safety & Training). They will have to increase their capacity and graduation rate to cover the significant gaps..." The IHRP also lists strategies to improve graduation rates that are mostly focused on the recruitment process.

In the course of our audit, we noted that graduation rates are not optimal and need to be improved in order to fill anticipated workforce gaps. Furthermore, there is considerable

variation in graduation rates between programs. As identified in Finding #2, the Department does not adequately analyze results and is therefore unable to identify why some programs are more successful than others (e.g., the EMT program); however, it is interesting to note that the EMT apprenticeship has a much greater percentage of training time at the training center versus on-the-job training (see Exhibit 5).

Exhibit 4 – Graduation Rates for Three⁵ of Power's Main Apprenticeship Programs: EDMT (Electric Distribution Mechanic Trainee), ESOT (Electric Station Operator Trainee), and EMT (Electrical Mechanic Trainee)

(Source: Consolidated monthly reports provided by LADWP's Power System Utility Administrator; note that both the EMT and ESOT had no classes graduating in FY 13/14)

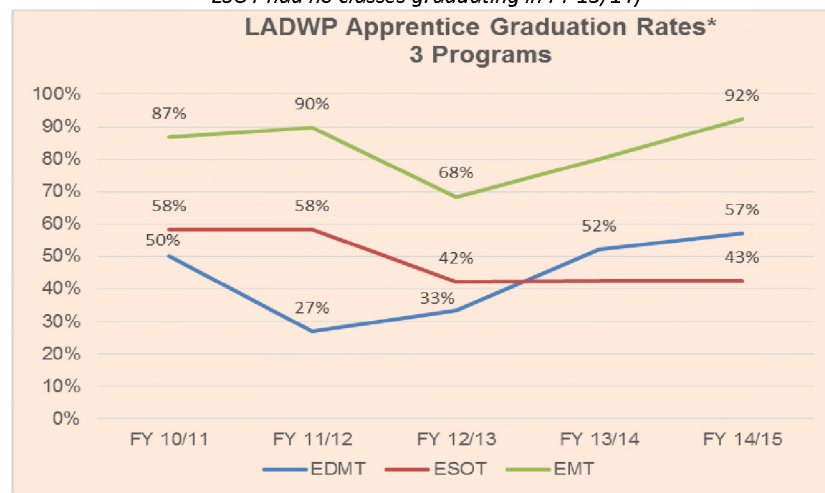


Exhibit 5 – Training Time Allocation

Source – LADWP Power Training Division (rounded)

Apprenticeship	Training Center Time	On-the-Job Time	Graduation Rate ⁶
EDMT – Line Worker / Cable Splicer	4 months	38 months	43%
EMT	18 months	24 months	82%
ESOT	9 months	15 months	51%
SPA (training time varies depending on location)	4 months	32 months	44%

⁵ We extracted data from reports produced by the Power System to determine the graduation rates over our five-year audit period and found their rates to be low. Steam Plant Assistant data was not provided, though LADWP reported an average graduation rate of 44% for that program. The Steam Plant Assistant Program is managed by a different division than the other three main apprenticeships. While the SPA rate is 44%, they experience a much higher graduation rate of about 80% after the 9th day final exam when the majority drop out based on classroom learning.

⁶ Graduation rates for the table in Exhibit 4 were calculated by auditors for EDMT, ESOT, and EMT for the five year audit period. SPA average graduation rate was provided by LADWP (using historical rate from inception).

According to the job bulletins and training superintendents, many of the apprenticeships require limited formal education (e.g., high school diploma); the training teaches apprentices the science of electricity and how to work safely around it. Applicants are attracted to these high-paying jobs, but according to instructors, do not truly understand the risks or learning requirements.

As part of this audit, we attempted to gather information about graduation or completion rates at other organizations. We received limited responses to our inquiries, but the information that we received did offer some insight. Seattle City Light is one utility that did respond to our inquiry and based upon its survey response, its cable splicer and lineworker training programs appear to be comparable to LADWP's EDMT apprenticeship. The graduation rates for Seattle City Light's cable splicer and lineworker training programs were substantially better than LADWP's comparable program with a combined 87% graduation rate in contrast to LADWP's 43% graduation rate for the EDMT program.

We also inquired about the program completion rates at Los Angeles Trade Technical College's (LATTC) "apprenticeship" programs. Technical or trade schools provide only limited on-the-job training, or just train on pre-apprentice positions, which are not comparable to the LADWP training programs. The LADWP programs are much longer and include both technical and classroom training at their training center, along with several months of on-the-job training. Therefore, the graduation rates for trade schools are expected to be somewhat higher than LADWP. However, it is worth noting that LATTC once had low completion rates on their apprenticeship programs averaging 50%. After focused attention on the low rates and analyzing the causes, changes were made to the programs, which increased the completion rates to 80%. LATTC's program administrator believed that the improvement came from adding the following three entrance prerequisites to their 600 hour apprenticeship program: 1) physical agility, 2) basic math, and 3) basic hand tools (mechanical aptitude). We also spoke with the only female student in LATTC's Lineman Apprenticeship program⁷ (a preparation course for LADWP and Edison's EDMT training programs). She mentioned that physical conditioning was important prerequisite to the program and that she had taken the physical agility course offered at LATTC to help prepare her for the program.

LADWP's low graduation rate was the result of several contributing factors. Department management stated that there is a long timeframe from recruitment through placement

⁷ LATTC and other trade schools offer "lineman" training programs, but they are not strictly comparable to the apprenticeships. They do fulfill the pole climbing certification and provide solid foundation for entry into LADWP's training programs.

in a journey level role. The IHRP describes the disadvantages of LADWP compared to other utilities, as a lengthy five step process to place journey level workers into the key roles: job classification, recruitment, selection, training, and placement. The IHRP lists classification and recruitment as the greatest obstacles; this is also where the Department is focusing its attention. LADWP has used the Personnel Department for classification and recruitment processes; and it did not have a dedicated recruitment division focused strictly on LADWP hires, like the distinct LAPD police officer recruitment. This prevents LADWP from quickly filling positions and hampers its abilities to find the most qualified applicants.

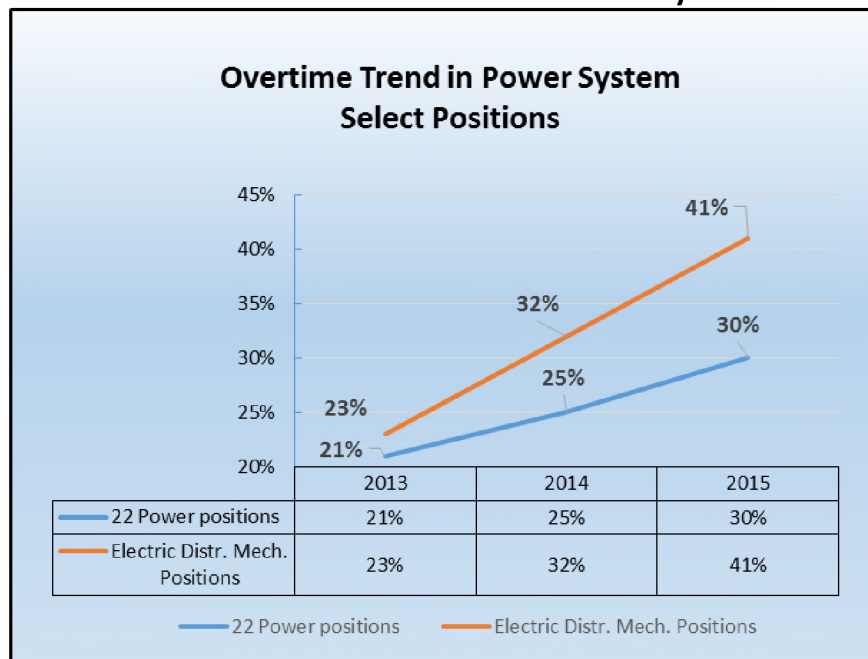
In addition, because of the length of time for apprenticeships, changes made and the strategies identified in the IHRP may not yet have affected the graduation rates. Historically, recruitment targeted City employees as job bulletins were listed as Promotional Only or Open/Promotional. While the intent was to provide opportunities to City employees, including LADWP employees currently in other roles, training staff stated that it limited the ability to reach outside candidates that may be equally qualified and could be more motivated to succeed. Promotional candidates are given seniority points, and the open list of candidates cannot be presented until the promotional list is exhausted. The ranking of candidates is not combined, and based on our review, we noted that the second hiring from the promotional list was less successful. Further, the promotional employee applicant has a City job that they can return to if they do not complete the program, which can affect their determination to succeed. The outsider may be more motivated, as their failure would result in unemployment due to the prolonged probation period for apprentices. Also, job bulletins have not always included specific prerequisites that could improve success rates, such as requiring a pole climbing certificate (EDMT) or including practical tests to be administered by the Personnel Department prior to establishing the ranked list of applicants. There also has not been sufficient feeder classes for the apprenticeships, although they have recently expanded and improved them through the Utility Pre-Craft Trainee (UPCT) program offered through the IBEW. Finally, recruitment has not always been targeted; newly implemented strategies focus recruiting efforts to trade and technical colleges and the military.

As a result of the low graduation rates, the Department is at risk of not having enough skilled craft employees to fill its anticipated workforce gaps. This could affect having skilled staff available for both routine maintenance activities and possibly even delay the Department's new infrastructure projects, as identified in their Integrated Resources Plan.

The IHRP identified 22 Power System positions as representing the majority of the workforce gap. The majority of the positions are related to Power apprenticeships, as they are main and minor apprenticeships, or are in the career ladder of the apprenticeships (feeder or journey-level positions).

The Department appears to be addressing the workforce gap somewhat through the use of overtime. Over a three-year period, we noted an upward trend in overtime paid⁸ for the 22 Power System positions with a noted workforce gap. We also calculated overtime usage for the specific EDMT apprentice, journey worker, and supervisor classes, revealing an even sharper increasing trend in overtime usage.

Exhibit 6 – Overtime Trend in Power System



Recommendations

LADWP management should:

- 3.1 Evaluate specific apprentice history and identify where the apprentices struggled and where they were successful, evaluate their educational and career history, the apprenticeship curriculum and instructors to determine**

⁸ Calculated as the actual overtime paid as a percentage of the employees' base pay for the positions indicated. Data pulled from <https://controllerdata.lacity.org/Payroll/DWP-Payroll/>

specific causes of success or failure. Make adjustments to weak program areas to improve success rates.

- 3.2 Evaluate and improve recruitment efforts using strategies already determined, and those identified in recommendation 3.1, including further modifications to applicant requirements, if needed, and work with City leaders to address recruitment problems, such as the lengthy hiring process, the prioritization of City employees over more qualified external employees, etc.**
- 3.3 After identifying challenges (recommendation 3.1), design pre-apprenticeship feeder programs that will lead to higher success rates. This may include developing additional partnerships with other groups (e.g., IBEW Local 18, L.A. Trade Technical College, etc.) to better prepare apprentice trainees.**

Finding #4:

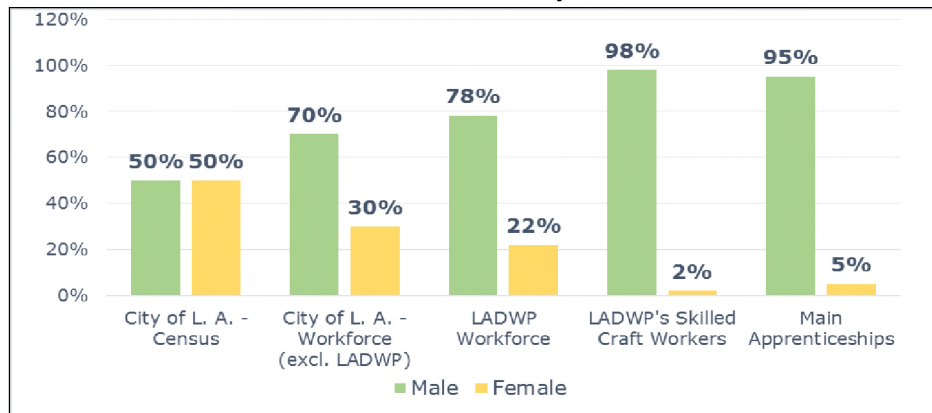
Gender diversity in the LADWP apprenticeship programs needs improvement.

Discussion

In August 2015, the Mayor issued Executive Directive #11, entitled Gender Equity in City Operations, which establishes a Gender Equity Coalition and requires all Departments to submit a Gender Equity Action Plan and designate a Gender Equity Liaison to improve gender diversity in the City's workforce. LADWP along with other City departments was charged to develop a plan that "upholds an inclusive work environment" and "tracks recruitment in fields where women are underrepresented".

In the course of our audit, we noted that gender diversity within the LADWP apprenticeship programs was limited. Specifically, as illustrated in Exhibit 6, residents of the City of Los Angeles are roughly 50% female; however, only 2% of skilled craft workers at LADWP in FY 2014-15 were female. While the female enrollment rate in all four apprenticeship programs was better at 5%, no women entered either the EDMT or EMT programs over five years.

Exhibit 7 – Gender Diversity as of 2014-15



This is in contrast to efforts and results achieved by the Los Angeles Police Department (LAPD), where women now represent approximately 20% of sworn officers and 28% of all of LAPD employees. For decades, LAPD has actively focused on gender diversity through changes in the selection, recruitment, training, and appointment of female officers. Improvements included changing terminology from policeman/policewoman to police officer, and depicting female officers in recruiting materials.

Over the audit period, which was prior to the Executive Directive, the Department had not made concerted efforts to reach out to women to enter non-traditional jobs. At the end of our fieldwork, the Department was just beginning to develop a gender equity action plan and had not yet implemented any resulting action plans.

The above conditions existed for a variety of reasons. First, recruiting women into this career path appears challenging, which could be due in part to the physical demands of these jobs. However, culture and the insufficient recruitment efforts geared toward women may also have been factors. For example, most training materials make references to craft trades using terms such as “line men” and “journey men.” Also, during the period of this audit, which was prior to the Executive Directive, the Department had not made concerted efforts to reach out to women to enter non-traditional jobs. At the end of our fieldwork, the Department was just beginning to develop a gender equity action plan and had not yet implemented any resulting action plans. Finally, we noted that feeder programs have limited female enrollment. For example, the 2016 spring semester at L.A. Trade Technical College only had one woman among the 35 students entering their line worker apprenticeship program.

As stated in the Executive Directive, “...to provide good governance to our City, we must be inclusionary and nondiscriminatory. We must address and provide a platform for those

populations who historically have been underrepresented-among them women and girls.”

As a result of the above conditions, the LADWP may be missing an opportunity to help fill future anticipated workforce gaps due to insufficient recruitment of females into its apprenticeship programs.

Recommendations

LADWP management should:

- 4.1 Develop and implement a gender equity action plan with targeted marketing strategies to attract and retain female trainees. Strategies could include: informal mentoring, taking female employees to recruiting events, eliminating male gender terminology in LADWP documents, and developing recruitment posters and other promotional materials that depict women working in these non-traditional roles.**
- 4.2 Develop and add to collaborative relationships and networks with others who are working to improve diversity, such as members of the Mayor's Gender Action Coalition who have similar challenges (e.g., LAPD, LAFD, Public Works, etc.), training organizations (e.g., LATTC or Electrical Training Institute) and job lead organizations that specifically target women and underrepresented ethnicities (e.g., the Urban League).**

Finding #5:

LADWP does not have a requirement or contract to retain employees who complete their apprenticeship programs.

Discussion

As discussed in Finding #1, the United States Government Accountability Office has published Standards for Internal Control in the Federal Government. These standards include 17 core principles that should undergird any system of internal control. These 17 principles include the following 2 principles related to this finding:

- Management should demonstrate a commitment to recruit, develop, and retain competent individuals.
- Management should identify, analyze, and respond to risks related to achieving the defined objectives.

LADWP's stated mission is to provide "clean, reliable water and power in a safe, environmentally responsible, and **cost-effective manner**..." To deliver services in a cost-effective manner requires that the Department protect its investments, including those in human capital resources. This should reasonably be deemed to be a priority since the IHRP discusses the Department's need to fill anticipated workforce gaps in the future and identifies attrition as a cause of vacancies.

In the course of this audit, we noted that there is no requirement or significant incentive for graduating apprentices to continue their employment with LADWP after graduation. Employees who receive valuable training at LADWP's expense are free to leave for another utility without consequence. According to the Department, there is a regional shortage in journey-level line workers, which has resulted in organizations such as So Cal Edison paying double-time rates for any overtime worked. While LADWP may offer more stability than a private utility, a new LADWP-trained journey level worker may be lured to the immediacy of a higher paying job outside of the City.

In contrast, another public utility, Seattle City Lights, indicated to us that "If an apprentice leaves prior to an amount of time equal to the length of their program, they will owe a prorated dollar amount." It is also worth noting that LADWP's tuition reimbursement program does protect that training investment by requiring employees to repay their last year of reimbursements if they do not remain employed by the City for one year after receiving the reimbursement.

The above condition related to the Department's apprenticeship programs may not have been deemed as a high priority item to address for a variety of reasons. These reasons could include the following:

1. The number of employees leaving after completing the apprenticeship programs may not be considered high enough for Department management to address the issue of retention. The Power System has not tracked how many new graduates leave upon graduation. During the audit period, Power Administrators indicated that it has happened, but not often in their opinion.

2. The Department has not tracked for management monitoring purposes the cost to graduate an apprentice, making the matter less visible. This information has been prepared in the past, but only in response to requests from the Rate Payer Advocate or auditors. Apprenticeship costs are primarily in the form of salaries paid to apprentices who also play a role in performing maintenance and working on capital improvements, aside from their classroom learning.
3. LADWP employees are governed by MOUs⁹ that specify a Joint Labor / Management (JLM) working relationship, and hiring follows civil service rules. Making changes to employee contracts may require considerable effort and this risk may not have been of sufficient importance to undertake the related effort.

As a result of not having a requirement or contract to retain employees who complete their apprenticeship programs for some predetermined period of time, the Department's ability to realize a satisfactory return on its investment in apprentice training programs is diminished, as is its capability to fill future anticipated workforce gaps. A satisfactory return on investment is important for this area given the relatively high cost per graduate, which was estimated to range from \$440,000 - \$665,000 in FY 2014-15.¹⁰

Recommendation

LADWP management should:

- 5.1 Work in conjunction with the CAO and Local 18 to implement a compensation structure that not only attracts apprentices, but retains those employees as well. The development and implementation of this structure should incorporate the following steps:**
 - a. Calculate the complete investment cost/benefit of an apprentice, to use in the development of a revised compensation structure;**

⁹ Most employees in the Power System are represented by the International Brotherhood of Electrical Workers (IBEW), Local 18, who negotiate their contracts or MOUs with the Department of Water and Power, establishing compensation and other benefits and protections, as well as agreeing to work through a joint Labor / Management (JLM) process.

¹⁰ These estimates are higher than the individual cost for an apprentice because the amounts cited include the cost of apprentices not graduating, that is, it is essentially the training costs for all divided by the number of graduates. The apprentices' wages average \$77,000 - \$85,000, annually.

- b. Collaborate with the City Attorney, HR, CAO and Local 18 to develop future contracts and/or compensation provisions designed to retain employees.**

The City Administrative Officer should:

- 5.2 Consider the results of this analysis in upcoming MOU negotiations related to the compensation structure and term of employees' tenure for graduating apprentices, to protect the Department's investment in the apprenticeship program, while still remaining attractive to the employee.**

Relevant Observation

In conducting this audit, we made note of certain other conditions that though not deemed as Findings are considered items of importance warranting management attention.

B. The Department is heavily dependent on its own apprenticeship training programs to fill its workforce gaps.

The Department is experiencing a current and forecasted workforce gap, and has estimated a six-year timeframe to fill critical positions, since it primarily relies on new employees hired through the City process to successfully complete an 18 – 48 month apprenticeship training program. As noted in Finding #3, graduation rates for three of the four main programs has been low, resulting in high costs for this strategy, and risking a continued gap. While the Department has hired exempt employees directly from the Union, these have been primarily in the Utility Pre-Craft Trainee feeder class, an entry-level position. We also noted a few new hires of journey-level individuals who required minimal training, which was customized to orient an experienced craft worker with utility and LADWP practices.

The Integrated Human Resources Plan lists strategies that are “heavily dependent on the effectiveness of the technical training programs provided by the Power System Safety and Training Division”. While job bulletins provide options to hire either experienced journey level workers or trainees, the Department did not identify strategies focused on outreach or recruiting experienced workers to help meet the gap in the Power System's craft positions.

Filling the workforce gap remains a high priority for the Department, and broader approaches could benefit LADWP.

Other apprenticeship programs were deemed by the Power System as not comparable to LADWP's training; however, there could be benefit to customize more limited training for those who have successfully completed training programs from outside organizations such as other IBEW Locals, the Electrical Training Institute, or the Northwest Lineman College. Exploring these and other options, such as targeted recruiting from registered apprenticeships¹¹ can shorten the timeline cited in the IHRP, and help fill the Department's workforce gap.

Recommendation

LADWP management should:

- B.1. Explore other training paradigms beyond heavy reliance on apprenticeship programs that could be adopted in the future to meet the anticipated workforce gap.**

¹¹ Apprenticeships are typically *Registered Apprenticeships* established through the National Apprenticeship Act, wherein the Secretary of Labor promulgates labor standards of apprenticeships. These apprenticeship offer "a unique, flexible training system that combines job related technical instruction with structured on-the-job learning experiences". The Office of Apprenticeship (OA) works in conjunction with independent State Apprenticeship Agencies (SAAs) to administer the program nationally. LADWP's training programs are not registered apprenticeships, but are recognized as a high-caliber training program according to the industry.

SECTION III – CASH EXPENDITURES ON TRAINING

Finding #6:

LADWP's tuition reimbursement policy is more generous than other City departments and other utilities.

Discussion

Most other City departments do not provide a tuition reimbursement benefit to their employees, and those that do have caps. A previous citywide tuition reimbursement policy based reimbursement rates on the California State University system's fee schedules. However, the citywide policy has been discontinued, and only employees in MOU 36 and 37, along with a few City departments provide tuition reimbursements. For example, the Port of Los Angeles provides up to \$16,000 per year in tuition reimbursements to its employees.

Our research for this audit disclosed that many organizations, including Southern California Edison and PG&E (IBEW & SEIU employees) reimburse up to the IRS non-reportable amount, which is currently \$5,250. Seattle City Lights limits its annual reimbursements to \$4,200 for undergrad and \$5,200 for graduate degrees. The Long Beach Water Department reimburses up to \$800 per year.

The key provisions of LADWP's tuition reimbursement policy are:

- the university must be accredited,
- the employee cannot take "correspondence" courses,
- the participating employee must receive pre-approval from a direct supervisor and division manager,
- he/she cannot pursue degrees in certain areas (e.g., fine arts, education, history, law),
- class time and studying must be on the employee's time, and
- the program must provide education aligned to the employee's logical line of progression.

LADWP's policy is detailed and tightly monitored and our review of the approval and payment process noted adequate controls, given the policy requirements. Also, the Department's internal audit function issued a report addressing compliance with the policy, concluding that tuition reimbursement payments generally conformed to the LADWP's Administrative Manual, noting total errors accounted for only 0.2% of the

amount sampled. However, our audit of LADWP's training programs is focused on the content of the training policy itself, versus compliance with existing training policy and procedures.

Many employees now in mid-level and senior management positions at LADWP obtained higher education as a result of the tuition reimbursement program. Because the Department typically grows its managers from within, it is important for managers to strengthen and add to their skills through these educational opportunities. In private industry, organizations may provide more generous educational benefits to certain levels of management; LADWP has no such restrictions, and affords the same benefit to every employee.

In the course of our audit, we noted that LADWP pays more towards an employee's tuition than any other utility that we surveyed. Specifically, LADWP reimburses 100% of tuition costs and only requires one year of continued employment with LADWP subsequent to the reimbursement. There is no annual or lifetime cap on tuition reimbursements. We found employees with annual tuition reimbursements ranging from \$50 to \$69,000, and over the five-year audit period, eight LADWP employees received total tuition reimbursements of more than \$100,000 each. We also found examples where employees pursued multiple masters' degrees.

The high-level of reimbursement costs at the Department was due to several reasons. Beyond the Department's decision to have a generous reimbursement policy, the structure of the policy itself may contribute to high reimbursement costs. For example, managers may be more inclined to approve a questionable program rather than spend time defending their decision, should an employee protest. Some programs, such as a generalized MBA or MPA, may be difficult for a manager to approve or disapprove as connected to the employee's career path, while a masters in engineering for an engineer associate would be a more clear decision. Secondly, the policy of not allowing "correspondence" courses may inadvertently increase the cost of tuition reimbursements. This restriction is dated in our judgement as it does not factor in that most accredited universities now offer on-line courses. We found the Department paid for classes at USC, Pepperdine, and Mt. Saint Mary's, even when less expensive options were available. For example, we found some employees took entry-level courses (e.g., Accounting 101) at these private universities even though comparable classes were available at community colleges for much lower rates.

As a result of the above conditions, there is an increased potential for inefficient use of ratepayer funds as the Department may spend more money on programs that are not

beneficial to LADWP, or employees may receive advanced general degrees and leave the Department shortly thereafter.

Recommendation

LADWP management should:

- 6.1 Revise the tuition reimbursement policy, updating it to allow for online courses and setting some limitations by one or more of the following:**
- a. Establish a maximum reimbursement amount comparable to other organizations; e.g., based on IRS reporting requirements or tuition cost at the California universities' (i.e., California State University or University of California) level.**
 - b. Restructure the tuition reimbursement program, stretching out reimbursements over time (e.g., paid out as bonuses over a five year period, or pay student loan payments while the employee works at LADWP).**
 - c. Limit the number or type of degrees that are eligible for reimbursement.**
 - d. Develop a tiered system that provides higher benefits to employees in pre-approved management trainee programs, similar to how some corporations train and reward their executives.**

Finding #7:

LADWP does not follow the City's Travel Policy for outside training and travel payments, and advances 100% of employees' estimated out-of-pocket costs.

Discussion

The City's Travel Policy limits an advance payment to 90% of the estimate when expenses exceed \$500. "Employees may request a travel advance for approved travel when the estimated expenses, excluding airfare costs and other expenses are at least \$500. Department Heads may approve travel advances for lesser amount, if necessary...and the

advanced amount is 90 percent of the estimate.” There is an exception in the City’s policy that states that the General Manager may approve an advance if that employee claims financial hardship in order to avoid the restriction of only issuing travel advances that exceed \$500.

In the course of our audit, we noted that the Department allows the majority of travelers to request travel advances, even if it is for an amount below what is cited in City policy. Those employees estimate their out-of-pocket costs and then request and receive 100% of that estimated amount. During our review of expense report processing, we found that approximately 75% of travelers requested and received travel advances for 100% of the estimated amount. According to the Disbursements Manager, the Department issues an advance to any employee with an approved travel advance request for the full amount. The Department’s standard travel request form for travel advances is a memo to the General Manager referencing financial hardship. Because that clause is included as standard language on the form itself, essentially every employee requesting an advance claims financial hardship, whether they know it or not.

In October 2014¹² the Controller’s Audit Division issued a memo to LADWP’s Chief Financial Officer suggesting that LADWP revise its travel advance practices to conform to updated Controller guidelines. The Controller’s review noted outstanding travel advances totaled approximately \$90,000. While some just required an accounting adjustment, some outstanding amounts remained unresolved.

The above conditions occurred for several reasons. Specifically, the Department stated that employees had previously complained about the long wait for reimbursements. In addition, employees have grown accustomed to not having to use their own funds for travel at all levels in the organization. Because of the exception in the City’s policy regarding financial hardship, many employees exercise this option when in fact financial hardship may actually be more the exception rather than the norm.

As a result of the above conditions, there exists the increased potential for overpayments which may result from advances exceeding actual expenses. This places an additional burden on staff to monitor and collect overpayments, as employees may not prioritize resolving the outstanding advance. LADWP accounting staff could better use their time to expedite travel expense reimbursements, so employees are reimbursed prior to their

¹² The memo identified a travel advance issue that included 104 unresolved travel advances totaling approximately \$90,000. This audit did not specifically follow on those items, but saw that there were still some old, unresolved outstanding advances.


credit card statement due dates. Expeditious reimbursement of expenses could help reduce the level of travel advance requests.

Recommendation

LADWP management should:

- 7.1 Follow the City's standard travel policy; specifically:**
- **Issue travel advances for only 90% of estimated out-of-pocket travel costs.**
 - **Limit the use of financial hardship to justify payment of an advance to those situations where there adequate support for this justification.**
 - **Require a separate memo issued by employee and approved by the General Manager (or designee) for any exceptions.**

Respectfully submitted,


Dalia Tajirian, CPA
Internal Auditor II
Barbara J. Steelman, CIA
Internal Auditor III
Siri A. Khalsa, CPA
Deputy Director of Auditing
Alfred Rodas, CPA, CIA, CIG, CIGI
Director of Auditing

GLOSSARY OF KEY TERMS

Apprenticeship: is a combination of on-the-job training and related instruction in which workers learn the practical and theoretical aspects of a highly skilled occupation. Apprenticeship programs can be sponsored by individual employers, joint employer and labor groups, and/or employer associations. The Department of Labor provides structure for a “registered apprenticeship” program; LADWP does not have a registered apprenticeship program, but appears to have the same structure referenced on DOL’s webpage.

Budget Reporting System (BRS): is an Access based, in-house developed reporting tool that extracts information from the Integrated Budget Information System (IBIS) and the Responsibility Cost Accounting System (RCAS).

Integrated Human Resources Plan (IHRP): it is an integral part of Power System’s Integrated Resource Plan forecasting long-term employment needs while taking into consideration statistical retirement projections. It describes the current scenario and presents strategies for filling workforce gaps. The IHRP is a cooperative effort between the Los Angeles Department of Water and Power and the International Brotherhood of Electrical Workers (IBEW) Local 18.

International Brotherhood of Electrical Workers (IBEW) – Local 18: is an affiliate of IBEW, with members from hundreds of different job classifications. Local 18 represents workers from 5 public sector employers (including Los Angeles Department of Water and Power); most of its members are utility workers.

Joint Safety Institute (JSI): is a tax exempt, contract-based, independent entity created by a trust agreement between the LADWP and IBEW Local 18 with equal representation from the LADWP and IBEW Local 18. JSI’s mission relates to improving LADWP workplace health and safety.

Joint Training Institute (JTI): is a tax exempt, contract-based, independent entity created by a trust agreement between the LADWP and IBEW Local 18 with equal representation from the LADWP and IBEW Local 18. JTI’s mission is to improve training for LADWP employees.

Mandatory Training: is training provided to employees to comply with federal, state, and City laws regulations. It includes the Department’s Operating Orders, technical and safety trainings. Some mandatory trainings include sexual harassment and disaster worker trainings, which are required for all employees; however, others may be for certain individuals based on their job duties or position assignment or to ensure the training of certain licensed occupations.

GLOSSARY OF KEY TERMS

Memorandum of Understanding (MOU): LADWP has twenty-one MOUs and amendments with five labor bargaining units. The MOUs provide information on employer-provided benefits, employee work schedules, compensation including salaries, overtime and bonuses, sick and vacation leave provisions, etc. An MOU bonus is included for employees who become training instructors.

On-The-Job Training (OJT): is defined as gaining knowledge and learning aspects about a job while actually working at that specific job. This arrangement works well for apprentices who can begin as laborers and work side by side with a highly skilled worker, thus learning the job while doing it. On-the-job training occurs in the particular working situation that an employee will be in daily.

Optional Training: for LADWP includes any training that is **not mandatory** (see Mandatory Training). LADWP's optional training still require management approval and must be beneficial to the Department, but LADWP does encourage training as cited in its policies and MOUs. Examples of optional training include training on software programs, communication, negotiation skills, retirement planning, etc.

SMART Goals: a business acronym that is remains relevant even though first introduced in 1981. George Doran, stated that the organization should ensure that goals are Specific, Measurable, Attainable, Relevant, and Time-Bound.

APPENDIX I: ACTION PLAN

Finding/Observation	Page	Recommendation	Page	Entity Responsible for Implementation	Priority
1. The Department's information systems did not contain complete and reliable information about training and related costs that could be used for management monitoring.	6	1.1 Evaluate reporting needs for trainings, and ensure data collection and reporting is sufficient. At a minimum, reporting should convey the types of trainings, cost details, training hours, and mandatory class compliance.	8	LADWP	A
		1.2 Assess the feasibility of updating financial and HR systems to allow for integration/interface with other systems to allow for improved reporting on training and adequate data validation controls.	8	LADWP	A
2. LADWP had not developed adequate goals and strategies for training.	8	2.1 Designate a senior-level manager to be responsible for overseeing all training. The duties of this individual should include: <ul style="list-style-type: none"> a. Identifying the key training programs and divisions which require investment, such as apprenticeships, safety, HR training & development. b. Working with the divisions/sections to establish the desired outcomes for each training – the return on investment – and set the appropriate quantity and quality of training for each. 	12	LADWP	A

APPENDIX I: ACTION PLAN

		c. Working with the divisions/sections to develop clear attainable "SMART" goals with strategies and metrics for each of the key types of training. The designee should ensure that progress towards these goals can be measured. For example, apprenticeship goals should be aligned with the workforce gaps, and the number of graduates needed to fill those gaps.			
		2.2 Monitor the actual results of training and compare these results to training goals, including program costs, outcomes and other relevant analyses such as determining which initiatives achieved greatest success, met projections, etc.	12	LADWP	A
		2.3 Determine the amount of funds to invest in training based on Department's overall mission and maximize the return on investment as measured by monitoring the costs and results as compared to goals.	12	LADWP	A
A. LADWP invests heavily in safety training and has experienced a decline in workers' compensation claims over the past five years; however, its claims rate is still higher than other utilities.	13	A.1 Report to the Board of Water and Power Commissioners on how it plans to further reduce workers' compensation claims and resulting costs over the next several years through its training programs.	14	LADWP	B

APPENDIX I: ACTION PLAN

3. LADWP invests in extensive apprenticeship programs but has low graduation rates for three of four main programs.	15	3.1 Evaluate specific apprentice history and identify where the apprentices struggled and where they were successful, evaluate their educational and career history, the apprenticeship curriculum and instructors to determine specific causes of success or failure. Make adjustments to weak program areas to improve success rates.	19	LADWP	A
		3.2 Evaluate and improve recruitment efforts using strategies already determined, and those identified in recommendation 3.1, including further modifications to applicant requirements, if needed, and work with City leaders to address recruitment problems, such as the lengthy hiring process, the prioritization of City employees over more qualified external employees, etc.	20	LADWP	A
		3.3 After identifying challenges (recommendation 3.1), design pre-apprenticeship feeder programs that will lead to higher success rates. This may include developing additional partnerships with other groups (e.g., IBEW Local 18, L.A. Trade Technical College, etc.) to better prepare apprentice trainees.	20	LADWP	B

APPENDIX I: ACTION PLAN

4. Gender diversity in the LADWP apprenticeship programs needs improvement.	20	4.1 Develop and implement a gender equity action plan with targeted marketing strategies to attract and retain female trainees. Strategies could include: informal mentoring, taking female employees to recruiting events, eliminating male gender terminology in LADWP documents, and developing recruitment posters and other promotional materials that depict women working in these non-traditional roles.	22	LADWP	B
		4.2 Develop and add to collaborative relationships and networks with others who are working to improve diversity, such as members of the Mayor's Gender Action Coalition who have similar challenges (e.g., LAPD, LAFD, Public Works, etc.), training organizations (e.g., LATTC or Electrical Training Institute) and job lead organizations that specifically target women and underrepresented ethnicities (e.g., the Urban League).	22	LADWP	B

APPENDIX I: ACTION PLAN

5. LADWP does not have a requirement or contract to retain employees who complete their apprenticeship programs.	22	5.1 Work in conjunction with the CAO and Local 18 to implement a compensation structure that not only attracts apprentices, but retains those employees as well. The development and implementation of this structure should incorporate the following steps: a. Calculate the complete investment cost/benefit of an apprentice, to use in the development of a revised compensation structure; b. Collaborate with the City Attorney, HR, CAO and Local 18 to develop future contracts and/or compensation provisions designed to retain employees.	24-25	LADWP	A
		5.2 Consider the results of this analysis in upcoming MOU negotiations related to the compensation structure and term of employees' tenure for graduating apprentices, to protect the Department's investment in the apprenticeship program, while still remaining attractive to the employee.	25	CAO	A

APPENDIX I: ACTION PLAN

B. The Department is heavily dependent on its own apprenticeship training programs to fill its workforce gaps.	25	B.1. Explore other training paradigms beyond heavy reliance on apprenticeship programs that could be adopted in the future to meet the anticipated workforce gap.	26	LADWP	B
6. LADWP's tuition reimbursement policy is more generous than other City departments and other utilities.	27	<p>6.1 Revise the tuition reimbursement policy, updating it to allow for online courses and setting some limitations by one or more of the following:</p> <ul style="list-style-type: none"> a. Establish a maximum reimbursement amount comparable to other organizations; e.g., based on IRS reporting requirements or tuition cost at the California universities' (i.e., California State University or University of California) level. b. Restructure the tuition reimbursement program, stretching out reimbursements over time (e.g., paid out as bonuses over a five year period, or pay student loan payments while the employee works at LADWP). c. Limit the number or type of degrees that are eligible for reimbursement. 	29	LADWP	A

APPENDIX I: ACTION PLAN

		d. Develop a tiered system that provides higher benefits to employees in pre-approved management trainee programs, similar to how some corporations train and reward their executives.			
7 LADWP does not follow the City's Travel Policy for outside training and travel payments, and advances 100% of employees' estimated out-of-pocket costs.	29	7.1 Follow the City's standard travel policy; specifically: <ul style="list-style-type: none">• Issue travel advances for only 90% of estimated out-of-pocket travel costs.• Limit the use of financial hardship to justify payment of an advance to those situations where there adequate support for this justification.• Require a separate memo issued by employee and approved by the General Manager (or designee) for any exceptions.	31	LADWP	B

A –High Priority - The recommendation pertains to a serious or materially significant audit finding or control weakness. Due to the seriousness or significance of the matter, immediate management attention and appropriate corrective action is warranted.

B –Medium Priority - The recommendation pertains to a moderately significant or potentially serious audit finding or control weakness. Reasonably prompt corrective action should be taken by management to address the matter. Recommendation should be implemented no later than six months.

C –Low Priority - The recommendation pertains to an audit finding or control weakness of relatively minor significance or concern. The timing of any corrective action is left to management's discretion.

N/A - Not Applicable

APPENDIX II: FINANCIAL IMPACT

The Department's training costs are increasing; in FY2014-15, it spent \$154 million in training costs, of which approximately \$40 million was attributable to the apprenticeship programs in the Power System.

While these apprenticeships are valuable to LADWP in order to fill forecasted workforce gaps, they are costly. LADWP could reduce costs by improving training outcomes. Graduation rates for three main apprenticeships for the period audited averaged approximately 50%, resulting in a cost per graduate of \$440,000 to \$665,000. As the Department improves graduation rates, it has the opportunity to save tens of millions of dollars.

APPENDIX III: DEPARTMENTS' FORMAL RESPONSE & ACTION PLAN

As part of our audit protocol, we requested a formal response and action plan from LADWP and the CAO. This is included in the following pages. See the Executive Summary for our review and response.

February 3, 2017

Alfred Rodas, CPA, CIA, CIG, CIGI
Director of Auditing
Los Angeles City Controller
200 North Main Street, Room 460
Los Angeles, CA 90012
Mail Stop 183

Dear Mr. Rodas:

Subject: Response to Audit of the Los Angeles Department of Water and Power's
Training Programs

The Los Angeles Department of Water and Power (LADWP) is grateful for the opportunity to review the findings of the City of Los Angeles Controller's Audit of LADWP's Training Programs. We welcome the recommendations provided by the audit. As described below, we have already implemented many of them and have set clear implementation targets for addressing others.

The audit's main objective was to evaluate the efficiency and effectiveness of training at LADWP, and to determine whether LADWP achieves its desired outcomes in developing a well-trained workforce in a cost-effective manner.

Overall, the Controller's audit fairly and accurately describes the training programs at LADWP. We are pleased that the Controller made several positive findings relative to LADWP's training programs, including:

- LADWP has developed comprehensive internal programs that result in well-trained and skilled craft employees.
- LADWP conducts most trainings in-house.
 - This saves money by not using outside consultants or sending employees to numerous external trainings.
 - Training is customized to LADWP operations.

February 3, 2017

- LADWP encourages employee development and provides numerous training opportunities which support career growth and contribute to a low turnover rate.
- We noted effective internal controls over LADWP's processing of training related payments (i.e., tuition reimbursements, expense reports).
- LADWP has enhanced and expanded its mandatory trainings focused on Equal Employment Opportunity and Safety. Management indicated that these trainings are a contributing factor in reducing in the number of discrimination and workers' compensation claims filed by employees.

The Controller's report found a number of areas requiring attention and made valuable recommendations that have either been implemented or have clear implementation target dates. Others are being considered pending discussions with relevant agencies, such as the City Administrator's Office, the City Attorney's Office, and labor organizations.

LADWP's responses to key recommendations are outlined in the attached matrix. We have elaborated on some of the responses below to provide more background, context and explanation.

Training Expenses

In the introduction, the Controller's report observed that 99 percent of expenses on training over the five-year period are for wages to employees while attending training classes or doing on-the-job training. We believe this approach is creating added value by investing in our employees while they are working and producing work products on behalf of customers. We also are investing in the safety of our workers who engage in life-threatening work every day.

As noted by the Controller, this policy has led to favorable conditions, such as saving money by not using outside consultants or sending employees to external training.

Tuition Reimbursement Policy

LADWP has implemented several of the recommendations related to the tuition reimbursement policy. For example, Human Resources is now approving online courses for tuition reimbursement and will continue evaluating courses as they are identified. In addition, in compliance with the City Charter, we will request instructions from the Board of Water and Power Commissioners for meet-and-discuss sessions with labor organizations related to changes to the tuition reimbursement policy.

LADWP appreciates the Controller's point that LADWP's Tuition Reimbursement Policy is more generous than other City departments and other utilities. In fact, it was .037 percent of LADWP's entire budget in Fiscal Year (FY) 2014 – 15 (\$2 million out of LADWP's total \$5.4 billion budget).

LADWP's Tuition Reimbursement Program has allowed our employees to promote to management and executive positions while they work for the organization. At the same time, LADWP and our customers benefit because long-term employees can gain the education, skills and expertise necessary to execute their duties and fiduciary responsibilities on behalf of LADWP ratepayers in an effective, productive, and efficient manner.

Apprentice Training Graduation Rates

LADWP acknowledges the existence of a workforce gap, based on the pending retirements of thousands of employees in the next seven years. We also agree that apprenticeship training is expensive, and that graduation rates are relatively low.

We have taken a number of steps to address this issue by July 1, 2017, as indicated in the attached matrix. These include evaluating and expanding recruitment efforts and outreach to additional feeder locations, such as military bases and trade schools; improving job bulletins to attract more highly skilled candidates; and highlighting the benefits of working at LADWP.

Graduation rates have increased over the years for the Electric Distribution Mechanic Trainee (EDMT) and Electric Mechanic Trainee (EMT) programs (refer to graph on Page 16 of the Controller's report) due to improvements in the hiring bulletins to include past experience in power distribution. Requiring practical tests and other pre-requisites, such as a pole-climbing certificate, are among the audit's recommendations that LADWP has already implemented. It is also important to note that LADWP does not measure the success of its apprentice program in terms of sheer numbers that graduate, but in the quality, competency and commitment of our employees.

Retention of Apprentice Employees

LADWP has had a practice of hiring journey-level workers through the City of Los Angeles Civil Service open list system for many years (Finding/Observation 5-B), so that we are not reliant solely upon our own apprenticeship training programs to fill workforce gaps. It should be noted, however, there are significant benefits to bringing up journey-level workers through the internal apprenticeship programs. These programs are tailored to train electrical workers in LADWP's unique electric power infrastructure.

LADWP will consider the Controller's additional recommendations for retaining employees who complete the apprenticeship programs. We agree there is benefit to creating a compensation structure that incorporates provisions for longevity bonuses and other means to protect LADWP's investment in employees who complete these

February 3, 2017

programs. For example, we are engaging in discussions with the City Administrative Office and the International Brotherhood of Electrical Workers, Local 18 on revising future compensation structures.

However, there are a variety of factors beyond LADWP's control. We are a municipal utility with personnel policies that are subject to the Civil Service process under the City Charter. For example, LADWP provides a comprehensive, on-the-job apprentice program that produces highly skilled electrical workers. But after training, workers are frequently lured away and take jobs with other utilities, such as Southern California Edison, which offer large bonuses and other incentives.

Training Goals and Strategies

The recommendation to develop clear, attainable training goals with strategies and metrics has been implemented through Key Performance Indicators (KPI) that are being monitored. LADWP has identified goals for critical positions, workforce gaps, consolidated all training coordination under one senior level manager for the Power System. LADWP also is developing a more comprehensive review of the outcomes and costs to evaluate the training programs by July 2017.

Data Collection

We concur with the Controller's recommendation that LADWP evaluate reporting needs for trainings and ensure that there is sufficient training-related data collection and reporting. We are currently planning to replace existing human resources and financial reporting systems by FY 2019 – 2020. In the meantime, we have instituted processes to accurately input, monitor and review the majority of training programs taking place at LADWP.

In closing, we would like to thank the Controller's Offices and LADWP staff for supplying information for this audit. We will continue to review the Controller's recommendations to improve the efficiency and effectiveness of the LADWP workforce.

Sincerely,



David H. Wright
General Manager

Enclosure

GL:nsh

c: David H. Wright
Guy Lipa

Report Title: Audit of LADWP's TRAINING PROGRAMS (DRAFT)
 Report Issuance Date:
 Department responsible for Implementation: LADWP
 Reported Status Date: January 27, 2017

Finding / Observation Number	Summary Description of Finding	Rec. No.	Recommendation	DEPARTMENT REPORTED INFORMATION		
				Current Status	Basis for Status	Target Date for Implementation
Section I	MANAGEMENT'S OVERSIGHT & REPORTING					
1	The Department's information systems did not contain complete and reliable information about training and related costs that could be used for management monitoring.	1.1	Evaluate reporting needs for trainings, and ensure data collection and reporting is sufficient. At a minimum, reporting should convey the types of trainings, cost details, training hours, and mandatory class compliance.	PI	The Department is currently planning to replace its human resources and financial reporting systems within the next five fiscal years. As part of the that system replacement staff will work with management to evaluate reporting needs for training. In the meantime processes have been put in place for the majority of the training programs to accurately input, monitor, and review training activities in the current system.	Fiscal Year 2019/2020
		1.2	Assess the feasibility of updating financial and HR systems to allow for integration/interface with other systems to allow for improved reporting on training and adequate data validation controls.	PI	As part of the financial system replacement project staff will work with the system implementor on interfaces, integration, and validation controls.	Fiscal Year 2019/2020

Report Title:
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 Department responsible for Implementation:
 Reported Status Date:

Audit of LADWP's TRAINING PROGRAMS (DRAFT)

LADWP
 January 27, 2017

Finding / Observation Number	Summary Description of Finding	Rec. No.	Recommendation	DEPARTMENT REPORTED INFORMATION		
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2	LADWP had not developed adequate goals and strategies for training.	2.1	Designate a senior-level manager to be responsible for overseeing all training. The duties of this individual should include:	I	The Director of Power System Safety and Training has been designated as the manager responsible for overseeing and coordinating the Training Programs. The position reports to the Executive Director of Power System. All other Power System training is managed through their respective Divisions and is monitored at that level.	Implemented
		2.1 a	Identifying the key training programs and divisions which require investment, such as apprenticeships, safety, HR training & development.	I	A Joint Labor Management (JLM) committee has been established for each training program to monitor the effectiveness of the program and to assure that it remains in line with the goals of the Division. Each JLM meets monthly to discuss the progress of the trainees and the current needs of the Division. Adjustments to the training program are recommended and implemented by this committee.	Implemented
		2.1 b	Working with the divisions\sections to establish the desired outcomes for each training – the return on investment – and set the appropriate quantity and quality of training for each.	I		Implemented

Report Title:
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Audit of LADWP's TRAINING PROGRAMS (DRAFT)

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		2.1 c	Working with the divisions\sections to develop clear attainable "SMART" goals with strategies and metrics for each of the key types of training. The designee should ensure that progress towards these goals can be measured. For example, apprenticeship goals should be aligned with the workforce gaps, and the number of graduates needed to fill those gaps.	I	Critical position training goals have been identified and are reported on as a Key Performance Indicators (KPI) and reviewed by executive management. These staffing goals are identified in the Integrated Human Resource Plan (IHRP) and the Division Managers of these positions work directly with the Training managers to resolve the workforce gaps. KPI's are continuously updated and the Training Progress Reports are reviewed monthly in our Power Reliability Program meetings.	Implemented
		2.2	Monitor the actual results of training and compare these results to training goals, including program costs, outcomes and other relevant analyses such as determining which initiatives achieved greatest success, met projections, etc.	PI	Power System will develop a more comprehensive review of current outcomes and costs to help evaluate, refine, and improve the effectiveness of its training programs consistent with established goals and targets.	7/1/2017
		2.3	Determine the amount of funds to invest in training based on Department's overall mission and maximize the return on investment as measured by monitoring the costs and results as compared to goals.	PI	Power System will work with the Budget Office to evaluate its investments in training programs consistent with its strategic plan and established goals and targets.	January 2018
A	LADWP invests heavily in safety training and has experienced a decline in workers' compensation claims over the past five years; however, its claims rate is still higher than other utilities.	A.1	Report to the Board of Water and Power Commissioners on how it plans to further reduce workers' compensation claims and resulting costs over the next several years through its training programs.	NI	The Workers' Compensation Office to review the types of workers compensation claims that can be reduced through training and other methods and report to the Board on its findings.	January 2018

Report Title:
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 Department responsible for Implementation:
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Audit of LADWP's TRAINING PROGRAMS (DRAFT)
 LADWP
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Section II	APPRENTICESHIPS					
3	LADWP invests in extensive apprenticeship programs but has low graduation rates for three of four main programs.	3.1	Evaluate specific apprentice history and identify where the apprentices struggled and where they were successful, evaluate their educational and career history, the apprenticeship curriculum and instructors to determine specific causes of success or failure. Make adjustments to weak program areas to improve success rates.	PI	Power System will continue to evaluate the management of its training programs to determine strengths and weaknesses as well as identify potential opportunities such as improved exit interviews and perform benchmarking assessments with external programs. Note: Graduation rates have increased over the years due to constructive adjustments made in the hiring bulletin where experience in power distribution system was included as a requirement.	July 1, 2017
		3.2	Evaluate and improve recruitment efforts using strategies already determined, and those identified in recommendation 3.1, including further modifications to applicant requirements, if needed, and work with City leaders to address recruitment problems, such as the lengthy hiring process, the prioritization of City employees over more qualified external employees, etc.	PI	Power System will continuously evaluate and improve the application process and recruitment efforts for its training programs. The feeders for each training program are dictated by civil service based bulletin requirements. Power System currently conducts successful outreach sessions at military bases, journey-level or lineman schools, and skill centers in the local areas as well as work with employees in Helper classes to communicate the merits of the various training programs and benefits of employment with LADWP. An additional JLM has been established to review and modify Hiring Bulletins based on the historical information collected from successful and non successful trainees.	January 1, 2018
		3.3	After identifying challenges (recommendation 3.1), design pre-apprenticeship feeder programs that will lead to higher success rates. This may include developing additional partnerships with other groups (e.g., IBEW Local 18, L.A. Trade Technical College, etc.) to better prepare apprentice trainees.	PI	Power System has recently evaluated the classes at one of the major Lineman Colleges and has adjusted the Hiring Bulletin to be able to attract the more highly skilled candidates from that school into our program. Additional outreach sessions at military bases, journey-level or trade schools, and skill centers in the local areas are scheduled to help bring qualified candidates into more of our training programs.	January 1, 2018

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Audit of LADWP's TRAINING PROGRAMS (DRAFT)

Report Issuance Date:

Department responsible for Implementation:

LADWP

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January 27, 2017

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4	Gender diversity in the LADWP apprenticeship programs need improvement.	4.1	Develop and implement a gender equity action plan with targeted marketing strategies to attract and retain female trainees. Strategies could include: informal mentoring, taking female employees to recruiting events, eliminating male gender terminology in LADWP documents, and developing recruitment posters and other promotional materials that depict women working in these non-traditional roles.	PI	Power System Safety and Training section has added a female Electric Station Operator to participate in our Electrical Safety outreach program that presents at local schools and community functions, performs CERT disaster training, and participates in outreach and recruitment events. Her success and expertise in a male dominated profession provides encouragement to female applicants and helps to improve diversity in the trade. Power System will continue to evaluate and improve its outreach to female candidates. All current training programs adhere to the Equal Employment Opportunity policies that are in place in the City of Los Angeles/LADWP and the Power System has been successful in increasing the number of female candidates in the Electrical Mechanic, Electric Station Operator, and Electric Distribution Mechanic training programs.	July 1, 2017
		4.2	Develop and add to collaborative relationships and networks with others who are working to improve diversity, such as members of the Mayor's Gender Action Coalition who have similar challenges (e.g., LAPD, LAFD, Public Works, etc.), training organizations (e.g., LATTC or Electrical Training Institute) and job lead organizations that specifically target women and underrepresented ethnicities (e.g., the Urban League).	PI	The Power System will participate in collaborative efforts to improve gender diversity. A female Electric Station Operator is part Safety and Training's outreach team.	July 1, 2017

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5	LADWP does not have a requirement or contract to retain employees who complete their apprenticeship programs.	5.1	Work in conjunction with the CAO and Local 18 to implement a compensation structure that not only attracts apprentices, but retains those employees as well. The development and implementation of this structure should incorporate the following steps:	PI	Power System will continue to evaluate and improve its retention rate of graduates. - Discussions will continue with the HR Division and the City Attorney's Office. - The current compensation structure includes provisions for longevity bonuses.	January 1, 2018
		5.1 a	Calculate the complete investment cost/benefit of an apprentice, to use in the development of a revised compensation structure;			
		5.1 b	Collaborate with the City Attorney, HR, CAO and Local 18 to develop future contracts and/or compensation provisions designed to retain employees;			
		5.2	Consider the results of this analysis in upcoming MOU negotiations related to the compensation structure and term of employees' tenure for graduating apprentices, to protect the Department's investment in the apprenticeship program, while still remaining attractive to the employee.			

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Reported Status Date: January 27, 2017

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Finding / Observation Number	Summary Description of Finding	Rec. No.	Recommendation	Current Status	Basis for Status	Target Date for Implementation
B	The Department is heavily dependent on its own apprenticeship training programs to fill its workforce gaps.	B.1	Explore other training paradigms beyond heavy reliance on apprenticeship programs that could be adopted in the future to meet the anticipated workforce gap.	I	B.1. To shore up its resource needs, Power System has been hiring Journey level workers through the City of Los Angeles open list system. Power System's apprenticeship programs are uniquely tailored to provide the necessary critical workforce that is custom-trained to build, maintain, and reliably operate LADWP's relatively distinct electric power infrastructure.	Implemented

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 Reported Status Date: January 27, 2017

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Section III	CASH EXPENDITURES ON TRAINING					
6	LADWP's tuition reimbursement policy is more generous than other City departments and other utilities.	6.1	Revise the tuition reimbursement policy, updating it to allow for online courses and setting some limitations by one or more of the following:	I	Human Resources now approves online courses and will continue to evaluate courses as they are identified.	Implemented
		6.1 a	Establish a maximum reimbursement amount comparable to other organizations; e.g., based on IRS reporting requirements or tuition cost at the California universities' (i.e., California State University or University of California) level.	NI	The Department will request instructions from the Board of Water and Power Commissioners for meet-and-discuss sessions with labor organizations related to changes to the tuition reimbursement policy.	January 1, 2018
		6.1 b	Restructure the tuition reimbursement program, stretching out reimbursements over time (e.g., paid out as bonuses over a five year period, or pay student loan payments while the employee works at LADWP).	NI	The Department will request instructions from the Board of Water and Power Commissioners for meet-and-discuss sessions with labor organizations related to changes to the tuition reimbursement policy.	January 1, 2018
		6.1 c	Limit the number or type of degrees that are eligible for reimbursement.	I	Human Resources does limit the types of degrees based on the Tuition Reimbursement Policy.	Implemented
		6.1 d	Develop a tiered system that provides higher benefits to employees in pre-approved management trainee programs, similar to how some corporations train and reward their executives.	NI	The Department will request instructions from the Board of Water and Power Commissioners for meet-and-discuss sessions with labor organizations related to changes to the tuition reimbursement policy.	January 1, 2018

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Audit of LADWP's TRAINING PROGRAMS (DRAFT)

LADWP
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7	LADWP does not follow the City's Travel Policy for outside training and travel payments, and advances 100% of employees' estimated out-of-pocket costs.	7.1	Follow the City's standard travel policy; specifically: Issue travel advances for 90% of estimated out-of-pocket travel costs.	I	Except for differences that are unique to the Department, the Department generally follows the travel policy issued by the City Controller. During the City Controller travel policy updates Department management cleared variances with Controller's staff.	Implemented
			Issue travel advances for only 90% of estimated out-of-pocket travel costs.	NI	Prior to travel plan approval, the amount of the cash advance is reviewed for reasonableness. Reducing it to 90% of the request would be a change from past practices. DWP will keep this recommendation for discussions with labor relations.	October 1, 2017
			Limit the use of financial hardship to justify payment of an advance to those situations where there adequate support for this justification.	D	Per the City Attorney, the Department can not ask for support to substantiate a cash advance.	
			Require a separate memo issued by employee and approved by the General Manager (or designee) for any exceptions.	D	Separate memos are already implemented and signed by the employee. Supervisor approvals are collected electronically. Per the City Attorney DWP cannot deny a request for a cash advance once the employee has requested one. Based on this an additional supervisor's approval on the memo would not add value to the process.	
	I - Implemented					
	PI - Partially Implemented or In Progress					
	NI - Not Implemented					
	D - Disagree					

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: January 18, 2017

To: Ron Galperin, City Controller
Attn: Alfred Rodas, Director of Auditing

From: Patricia J. Huber, Acting City Administrative Officer 

Subject: **AUDIT OF LADWP TRAINING PROGRAMS**

This is in response to your request dated January 3, 2017, for a formal response from the Office of the City Administrative Officer (CAO) to address recommendation 5.2 in the draft report entitled, "Audit of LADWP's Training Programs."

The current Memoranda of Understanding (MOUs) between the City of Los Angeles Department of Water and Power (LADWP) and the International Brotherhood of Electrical Workers, Local 18 (IBEW) will expire on September 30, 2017. Pursuant to instructions from the Executive Employee Relations Committee, the CAO and LADWP have commenced negotiations on successor MOUs.

While the exact content of the management positions and union demands are obviously confidential at this time, the issues raised in recommendation 5.2 of the audit report have been discussed. The CAO and LADWP management have been aware of the recruitment and retention issue for some time and have developed a series of proposals to address the issue.

In reviewing other elements of the audit, we note the recommendation to recover the costs of training from apprentices that leave the utility immediately after completion of training. This concept was previously utilized with police officer recruits and has been discontinued. The practice was discontinued in part due to legal concerns, but more importantly, it was not found to be an effective deterrent to police officers leaving the Los Angeles Police Department. Employing entities simply paid the training cost for the employee because it was the most cost effective way for them to secure a fully trained police officer.

If you have any questions regarding this response, please contact Maritta Aspen at (213) 978-7641 or at Maritta.Aspen@lacity.org.