

DEPARTMENT OF DEVELOPMENTAL SERVICES

1600 NINTH STREET, Room 240, MS 2-13
SACRAMENTO, CA 95814
TDD 654-2054 (For the Hearing Impaired)
(916) 654-1897



December 11, 2014

Susan Lara, Board President

Kern Regional Center Board of Directors
Kern Regional Center
3200 North Sillect Avenue
Bakersfield, CA 93308

Dear Kern Regional Center Board of Directors:

The Department of Developmental Services (DDS or Department) has serious concerns about the governance, organizational strength and the continued ability of Kern Regional Center (KRC) to fulfill its obligations to the consumers and families it serves. DDS has become aware of serious unresolved issues at KRC through an audit of its operations for fiscal years 2010-11 and 2011-2012, numerous complaints and extensive recent on-site assessments. To aid in the resolution of the issues identified in this letter, DDS will require KRC to develop a plan of correction, add Special Contract Language to the next regional center contract to ensure corrective action, provide expert consultants to KRC, and continue a robust monitoring presence. DDS is committed to maintaining a comprehensive service system for the consumers and families that receive services through KRC and the Department looks forward to working with the Board of KRC to ensure corrective action and a sustainable, healthy regional center.

BACKGROUND

During October 2014, a variety of factors including a draft audit report, numerous complaints and significant leadership turnover raised concerns at DDS over the operational health of KRC. Due to these concerns Nancy Bargmann, Deputy Director, and Brian Winfield, Assistant Deputy Director, DDS, held a teleconference with Duane Law, KRC Chief Executive Officer (CEO) and Susan Lara, KRC Board President, on the week of October 20, 2014, to notify them that DDS and regional center staff would visit KRC to perform an assessment of current management, operation and working environment of the organization. The intent of the visit was to complete an assessment as a means to inform DDS regarding the areas of strength and potential vulnerability of KRC; and if needed, develop a plan for technical assistance.

During the week of November 3-6, 2014, staff from DDS, as well as representatives from Alta California Regional Center (ACRC) and Harbor Regional Center (HRC),

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visited KRC and conducted an in-person review. The DDS team members were: John Doyle, Chief Deputy Director; Nancy Bargmann; Brian Winfield; and Rapone Anderson, Branch Manager. The representatives from ACRC and HRC were Peter Tiedemann, Chief Operating Officer, and Mary Hernandez, Chief of Adult Services, respectively.

The review included group and individual interviews with KRC's executive team, 31 individual interviews of randomly selected staff and 18 additional interviews of staff who requested a meeting with team members and interviews of 11 out of the 16 members who currently sit on the Board of Directors. Some of the staff interviews were conducted via conference call subsequent to the visit, for individuals who requested to speak to DDS staff. Several of the review team members attended KRC's board meeting on November 4, 2014. On December 2nd, John Doyle and Brian Winfield met with Duane Law, to obtain his perspective on the current operation of the regional center, and attended KRC's board meeting. The information obtained from the group and individual interviews, board meetings and through observations made by team members heightened DDS' concerns about the current operation of KRC.

As noted above, the audit outlined a number of areas where KRC is non-compliant and those issues will be addressed in a separate letter. DDS acknowledges the current management and Board, with the exception of the Board President, did not have management oversight during the audit period and have taken some action to correct past practices that were/are not in compliance with statute or regulation. Again, the purpose of the team's visit was not intended to be a follow-up to, or to minimize the importance of, the fiscal audit; but was in response to concerns regarding current KRC governance.

While there were areas of accomplishment by KRC, overall there are serious problems at KRC including insufficient oversight by the Board as evidenced by a lack of board training, a limited understanding of proper roles and responsibilities, lack of knowledge about current problems, improper whistleblower policies, a lack of translation services at board meetings, a lack of community outreach, poorly managed board meetings, and no routine oversight by the board of the regional centers operations. KRC also has serious issues with its executive management with a high turnover rate, critical vacancies and poor distribution of executive work. These issues have led to very low morale amongst staff who do not trust management, fear retaliation and do not receive proper training or communication. Overall, KRC is in a critically fragile state and must improve its operations.

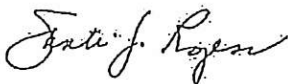
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NEXT STEPS

DDS is committed to the success of KRC and will work with the Board to address the issues currently facing the regional center. To that end, DDS is requiring KRC to develop a detailed plan to further assess the health of the regional center and address each of the areas of deficiency noted by the review team. The plan is due to DDS by January 30, 2015. Due to the immediate need to remedy significant concerns regarding the current operation and Board governance, DDS is requiring the Board to avail themselves of technical assistance from contractors selected and funded by DDS and to take other proactive steps to improve the internal culture, external relationships and daily operations of the regional center. DDS will also continue monitoring of KRC with frequent staff visits. Finally, as a means to outline clear expectations for compliance and accountability, DDS has enclosed Special Contract Language that will be included in the next contract amendment with KRC. Failure to take immediate and proactive steps that lead to long-term positive change will result in DDS taking additional action within our statutory authority. DDS staff will provide and review the content of this letter and Special Contract Language with the Board on December 11, 2014. A copy of the fiscal audit management letter will be forthcoming.

DDS staff would like to thank the Board for their commitment and service. The responsibilities of board membership are complex, varied and can be time consuming. However, the benefit of healthy board oversight and governance equates to a stable regional center that works collaboratively with its community and staff who feels valued and supported so they can focus their attention on providing quality services to consumers and families. We look forward to working closely with the Board with this goal in sight.

Sincerely,



SANTI J. ROGERS
Director

Attachment

cc: Duane Law, KRC
John Doyle, DDS
Nancy Bargmann, DDS
Brian Winfield, DDS

Kern Regional Center
Special Contract Language

Assessment and Plan

By January 30, 2015, Contractor shall conduct an assessment of the regional center and submit to the State: the steps it took to assess the regional center, the result of the assessment, and a detailed plan for how it will address issues revealed by the assessment and the issues noted by the State in its December 11, 2014 correspondence to Contractor.

Board Training

Contractor shall submit to the State its board training materials pursuant to WIC 4622(g) by January 30, 2015. Contractor shall also assess its unmet Board training needs, develop a plan of correction and submit to the State by January 30, 2015, the results of this assessment and corresponding plan of action.

Employee Morale and Community Relations

Contractor shall develop and submit to the State by January 30, 2015, the actions it will take to ensure the working environment at the regional center is such as to assure ongoing compliance with the contract and all applicable laws.

Contractor shall develop and submit to the State by January 30, 2015, its plan to fully identify and address community concerns and to develop an open and collaborative relationship.

Contractor must take swift action to address and remediate the culture within the organization. Contractor shall take all necessary steps to ensure all employees of the organization are provided a mechanism by which they may express their concerns regarding the Contractor's conduct and operations. By January 30, 2015, Contractor shall inform the State of the steps it has taken and will take to accomplish this outcome.

With the assistance of the State's technical assistance team, Contractor shall conduct an assessment of internal and external communications of the organization and develop a plan to ameliorate communications. The plan must be included in the plan Contractor submits to the State by January 30, 2015.

Contractor shall take immediate action, within its control, to ensure that community members can fully participate in board meetings. At a minimum, Contractor shall ensure translation services for Spanish speaking participants.

Whistleblower Complaints

Contractor shall immediately comply with the Whistleblower Complaint policy portion of its contract with the State and its own Whistleblower Complaint policy as approved by the State. By January 30, 2015, Contractor shall inform the State of the steps it has taken to comply with these provisions.

Contractor shall provide the State, no less than every 30 days starting the effective date of this special contract language, a reporting of complaints received under Contractor's Whistleblower policy. This report shall contain, at a minimum, the following information:

- Date complaint received
- Complainant type, if known (i.e., regional center staff, service provider, citizen, etc.)
- Date complainant was acknowledged receipt of complaint (if applicable)
- Nature of complaint
- Detail of investigation under guidance of the Audit Committee,
- Results of investigation
- Corrective action taken (if applicable)

Meetings with the State

Contractor shall meet with the State every 90 days, or more often as requested by the State, to discuss Contractor's progress in addressing the regional center's performance issues. The State may, at its discretion, schedule meetings less frequently than every 90 days.