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Trade Apprenticeship Programs

The State Needs to Better Oversee Apprenticeship Programs, Such as the Air Conditioning Trade Association’s Sheet Metal Program

Background

The Department of Industrial Relations’ Division of Apprenticeship Standards (apprenticeship division) has primary responsibility for overseeing apprenticeship programs, such as the Air Conditioning Trade Association (ACTA), which provides training and education in the use of sheet metal for heating, ventilation, and air conditioning systems. State funding for ACTA comes from grants received through the apprenticeship division and allocations for the classroom portion of apprenticeship training through the California Community Colleges Chancellor’s Office (Chancellor’s Office) and K–12 local education agencies (LEAs), such as the Central Unified School District (Central Unified), the LEA that has the fiscal contract with ACTA.

Our Key Recommendations

- The Legislature should provide the apprenticeship division with explicit authority to verify outside of a program audit that apprenticeship programs are using funds appropriately.
- The apprenticeship division should resume program audits of apprenticeship programs and ensure such programs are appropriately spending money. Further, it should periodically inquire about recent federal investigations of apprenticeship programs to determine if it needs to conduct its own audits.
- Central Unified should determine how much it reimbursed the ACTA for unallowable activities and work with the Chancellor’s Office to determine how best to recover those funds. Further, it should develop a process to verify attendance records so that it only reimburses apprenticeship programs for allowable activities to ensure correct reimbursement of state funds to ACTA.

Key Findings

- The apprenticeship division’s oversight of apprenticeship programs is inadequate.
 - » It has not been regularly conducting audits of apprenticeship programs—it completed only two audits in fiscal year 2014–15.
 - » It has not conducted an audit of ACTA even though state law required it because ACTA’s completion rates had dropped below 50 percent of the state industry average in 2013.
 - » It is not using its audit authority to ensure that apprenticeship programs are spending state funds appropriately to train apprentices, nor does it have the authority outside of an audit to verify proper spending of state funds.
- Both the Chancellor’s Office and Central Unified were unaware that between fiscal years 2010–11 through 2014–15, ACTA claimed over 10,000 hours for homework assignments—which are unallowable—at a cost of nearly \$51,000 for reimbursements.
- The Chancellor’s Office does not provide guidance to K–12 LEAs to verify attendance hours even though it expects these LEAs to do so.
- Although we were unable to determine why ACTA transferred money between its funds, a recent federal investigation found that ACTA inappropriately spent \$800,000 in apprenticeship training funds.

ACTA’s Apprenticeship Completion Rates Generally Fell Below the State’s Industry Average

