

**Los Angeles County
Metropolitan Transportation Authority
Office of the Inspector General**

**Audit of Licenses and Certifications of
Metro Employees, Consultants,
Contractors, and Subcontractors**

Report No. 25-AUD-02

September 23, 2024



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Metro

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Metropolitan Transportation Authority**

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DATE: September 23, 2024

TO: Metro Board of Directors
Metro Chief Executive Officer

FROM: Yvonne Zheng, Senior Manager, Audit
Office of the Inspector General

E-SIGNED by Yvonne Zheng
on 2024-09-23 15:02:00 PDT

SUBJECT: Final Report: Audit of Licenses and Certifications of Metro Employees, Consultants, Contractors, and Subcontractors (Report No. 25-AUD-02)

INTRODUCTION

The Office of the Inspector General (OIG) performed an audit of licenses and certification of Metro employees in Risk Management and Corporate Safety, as well as Metro consultants, contractors, and subcontractors. This audit was performed to evaluate the adequacy of Metro controls over the verification of their required licenses to ensure that they are qualified to perform their work.

The results of the audit are as follows:

- The employees in Metro’s Risk Management and Corporate Safety departments, as well as their consultants who are required to have licenses and certifications, are in compliance. However, most of the job positions in these departments do not require a license or certification but do include preferred licenses or certifications. Metro can encourage the employees to obtain the preferred licenses for their respective positions, contributing to an industry-recognized level of competency and professionalism that may strengthen their job performance with added knowledge in their respective fields.
- The Metro contractors and subcontractors reviewed have the required licenses as required by the contract. However, Metro can improve its procedures for monitoring the licenses of the contractors and subcontractors on a regular basis. Developing guidance and procedures to aid Metro project managers in the review of licenses and certifications will be helpful.
- Except for one contract that was reviewed, there is no provision requiring that Metro verify the professional licenses of the contractor’s and subcontractors’ key personnel after the contract is awarded. The contract language can be enhanced to include this requirement.

OBJECTIVES, METHODOLOGY AND SCOPE OF AUDIT

The objective of the audit was to evaluate Metro controls over the verification of licenses and certifications required for (1) employees in Risk Management, Corporate Safety Departments and their consultants, and (2) contractors, subcontractors, and their key personnel for Metro capital projects.

To achieve the audit objectives, we performed the following procedures:

- Obtained and reviewed applicable policies and procedures;
- Interviewed Metro personnel including staff in Risk Management, Corporate Safety, Human Capital and Development, Program Management, Procurement, and Diversity and Economic Opportunity Department; and
- Reviewed contracts, organizational charts, job descriptions, and other documents; and
- Checked and verified the licenses and certifications with the governmental agencies' websites.

This audit covered a review of licenses and certifications of Metro employees in Risk Management and Corporate Safety, as well as Metro's consultants, contractors, subcontractors, and their key personnel for its capital projects as of December 31, 2023. We selected four contracts from three major capital projects.

This audit was conducted 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 conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusion based on our audit objectives.

BACKGROUND

Obtaining, maintaining monitoring, and verifying professional licenses and certification spans across several Metro departments.

The Chief Safety Office includes the Risk Management and Corporate Safety Departments. Risk Management's mission is to protect the assets of the public "by identifying, evaluating, and responding to the risk exposures of Metro." Corporate Safety provides leadership in continuous safety improvement for Metro employees, customers, community, and business partners.

Program Management oversees the construction of major capital projects. Its primary focus is to deliver capital projects safely, on time, and within budget while mitigating stakeholder issues.

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Vendor/Contract Management includes Procurement and Diversity and Economic Opportunity Department (DEOD). The Procurement business unit comprises Professional Services and Construction Services. These teams plan acquisitions, prepare solicitations, author contract documents, negotiate terms and conditions, execute contract awards, and provide post-administration of all contracts executed across Metro. DEOD, on the other hand, is responsible for ensuring non-discrimination in Metro contracting and workforce employment. DEOD responsibilities include implementation and oversight of Certification, Labor Compliance, Outreach, Project and Economic Development Management, and Small Business Programs.

RESULTS OF AUDIT

The audit found the following:

A. Metro Employees in Risk Management, Corporate Safety, and Consultants

1. Risk Management (Department 5300 – Cost Center 5310)

Based on the FY24 Organizational Chart of Risk Management, the department has 19 positions with 52 Full-Time employees (FTEs). We reviewed the job specification/description of each job title from Human Capital and Development’s website and identified which positions require professional licenses or certifications. See Table 1.

**Table 1
Positions and Number of Full-Time Employees in Risk Management**

Licenses/Certification	Job Title	No. of FTEs
6 Required	Case Management Nurse	1
	Collision Investigations Specialist	3
	Deputy Chief Risk, Safety, & Asset Management Officer	1
	Manager, Collision Investigations	1
	Supervisor, Workers' Comp.	3
	Workers' Comp. Analyst	6
Required Total		15
5 Preferred	Investigator, Workers Compensation Investigations	1
	Senior Investigator, Workers Comp.	1
	Senior Manager, Risk Financing	1
	Senior Public Liability/Property Manager Analyst	1
	Senior Workers' Comp. Analyst	10
Preferred Total		14
8 No Required or Preferred License/Certification	Administrative Aide	10
	Chief Safety Officer	1
	Director, Risk Management	3
	Executive Officer, Risk Management	1
	Principal Risk Analyst	3
	Senior Admin Analyst	1
	Senior Risk Analyst	2
	Workers' Comp. Mail & File Clerk	2
No Required or Preferred License/Cert. Total		23
Total		52

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As shown in Table 1, six positions are required to have the following licenses and certifications, as listed in their job descriptions, see Table 2.

**Table 2
Positions with Required License or Certification**

Job Title	Required License/Certification/Special Requirement
Case Management Nurse	Registered nurse in CA
Collision Investigations Specialist	Completed training as a collision reconstruction expert by one of the nationally recognized schools in the field of Collision Reconstruction
Deputy Chief Risk, Safety, and Asset Management Officer	Must have a Transit Safety and Security Program (TSSP) Certificate from the Transportation Safety Institute (TSI) within two years of hire
Manager, Collision Investigations	Completed training as a collision reconstruction expert by one of the nationally recognized schools in the field of Collision Reconstruction
Supervisor, Workers' Comp.	California Self-Insured Administrator's Certificate in Workers' Compensation
Workers' Comp. Analyst	Certificate in claims handling

Our review found the employees holding the above positions in Risk Management possess the required licenses.

Table 3 is the summary of the positions with preferred licenses or certifications in Risk Management:

**Table 3
Positions with Preferred License or Certification**

Job Title	Preferred License/Certification
Investigator, Workers Compensation Investigations	Certified Professional in Fraud Identification (CPFI)
Senior Investigator, Workers Comp.	Certified Professional in Fraud Identification (CPFI)
Senior Manager, Risk Financing	Associate Risk Manager (ARM) Designation, Construction Risk Insurance Specialist (CRIS), or Associate in Risk Management for Public Agencies (ARM-P)
Senior Public Liability/Property Manager Analyst	Paralegal Studies Certificate or Associate in Claim (AIC)
Senior Workers' Comp. Analyst	California Workers' Compensation Claims Administration (WCCA) Certificate

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2. Corporate Safety (Department 6800 – Cost Center 6810)

Corporate Safety provided us with their FY24 Organizational Chart which shows 15 positions with 40 FTEs, excluding the Chief Safety Officer (which was already included in the Risk Management Department). See Table 4.

**Table 4
Positions and Number of Full-Time Employees in Corporate Safety**

Position	FTEs	License/Certification
Deputy Chief Risk, Safety & Asset Management Officer	1	Required
Senior Executive Officer, Project Management Oversight	1	No Required or Preferred License *
Deputy Executive Officer, Corporate Safety	4	Preferred
Senior Director, Construction Safety	1	Required
Senior Director, Safety Cert & Opns Mngmt	2	Preferred
Director, Systems Safety	1	Preferred
Senior Manager, Systems Safety	6	Preferred
Manager, Construction Safety	4	Preferred
Manager, Transp Planning	1	No Required or Preferred License *
Supervising Engineer	1	Required
Senior Engineer	1	Desirable
Principal Safety Specialist	1	Preferred
Senior Safety Specialist	12	Preferred
Safety Specialist	1	Preferred
Administrative Analyst	3	No Required or Preferred License *
Total	40	

** None required other than a valid California Class C Driver License*

As shown in Table 5, only three out of 15 positions require a license or certification. Most of the positions in Corporate Safety do not require a license and/or certification. However, many of the positions do include various preferred licenses and/or certifications.

Table 5 shows the three positions in the Corporate Safety that are required to have a license or certification:

**Table 5
Positions with Required License and Certification**

Job Title	Required License/Certification
Deputy Chief Risk, Safety & Asset Management Officer	Transit Safety and Security Program (TSSP) Certificate from the Transportation Safety Institute (TSI) within two years of hire
Senior Director, Construction Safety	Construction Health and Safety Technician (CHST) issued by the Board of Certified Safety Professionals (BCSP).
Supervising Engineer	State of CA registration as a professional engineer

Note: The Deputy Chief, Risk, Safety & Asset Management Officer is also included in Cost Center 5310 – Risk Management. See Table 1.

Our review found that the employees holding the above positions possess the required licenses. In addition, the Senior Director, Construction Safety has the following preferred licenses/certifications: Associate Safety Professional (ASP) / Certified Safety Professional (CSP) issued by the Board of Certified Safety Personnel (BCSP). The current employee holds ASP and CSP certifications.

Examples of the preferred licenses or certifications indicated in the job description are Construction Health and Safety Technician (CHST), ASP, CSP, Transit Safety and Security Program (TSSP), Occupational Health and Safety Technician (OHST), and others.

Except for the Senior Director, Construction Safety who holds the preferred ASP and CSP certifications, we were unable to verify with the Risk Management and Corporate Safety departments if their staff held the preferred licenses or certifications.

While it is true that a combination of education and/or experience provides the required knowledge, skills, and abilities to perform the essential functions of any given position, employees with the position’s preferred license or certifications are beneficial in showing a recognized level of competency and professionalism. Maintaining a professional license requires the licensees to take continuing professional education (CPE) units for their professional development. Continuous professional development keeps staff updated and current in their respective fields or professions, likely resulting in more effective job performance.

Recommendations:

Risk Management and Corporate Safety

- Encourage the employees to obtain the preferred licenses for their respective positions, contributing to an industry-recognized level of competency and professionalism that may strengthen their job performance with added knowledge in their respective fields.
- Review the department's job description and qualifications and determine if the preferred licenses and certifications are tied to the employee's duties and should now be required since the last job description review and update.

Human Capital & Development

- Survey specific positions that will be recommended by Risk Management and Corporate Safety, and compare the qualifications with those of other transportation agencies to ensure that Metro hires candidates with the appropriate knowledge, skills, abilities, and professional licenses.
- Consider designing/adding a field in the HR training system for employees to input their certifications and licenses.
- Consider maintaining a central repository of employees whose position requires a license and certification so it may be easily reviewed for compliance with their position's requirements.

3. Construction Safety Consultants

Corporate Safety provided us with the list of their Construction Safety consultants.

The Senior Director, Construction Safety stated that the *"certifications from the Board of Certified Safety Professionals are the standards for safety professionals in the construction industry."* He added that *"in contracts for Consultants, these certifications are required. Exceptions are made based on training, experience, and proven effectiveness in the field."*

We verified that all seventeen (17) Safety Consultants, except for three, have certifications that are required, such as Certified Safety Professional (CSP) and Construction Health and Safety Technician (CHST). One consultant's application for CHST is in process, while the two consultants were hired due to their knowledge and experience on rail-centered projects. The Senior Director and the hiring Project Managers believe that their knowledge and safety management experience outweigh the lack of CHST certification.

We obtained the consultants' resumes and found that both have the qualifications and experience of having worked as Program Safety Manager in their previous employment.

B. Contractors, Subcontractors, and Key Personnel

1. Airport Metro Connector - Contract No. PS58330MC075

Contract No. PS58330MC075 is a cost-reimbursable contract between Metro and KDG+DE Construction Support Services for the Airport Metro Connector/96th Street Transit Station Construction Support Services Consultant (CSSC). Issued on July 25, 2019, this contract has a value of \$17.2 million with an estimated completion date of June 30, 2024.

The prime contractor for this contract is KDG+DE which is a partnership of KDG Construction Consulting and Destination Enterprises, Inc. Currently, there are four subcontractors performing services such as scheduling, quality control inspection, railroad signal and communication systems, and fire suppression systems.

a. Licenses of Contractor/Subcontracting Firms

Special Provisions SP-20 (A) of the contract states that *"the contracting firm and the majority owner of the subcontracting firm shall have the experience and professional capability to perform the work, and the majority owner of the subcontracting firm shall possess and maintain for the duration of the contract work, the appropriate State of California Professional license(s) and registration required."*

Our review found that Destination Enterprises, a partner of the prime contractor, KDG + DE, possesses the California contractor's license and registration, as required in the contract. Destination Enterprises has a current and active license in General Engineering which expires on April 30, 2025.

Destination Enterprises' President has over 24 years of experience in the construction industry, specializing in construction management. They have done several projects with Metro such as the Expo Light Rail – Phases 1 and 2, among others.

The subcontracting firms do not have a license as a contractor due to the nature of their businesses or services. All the subcontractors are duly registered in the State of California, in compliance with SP-20 (A) of the contract.

Section SP-20 (B) of the contract states, *"Proof of validity of such license and/or registration shall be provided on an annual basis."* However, we did not receive any documentation showing that the licenses of the contractor and subcontractors were submitted on an annual basis, as required

to comply with the contract provision. The contractor is not in compliance with the contract in that respect.

Recommendations:

Program Management

- Require the contractor to submit their license(s) and registration annually and a list of the licenses of the subcontracting firms to ensure that they possess and maintain their licenses throughout the duration of the work.
- Require the contractor to state they will monitor, verify, and communicate to Metro their subcontractors and their respective required licenses.
- Consider implementing a systematic program to review annually the contractor and subcontractor licenses, registrations, and certifications, as required by the contract.

b. Licenses of Key Personnel and Professional Staff

Section GC-12-C of the contract states that *“All personnel shall have sufficient skill and experience to perform the work assigned to them. Contractor shall ensure that any individual performing work under the Contract requiring a California license shall possess the appropriate license required by the State of California. All personnel shall have sufficient skill and experience to perform the Work assigned to them.”*

We obtained and reviewed the winning proposal of KDG+DE which includes, among others, the experience and capabilities of the firms on the project team, their current and completed projects, and their key personnel’s skills and experience. We checked the qualifications, licenses, and/or certifications of the key personnel listed in Section D (Key Personnel’s Skills and Experience) and found that KDG Construction Consulting, Destination Enterprises, and Rohadfox each had one key personnel who has a professional license in California as an engineer.

We downloaded KDG’s January 2024 invoice from Metro’s Financial Information System to identify the personnel included in the bill and their corresponding titles. We checked the professional licenses from the Department of Consumer Affairs and found the licenses for two out of six KDG professional staff and two out of ten for DE staff included in the bill. We also noted that except for the company principal/owner, none of the key personnel listed in the proposal were included in the bill. This was because of changes in personnel after the proposal was submitted in January 2019. The contractor and subcontractors are allowed to submit an alternative list of equally qualified candidates for Metro’s approval if the proposed staff is unavailable at the time the contract begins.

Our review disclosed that the professional licenses of the key personnel are not verified or monitored after the contract is awarded.

We inquired with different departments and received the following responses:

- The Project Manager stated, *“We do not have any contractual relationship or direct communication with subcontractors.”*
- Diversity and Economic Opportunity Department (DEOD) stated that *“Metro does not gather licensing for all employees of the subcontractors. Metro only asks for licensing from the firm owner(s).”*
- Vendor/Contract Management explained that *“There is not a standard of Subcontractor Key Personnel that must have a license. V/CM does not maintain a database of the licenses confirmed at the time of the bid/proposal evaluation.”* The V/CM Officer added that most of the time, *“the firms often propose people that are not yet licensed in California and they pursue the license when they know they are being selected for the contract.”* He believes that is the responsibility of Program Management, or other Metro departments, to verify such licenses post-award.

Metro should verify the professional licenses of the key personnel of the contractor and subcontractors after the contract is awarded to ensure that work is performed by qualified people. Metro would not want to experience an accident or subpar work by a Metro contractor/subcontractor who did not hold or keep up to date their required licenses and certifications.

Recommendations:

Program Management

- Require the contractor and subcontracting firms to submit an updated list of their key personnel with their corresponding license numbers and expiration dates for the duration of the contract work.
- Verify the validity of the California professional license of these key personnel annually.
- Monitor and verify that the prime contractor bills Metro for services of personnel approved by Metro.

2. Airport Metro Connector – Contract No. C1197

Contract no. C1197: Airport Metro Connector/96th Street Transit Station – is a firm-fixed-price contract between Metro and Tutor Perini Corporation issued on August 5, 2021. This contract has a current contract value of \$513.4 million as of May 31, 2024, from its original contract of \$470.6 million.

The prime contractor for this contract is Tutor Perini Corporation with Ronald N. Tutor as the Chairman and Chief Executive Officer.

a. Licenses of Contractor/Subcontracting Firms

Special Provisions SP-34 (A) of the contract requires that *“The Contractor must possess and maintain the following license throughout the duration of the Work, California State Contractor’s License Classification: A – General Engineering Contractor or B – General Building Contractor.”* SP-34 (B) requires that *“All Subcontractors must possess and maintain the appropriate licenses throughout the duration of the Work.”*

Our review found that the prime contractor, Tutor Perini, has the following licenses: A- General Engineering, B – General Building, and C-8 – Concrete. The Project Manager provided us with the license numbers of 68 subcontracting firms. We verified the licenses on the Contractors State License Board (CSLB) [website](#) and found that all 68 licenses are current and active. We found the contractor and subcontractors comply with SP-34 A and B of the contract.

We obtained a copy of Tutor Perini’s February 2024 invoice which showed 37 subcontracting firms and verified that all of them have a contractor’s license, except for three which are not required to have the contractor’s license due to the nature of their services (e.g. assistance with SBE/DVBE compliance, job coordination, and public relations).

Under Section GC-05 (Contractor’s Representative, Organization, and Personnel) of the contract, before starting any work, the contractor is required to submit an organization chart showing the lines of authority, office organizations, names, titles, and functions of all contractor’s Representatives, and other key personnel.

We reviewed the documents and the prime contractor complied with this requirement.

b. Licenses of Key Personnel and Professional Staff

Unlike Contract No. PS58330MC075 for the Airport Connector, this contract does not have a provision regarding licenses for the key personnel of the contractor and the subcontracting firms.

3. Purple Line Extension 3 - Contract No. C45161C1152

Contract 1152 is a Firm Fixed Price Contract with Tutor Perini/O&G, JV (Tutor Perini Corporation and O&G Industries, Inc., a Joint Venture) dated May 23, 2019, for the Purple Line Extension Section 3 Stations Project – Design Build which has a current contract value of \$1.52 billion as of May 31, 2024, from the original contract value of \$1.36 billion.

a. License of Prime Contractor

Article VI of the contract states, *“Contractor and its Subcontractors shall possess and maintain all required State of California Contractor license(s), Professional license(s) and registrations needed for the Work. At a minimum, Contractor shall possess and maintain the following licenses and/or registrations: California State Contractor’s License Classification A and Registration with the California Department of Industrial Relations (DIR).”*

We verified that the prime contractor, Tutor Perini/O&G, JV, has the following active licenses: A- General Engineering and B – General Building which will expire on March 31, 2026. Individually, Tutor Perini Corporation (TPC) has the following licenses: A, B, and C-8 – Concrete expiring on August 31, 2024, and certification for Hazardous Substances Removal; while O & G Industries has Class A with an expiry date of May 31, 2025.

We also verified that the Joint Venture is registered with the California Department of Industrial Relations with an expiration date of June 30, 2025.

b. Licenses of Subcontractors

The Sr. Director, Quality Management provided us with the list of active subcontractors working on this contract as of January 31, 2024.

We checked the licenses of the current eleven subcontractors and found that ten out of eleven subcontracting firms have current and active licenses as of the audit date. One subcontractor, engaged to perform quality control testing and inspection, is a full-service construction material testing laboratory which is considered a vendor and not required to have a contractor’s license.

Article VI of this Contract states, *“Contractor and its Subcontractors shall possess and maintain all required State of California Contractor license(s), Professional license (s) and registrations needed for the Work.”*

Section 4.2.2 of GC-04 (Contractor’s Obligations) of the contract states, *“Contractor and all of its Subcontractors and Suppliers are, and will be and will remain, fully experienced and properly qualified to perform the Work, and are, and throughout the term of this Contract shall remain,*

properly licensed, equipped, organized and financed to perform the Work hereunder and shall perform it in accordance with the Contract and in accordance with professional standards of skill, care, and diligence adhered to by firms recognized for their expertise, experience, and knowledge in performing Work of a similar nature.”

Section 4.2.2 (A) further states, *“The Contractor is responsible for ensuring that all Subcontractors are properly licensed at all times during their performance.”*

Other provisions in the contract regarding the contractor’s and subcontractors’ licenses include the following:

SP-59 states this contract is subject to compliance monitoring and enforcement by the California Department of Industrial Relations (DIR). Further, it provides that *“Prime contractors will be required to ensure that their subcontractors subject to this requirement are properly registered with the DIR. Contractors that hire unregistered subcontractors are subject to penalties up to \$10,000.”*

Notwithstanding the above provision, Metro should conduct periodic checks to determine if the contractor and subcontractors comply with the licensing and contract requirements.

We did not find any documentation indicating that Metro received information from the contractor on whether the subcontractors’ licenses are monitored and verified or communicated to Metro throughout the life of the contract.

Metro should require the contractor to submit their license and registration annually and those of the subcontractors. The Project Manager stated that an annual requirement could be considered.

Incomplete List of Subcontractors

We verified if the list of current subcontractors provided by Program Management was complete. We compared their list with the subcontractors included in Tutor Perini’s invoice for February 2024. We noted that the following subcontractors received payments but they were not included on the list we received:

- STV Incorporated – A non-DBE firm, this subcontractor was listed on the Contract as the Lead Designer. Based on Exhibit SA-2 (Unconditional Waiver and Release Upon Progress Payment of Final Payment), STV has received a progress payment of \$79.7 million for labor, services, equipment, or material furnished to Tutor Perini/O&G through December 31, 2023.

Program Management explained that STV is a design firm and is “*part of the build team joint venture*” which was probably the reason why it was not included in the list previously provided.

- Global Diversified Voltage Services – A DBE firm, this subcontractor has a current and active license expiring on December 31, 2025. The Request to Add (RTA) form was completed and approved by V/CM and DEOD on October 11, 2021 and October 12, 2021, respectively. This subcontractor was listed as a “Supplier” on the RTA form. Based on Exhibit SA-1 (Conditional Waiver and Release Upon Progress Payment) of the contract, Global Diversified has received a progress payment of \$18,853 for the materials it supplied through January 31, 2024. Program Management explained that “*Administratively, there was a lag adding Global Diversified Voltage Services into B2GNOW which is why it was not provided on the initial list.*”

We verified that both companies are registered with the Department of Industrial Relations with expiry dates of June 30, 2027, and June 30, 2025, respectively.

The Project Manager informed us that a complete list of subcontractors can be found on B2GNOW and is available for Program Management. Requiring the prime contractor to periodically submit a list of subcontractors, which can be compared with the list on B2GNOW will help ensure compliance.

c. Licenses of Key Personnel and Professional Staff of Contractor and Subcontractors:

The professional license requirements for key personnel of the contractor and subcontractors are listed in the solicitation documents and are reviewed during the selection process.

However, while there were specific provisions regarding the required license of the contractors and subcontracting firms, there was no provision in the contract regarding the professional licenses of their key personnel.

We obtained the information below when we asked the following departments:

Vendor/Contract Management (V/CM) verifies the licenses of the contractors and subcontracting firms when bids are received. V/CM’s Responsiveness Checklist reflects the license number for subcontractors required to have a California Contractor’s license. V/CM believes that it is the responsibility of Program Management, or other departments, to verify such licenses post-award.

The Diversity and Economic Opportunity Department (DEOD) verifies the licenses of Small Business Enterprise (SBE)/Disadvantaged Business Enterprise (DBE) certified companies. They stated that they do not gather licensing for all employees or key personnel of the subcontractors.

Program Management stated that when the contractor makes any changes to key personnel, the PLE 3 project manager checks for any required key personnel licenses during the submittal process.

4. Division 20 Portal Widening Turnback - Contract No. C59596C1136

Contract No. C59596C1136 with Tutor Perini Corporation is a Firm Fixed Price Contract dated February 25, 2020, for Division 20 Portal Widening Turnback, which has a contract value of \$572.2 million as of May 31, 2024, from its original \$431.8 million.

a. License of Prime Contractor

SP-34 of the Contract states, *“The Contractor must possess and maintain the following license throughout the duration of the Work – California State Contractor’s License Classification “A” – General Engineering Contractor.”*

The Contract further states that *“The Contractor and/or Subcontractor must possess and maintain throughout the duration of the Work any and all licenses, registrations, and certifications required by existing law to perform the Work within the scope of the Contract, including, without limitation, a Class A license in accordance with S7028.15 A-E of the California Business and Professions Code, and certification for performance of Hazardous Substance Removal...”*

Our review found that the prime contractor, Tutor Perini Corporation (TPC) has the following licenses: A – General Engineering, B – General Building, and C-8 – Concrete expiring on August 31, 2024. They also have a certification for Hazardous Substances Removal, in compliance with the contract provision.

We also verified that TPC is registered with the California Department of Industrial Relations with an expiration date of June 30, 2025.

b. Licenses of Subcontractors

SP-34 (A) of the Contract requires that *“All Subcontractors must possess and maintain the appropriate licenses throughout the duration of the Work.”*

We verified the licenses of 25 subcontractors provided by Vendor/Contract Management (V/CM) and found that all licenses were current and active, in compliance with the contract provision.

While we verified that the prime contractor and subcontractors have the license and certification required in the contract, we did not find any documentation indicating that Metro monitors them after the contract is awarded.

Program Management stated, *“The C1136 and C1152 Contracts provide documentation for licensing and registration information to be provided during the solicitation and contains provisions for replacement or additions post-award. Post-award of a contract, the contractor is required to provide submittals and construction work plans with Registered Professional Engineer stamps on drawings. For submittals necessary to perform work that the contract requires licenses and certifications, Metro reviews and approves this as part of the submittal process.”*

“The Project Manager added, “Given that subcontract work can be a short duration of less than a few months or weeks and licensing/certifications can expire during any given month, an annual review may not meet the intent of ensuring a contractor is licensed/registered while they are performing work.”

The Project Manager cited Regulatory Requirements (RR) 26 of the contract (Public Works Contractor Registration Law) which requires the contractor to be registered with the Department of Industrial Relations (DIR) to bid or perform work on state and local public works projects that includes having a Contractors State License Board license if applicable to the trade. Additionally, *“Prime contractors will be required to ensure that their subcontractors subject to this requirement are properly registered with the DIR. Contractors that hire unregistered subcontractors are subject to penalties up to \$10,000.”*

We believe, however, that while the contractor has the responsibility to ensure subcontractors' compliance, Program Management should require the contractor to show some proof that they are monitoring their licenses after the contract is awarded.

Two Subcontractors Not Included on the List Provided by Vendor/Contract Management

Out of 25 subcontractors provided by V/CM, six were originally on the contract, and 19 were added. V/CM stated, *“Subcontractors not in excess of one-half of 1 percent of the prime contractor's total bid were not required to be identified by the prime at the time of bid and/or subcontractors may have also been added to perform work on change orders.”* The subcontracts for all the 19 additional subcontractors were less than one-half of 1 percent of the contractor's total bid.

We obtained the Request to Add (RTA) SBE/DVBE or Non-SBE/DVBE Subcontractor from Vendor/Contract Management and verified that the additional subcontractors were approved by Metro.

We checked the contractor's February 2024 invoice to verify if the list of subcontractors provided by V/CM was complete.

Based on the Unconditional Waiver and Release on Progress Payment forms, there were two subcontractors which were not included on the list of subcontractors provided by V/CM. We inquired for the reason why these two firms were not included on the list previously provided but we received no response.

Recommendation:

Vendor/Contract Management

- Consider maintaining a list or file of the Request to Add Subcontractor forms and update it to include Program Management as one of the recipients of the completed form upon approval so they will have information on the subcontractors for their respective projects.

c. Licenses of Key Personnel and Professional Staff of Contractor and Subcontractors:

Similar to the other contracts mentioned above (except for AMC – C075), this contract does not have a provision regarding professional licenses for the contractor's and the subcontracting firms' key personnel.

We recommend that Metro enhance the contract language by adding a contract provision requiring the prime contractor to submit a list and proof of licenses of their key personnel and those of the subcontracting firms for the duration of the contract work.

Program Management should develop guidance and procedures to aid Metro project teams in the review of licensure and certification requirements for the contractor, subcontractors, and their key personnel for the duration of the contract.

CONCLUSION

The audit found the following:

- The employees in Metro's Risk Management and Corporate Safety departments, as well as their consultants who are required to have licenses and certifications, are in compliance. However, most of the job positions in these departments do not require a license or certification but do include preferred licenses or certifications. Metro can encourage the employees to obtain the preferred licenses for their respective positions, contributing to an industry-recognized level of competency and professionalism that may strengthen their job performance with added knowledge in their respective fields.

- Except for one contract we reviewed, there is no provision requiring that Metro verify the professional licenses of the contractor's and subcontractors' key personnel after the contract is awarded. Contracts for major Metro construction projects should be enhanced by including the requirement of verification of professional licenses of the contractor's and subcontractors' key personnel on a regular basis (e.g. once or twice a year) after the contract is awarded.

RECOMMENDATIONS

We recommend the following:

Risk Management and Corporate Safety

1. Encourage their employees to obtain the preferred licenses for their respective positions, contributing to an industry-recognized level of competency and professionalism that may strengthen their job performance with added knowledge in their respective fields.
2. Review the department's job description and qualifications, and determine if the preferred licenses and certifications are tied to the employee's duties and should now be required since the last job description review and update.

Human Capital & Development:

3. Survey specific positions that are recommended by Risk Management and Corporate Safety, and compare the qualifications with those of other transportation agencies to ensure that Metro hires candidates with the appropriate knowledge, skills, abilities, and professional licenses.
4. Consider designing/adding a field in the HR training system for employees to input their certifications and licenses.
5. Consider maintaining a central repository of employees whose position requires a license and certification so it may be easily reviewed for compliance with their position's requirements.

Program Management

6. Develop guidance and procedures to aid Metro project teams in the review of license and certification requirements for the contractor, subcontractors, and their key personnel for the duration of the contract.

Licenses of Contractors/Subcontractors

7. Require the contractor to submit their license(s) and registration annually and a list of the licenses of the subcontracting firms to ensure that they possess and maintain their licenses throughout the duration of the work. Compare their list with Metro's B2GNOW system.
8. Require the contractor to show they will monitor, verify, and communicate to Metro their subcontractors and their respective required licenses.
9. Consider implementing a systematic program to annually review contractor and subcontractor licenses, registrations, and certifications, as required by the contract.

Licenses of Key Personnel and Professional Staff – For Contracts **with** Provision on Licenses of Key Personnel

10. Require the contractor and subcontracting firms to submit an updated list of their key personnel with their corresponding license numbers and expiration dates for the duration of the contract work.
11. Verify and monitor the validity of the California professional license of these key personnel annually.
12. Monitor and verify bills submitted by the prime contractor for the services provided by personnel approved by Metro.

Licenses of Key Personnel and Professional Staff – For Contracts **without** Provision on Licenses of Key Personnel

13. Enhance the contract language by adding a contract provision requiring the prime contractor to submit a list and proof of licenses, license numbers, and expiration dates of their key personnel, and those of the subcontracting firms for the duration of the contract work.
14. Coordinate with the Legal Department and Vendor/Contract Management about enhancing this contract provision in all future capital projects.

15. If the above contract provision is added, verify and monitor the validity of the California professional license of these key personnel annually.

Vendor/Contract Management

16. Consider maintaining a list or file of the Request to Add Subcontractor forms and update it to include Program Management as one of the recipients of the completed form upon approval so they will have information on the subcontractors for their respective projects.

MANAGEMENT COMMENTS TO RECOMMENDATIONS

On August 9, 2024, we provided Metro Management with our draft report. By September 23, 2024, Metro Management submitted their responses summarizing their corrective actions. See Attachment A.

OIG EVALUATION OF MANAGEMENT RESPONSE

Metro Management’s responses and corrective actions taken are responsive to the findings and recommendations in the report. Therefore, we consider all issues related to the recommendations resolved and closed based on the corrective actions taken.


Management Comments to Draft Report

Risk Management and Corporate Safety



Metro

Interoffice Memo

Date	August 23, 2024
To	Yvonne Zheng, Sr. Manager Office of the Inspector General
From	Kenneth Hernandez, Chief Safety Officer (Interim) 
Subject	Corporate Safety's Response to Recommendations in Audit Report No. 25-AUD-02

Purpose

This memo is Risk, Safety, and Asset Managements' (RSAM) response to Recommendation Nos. 1 and 2 provided by draft report No. 25-AUD-02 Audit of Licenses and Certifications for Metro Employees, Consultants, Contractors, and Subcontractors issued by the Office of the Inspector General (OIG) on August 9, 2024.

Recommendation # 1:

Encourage the employees to obtain the preferred licenses for their respective positions, contributing to an industry-recognized level of competency and professionalism that may strengthen their job performance with added knowledge in their respective fields.

Management Response:

RSAM Management agrees with the recommendation and already encourages employees to attend professional training and certification classes to obtain applicable safety certifications. Each fiscal year, RSAM includes a request for funding to pay for the professional training and certifications. Many employees on the safety team have taken advantage of this available training and obtained certifications which have been identified as preferred.

Completion Date: Ongoing and budgeted in each FY.

Recommendation # 2:

Review the department's job description and qualifications and determine if the preferred licenses and certifications are tied to the employee's duties and should now be required since the last job description review and update.

Management Response:

RSAM Management agrees with the recommendation and Corporate Safety will coordinate with the Chief People Office to review the job descriptions and update the requirement for certifications and licenses as applicable to the positions in Corporate Safety.

Completion Date: End of calendar year 2024.

Management Comments to Draft Report

Human Capital & Development



Metro

Interoffice Memo

Date: 8/29/2024

To: Yvonne Zheng Sr. Manager Audit

From: Ilyssa DeCasperis, CPO



Digitally signed by Ilyssa DeCasperis
Date: 2024.08.30 12:03:30 -0700

Subject: Audit of Licenses and Certifications for Metro Employees, Consultants, Contractors, and Subcontractors (Report No. 25-AUD-02)

Purpose

This memo is to respond to Recommendation 3, 4 & 5 provided by draft report 25-AUD-02 issued by the Office of the Inspector General (OIG) on August 9, 2024.

Recommendation #:

Human Capital & Development:

3. Survey specific positions that are recommended by Risk Management and Corporate Safety, and compare the qualifications with those of other transportation agencies to ensure that Metro hires candidates with the appropriate knowledge, skills, abilities, and professional licenses.

Management Response: Agree

For internal candidates, CPO can survey other transportation agencies regarding the specific positions recommended by Risk Management and Corporate Safety with other agencies.
Completion Date: March 15, 2025

4. Consider designing/adding a field in the HR training system for employees to input their certifications and licenses.

Management Response: Agree

On September 3, 2024, we are bringing NEOGOV Applicant Tracking System onboard. We will work with the NEOGOV team to make certain that from the onset, applicants input their certifications and licenses into their online applications. We have the ability for staff to update their records and will send out reminders. The updated certifications and licenses are automatically requested when an employee is bidding for a new position.
Completion Date: March 15, 2025

Management Comments to Draft Report

Human Capital & Development - Continued

5. Consider maintaining a central repository of employees whose position requires a license and certification so it may be easily reviewed for compliance with their position's requirements.

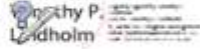
Management Response: Agree
We expect this to be done through NEOGOV
Completion Date: March 15, 2025

Management Comments to Draft Report

Program Management



Interoffice Memo

Date	September 9, 2024
To	Yvonne Zheng Sr. Manager, Audit Office of Inspector General
From	Tim Lindholm Chief Program Management Officer 
Subject	Response to 25-AUD-02 Draft Report on Audit of Licenses and Certifications

Purpose

This memo is to respond to Recommendations 6-15 provided within draft report 25-AUD-02 Draft Report on Audit of Licenses and Certifications issued by the Office of the Inspector General (OIG) on August 9, 2024.

Overall Recommendation

Recommendation #6: Develop guidance and procedures to aid Metro project teams in the review of license and certification requirements for the contractor, subcontractors, and their key personnel for the duration of the contract

PM Response: Based on the results of interdepartmental collaboration discussed in PM responses below, PM will consider joint issuance of interdepartmental guidance documents, procedures, or contractual language to address the recommendation.

Licenses of Contractors/Subcontractors

Recommendation #7: Require the contractor to submit their license(s) and registration annually and a list of the licenses of the subcontracting firms to ensure that they possess and maintain their licenses throughout the duration of the work. Compare their list with Metro's B2GNOW system.

Recommendation #8: Require the contractor to show they will monitor, verify, and communicate to Metro their subcontractors and their respective required licenses.

Management Comments to Draft Report

Program Management - Continued

Recommendation #9: Consider implementing a systematic program to annually review contractor and subcontractor licenses, registrations, and certifications, as required by the contract.

PM Response to Recommendations 7, 8, and 9: Meet with Program Management, County Counsel, Risk Management, and Vendor/Contract Management to collaborate on implementing guidelines, procedures, or contract language to address these recommendations in regards to Metro review of contractor and subcontractor licenses, registrations, and certifications.

Licenses of Key Personnel and Professional Staff – For Contracts with Provision on Licenses of Key Personnel

Recommendation #10: Require the contractor and subcontracting firms to submit an updated list of their key personnel with their corresponding license numbers and expiration dates for the duration of the contract work.

Recommendation #11: Verify and monitor the validity of the California professional license of these key personnel annually

Recommendation #12: Monitor and verify bills submitted by the prime contractor for the services provided by personnel approved by Metro

PM Response to Recommendations 10, 11, and 12: Meet with Program Management, County Counsel, Risk Management, and Vendor/Contract Management to collaborate on implementing guidelines, procedures, or contract language to address these recommendations for verification and monitoring by Metro on contractor and subcontractor key personnel licenses.

Licenses of Key Personnel and Professional Staff – For Contracts without Provision on Licenses of Key Personnel

Recommendation #13: Enhance the contract language by adding a contract provision requiring the prime contractor to submit a list and proof of licenses of their key personnel, and those of the subcontracting firms for the duration of the contract work. The list should include the corresponding license numbers and expiration dates

Recommendation #14: Coordinate with the Legal Department and Vendor/Contract Management about enhancing this contract provision in all future capital projects.

Recommendation #15: If the above contract provision is added, verify and monitor the validity of the California professional license of these key personnel annually.

PM Response to Recommendations 13, 14, and 15: Meet with Program Management, County Counsel, Risk Management, and Vendor/Contract Management to collaborate on implementing guidelines, procedures, or contract language to address these recommendations for verification and monitoring by Metro on contractor and subcontractor key personnel licenses.

Management Comments to Draft Report

Program Management - Continued

Completion Date: Interdepartmental collaboration starts within one month. Process complete 12 months from adoption of this report and responses.

Management Comments to Draft Report

Vendor/Contract Management



Metro

Interoffice Memo

Date August 23, 2024

To Yvonne Zheng
Senior Manager, Audit
Office of the Inspector General

From Nalini Ahuja
Chief Financial Officer *Michelle Navarro*

Subject Management Response – Draft Report: Audit of Licenses and Certifications for Metro Employees, Consultants, Contractors, and Subcontractors (Report No. 25-AUD-02)

Purpose:

This memo is to respond to Recommendation 16 provided by draft report 25-AUD-02, Draft Report on Audit of Licenses and Certifications issued by the Office of the Inspector General (OIG) on August 9, 2024.

Recommendation #16:

Consider maintaining a list or file of the Request to Add Subcontractor forms and update it to include Program Management as one of the recipients of the completed form upon approval so they will have information on the subcontractors for their respective projects.

Management Response:

Management agrees with the recommendation. In accordance with Request to Add Subcontractor Procedure (attached), the Prime Contractor is required to enter all approved firms both DBE/SBE/DVBE and non-DBE/SBE/DVBE into B2Gnow with copies of the Request to Add Subcontractor Form (RTA). Vendor/Contract Management will work with DEOD to revise the Request to Add Subcontractor Procedure to include Program Management as one of the recipients of the completed RTA upon approval by Metro.

Completion Date: October 1, 2024

Management Comments to Draft Report

Vendor/Contract Management - Continued



Los Angeles County
Metropolitan Transportation Authority

Metro REQUEST TO ADD SUBCONTRACTOR Procedure

**Procedures Memo: Request for DBE, SBE/DVBE and Non-DBE, SBE/DVBE
Subcontractor Approval**
Revised date: 11/4/2020

BACKGROUND

The following procedure is intended to clarify and confirm the revised internal review process for adding subcontractors. Effective immediately, when the Prime requests to add subcontractors, Metro VC/M and DEOD Staff will proceed as follows:

POLICY IMPLEMENTATION

1. The request to add process is initiated by an email from the Prime to the Contract Administrator only. (Do not cc: DEOD staff). The Prime will indicate clearly on the email which contractors (if any) are DBE/SBE/DVBE certified and attach the Request to Add (RTA) form. The Contract Administrator (CA) will forward the Request to Add form(s) for DBE/SBE/DVBE's to the Small Business Post Award Unit (SBCComplianceInquiry@metro.net) and to the Labor Compliance Unit (DEODLaborCompliance@metro.net) for simultaneous review.
2. Once the CA completes his/her review and approves a DBE/SBE/DVBE subcontractor, the RTA is to be signed by the CA and is then forwarded to DEOD for approval. DEOD will respond to the CA with approval/disapproval; and the CA will notify (with a copy to DEOD Contract Compliance and Labor Compliance) the Prime of Metro's determination.
 - A. DEOD will review the RTA for completeness
 - If the RTA is not complete, DEOD will return the RTA to the CA noting the deficiencies
 - The CA will send the RTA back to the Prime for completion
 - B. If the RTA is completed, DEOD will conduct the certification verification
 - DEOD will review the certification verification to ensure that the firm is certified in the NAICS codes for the proposed scope of work.
 - C. If the firm is certified, DEOD will approve the firm for adding. Once the CA has completed his/her review and sends the signed RTA to DEOD, DEOD will sign, scan and send the RTA back to the CA
 - D. If it is determined that the firm is not certified; no other action is necessary in completing the RTA; however, DEOD will send the CA an email notifying them that the proposed firm is not certified and will not receive participation credit.
3. If the proposed subcontractor is Non-DBE/Non-SBE/Non-DVBE, CA will review and notify the Prime directly of approval, copying the Labor Compliance Unit (DEODLaborCompliance@metro.net).

Management Comments to Draft Report

Vendor/Contract Management - Continued



Los Angeles County
Metropolitan Transportation Authority

Metro **REQUEST TO ADD SUBCONTRACTOR
Procedure**

4. Once approved by Metro the Prime Contractor is directed to enter all approved firms both DBE/SBE/DVBE and Non-DBE/Non-SBE/Non-DVBE into B2GNow for activation within five (5) days, with copies of the RTA and executed subcontracts attached. Firms should not to be entered into B2GNow without an executed agreement.
5. The B2GNow Administrator will ensure that the firm is activated in B2GNow.

This will streamline and expedite the review and approval process, especially for the certified subcontractors.

For any questions regarding the Request to Add Subcontractor procedure, please contact the Post Award Unit at SBComplianceInquiry@metro.net.

Final Report Distribution

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