

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



January 30, 2015

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

Dear Ms. Lara,

The Department of Developmental Services (Department) received a request from the Kern Regional Center (KRC) Board of Directors on January 20, 2015, to extend the due date by 45 days for the corrective action plan that is required under the provisions of the regional center's contract to be provided to the Department by January 30, 2015.

At the December 11, 2014, meeting with the board of directors, the Department indicated it would provide the assessment findings from the November 2014 assessment review of KRC and the management letter related to the 2010-11 and 2011-12 fiscal audits within approximately one week. The review and approval of these documents has taken longer than originally expected. The assessment findings are provided as an enclosure to this letter. However, the management letter remains under review.

As detailed in the summary letter provided to the KRC Board of Directors on December 11, 2014, the assessment review of KRC included group and individual interviews with KRC's executive team, individual interviews of 31 randomly selected staff, 18 additional interviews of staff who requested meetings, and interviews with 11 of the 16 current board members. Additionally, Department staff and regional center representatives, who assisted in the assessment review, attended board meetings at KRC on November 4, 2014 and December 2, 2014. These interviews, attendance at board meetings, and observations made by review team members form the basis for the enclosed assessment findings. The assessment findings, which provide information on significant areas of concern, will be useful in informing the development of the corrective action plan.

Given the delay in providing the assessment findings, the KRC Board of Directors is granted an extension for submitting the corrective action plan until Wednesday, March 4, 2015. In the event you have any concerns with the assessment findings or the

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extension date, please contact John Doyle, Chief Deputy Director at (916) 654-1897 or by e-mail at john.doyle@dds.ca.gov.

Thank you for your request. The Department appreciates the ongoing efforts of the KRC Board of Directors to provide quality services to consumers and families.

Sincerely,

SANTI J. ROGERS
Director

Enclosure

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

KRC Assessment Findings

AREAS OF ACCOMPLISHMENT

- The executive team was welcoming and accommodating, willing to meet with the review team and open to discuss various areas related to the regional center's operations.
- Board members and staff expressed a strong commitment to the mission of the regional center and to improving regional center services.
- KRC's leadership team has proactively reviewed vendor contracts to assess appropriateness of service deliveries and fiscal inconsistencies. As a follow up to their assessment, KRC's leadership has implemented positive changes toward compliance with regulation and statute.
- The Board conducts Family Forums for community engagement. The forums allow the community to express concerns, share ideas and present questions to the regional center.
- KRC management explained how they have improved the regional center's use of technology, including an upgraded phone system, an update to their website and are now utilizing a virtual server.
- Many of the staff interviewed have worked at KRC for 10 or more years, thus they have many years of collective experience and associated expertise.
- Staff indicated that they share information with each other for the purpose of accomplishing daily work activities.
- The Board recently received training regarding board members' roles and responsibilities and board governance from an outside consultant.

AREAS OF SIGNIFICANT CONCERN

The Board does not demonstrate proper oversight of the regional center, as evidenced by:

- Board members were unable to articulate their roles and responsibilities.
- Board members provided a couple of examples of trainings they, as a Board, have received. However, it is the team's assessment that the training has been insufficient to properly prepare the current board members with the information and tools they need to successfully carry out their responsibilities and to understand their governance responsibility.
- Board members, individually and collectively, consistently demonstrated a preoccupation with issues and practices related to the prior administration of the regional center. While attention to correct systemic issues is critical, the Board repeatedly focused on past "historical" practices rather than addressing current and immediate issues, and explaining how to make corrections and move the organization forward.
- By contrast, only one or two of the Board members expressed awareness, or concern, about the regional center's current internal issues and conflicts.

- Board members did not verbalize any routine reporting or methods by which they receive information from the Chief Executive Officer (CEO) to evaluate successful operation of the regional center, yet most board members expressed implicit trust in the CEO.
- The board is not operating in compliance with requirements of DDS' contract with the regional center in the area of its Whistleblower Complaint policy, nor is the Board complying with its own Whistleblower Complaint policy. The contract states, "Contractor shall institute a board approved regional center Whistleblower policy...addressing the reporting of alleged improper regional center and, or vendor/contractor activities" and that the policy must include "a process to access the Board of Directors for the purpose of filing complaints." KRC's Board and DDS approved policy states, "Complaints made to the Board of Directors may be made to the Board as a whole or to any officer of the Board individually." The Board has no mechanism whereby individuals may submit complaints directly to the Board. Individuals are directed by the Board to submit complaints to the CEO, who is, in turn, responsible for providing complaints to the Board.
- At its December 2, 2014, meeting, the Board approved a process whereby correspondence/complaints should be submitted to the CEO's assistant, who will then be responsible for forwarding the email or hard copy correspondence onto the Board. Previously, during the team's one-on-one interview with the Board President, she stated that she does not want complaints coming directly to the Board, because she does not want individuals to circumvent other appropriate avenues for resolving issues, such as personnel-related matters. DDS recognizes that many issues and complaints must be handled through processes established in statute, regulation and an organization's policies; however, by denying individuals and entities (employees/vendors/consumers), the right to express concerns or complaints directly to the Board, the Board has no mechanism for knowing the type, scope or number of complaints and issues facing the regional center. Likewise, if a complaint pertains to the CEO's actions or performance, it is inappropriate to require such a complaint to be filed with the CEO or the CEO's assistant. While not all complaints have merit, the Board is denying itself a valuable tool for gauging the health of the regional center and having assurance that complaints and issues are addressed timely and appropriately resolved. This is also a means for providing oversight to the regional center. This is especially critical at this juncture of the regional center's history given the team's findings relative to the internal culture and external relationships of the center, as outlined in this document. Additionally, KRC staff indicated that they have made many requests at board meetings for a means to communicate directly with the Board (e.g., establish a comment box or email account) and that a "neutral" party to whom they can express concerns, does not exist.
- The Board is not providing translation services to Hispanic family/community members during board meetings so these individuals can participate meaningfully. Although this issue has been addressed to the Board on many occasions over an extended period of time, the Board had failed to follow-through

in securing a means for translation and ensuring that a large segment of their community can participate in board meetings.

- Team members observed poorly managed board meetings on November 4 and December 3, respectively.

KRC needs assistance to strengthen and stabilize its executive management functions, as evidenced by:

- The regional center has experienced a complete turnover of executive management staff in the past 2.5 years. Repeatedly and overwhelmingly, staff expressed a lack of confidence in the current stability of the organization.
- Although case management is the core function of the regional center, KRC has no one whose sole responsibility is oversight of case management services. The CEO is currently acting as the Director of Client Services; given all his other duties and responsibilities, it seems unlikely that the regional center's many case management staff will be adequately supported. As a best practice, all regional centers have at least one, if not two, individuals specifically dedicated to the functions of directing and overseeing case management. KRC held interviews for this position during the team's visit, but as of this writing has not filled the position. At the December 2, 2014, board meeting, the CEO stated that they were re-advertising the position.
- The team's assessment is that the current Chief Financial Officer (CFO) possesses the necessary knowledge and skills for successfully overseeing the financial aspects of the regional center; however, the amount of work he has been solely tasked with is excessive, and there do not appear to be supporting and back-up systems and personnel to fulfill these functions were the CFO to be away from the regional center for any length of time. It appears that the CFO's over concentrated workload has resulted in a number of critical oversight functions not adequately being completed. For example, bank reconciliations are reportedly not completed timely. Of further concern, it is reported that the CEO does not require any regular reporting from the CFO aside from the routine reports provided to the Board. In addition, the team heard numerous reports of significant strife within the Accounting department of the regional center. The regional center appears to have a high risk and potential exposure in the finance department. This requires immediate attention.
- Based on the information obtained by the team, the current scope of the Director of Community Services' job seems overwhelmingly broad with a wide scope of responsibility. As reported to the team, this position is responsible for at least all of the following: vendorization, contracts, vendor appeals, oversight of the regional center's Community Placement Plan development and implementation, resource development, quality assurance, the regional center's Home and Community-based Services Waiver administration, performance contracts, and at least some portion of fair hearings.
- The Human Resources Director recently resigned from her position. The continued change in key management positions heightens the concern that there is a lack of support and oversight within the organization.

The internal culture and staff morale of the regional center is of utmost concern to DDS. The team members who participated in the review bring decades of regional center and business experience and expertise and, based on their assessment, the regional center is critically fragile. Team members have had wide exposure to all 21 regional centers and the current working environment at KRC is unparalleled. Based on interviews and observations, the following detail led the team to its assessment:

- **Morale is extremely low.** On a scale from 1-10, no staff provided a rating above 5. Most staff, whether selected randomly or not, indicated that morale was between 1 and 3.
- **Staff consistently expressed a lack of trust of and respect for executive management.**
- **Staff often expressed a fear of retaliation when expressing concerns to management.** During the team's visit, staff expressed immediate concern of retaliation if executive management learned that they were talking to the team and providing negative feedback about the organization or executive management.
- **Overwhelmingly, staff stated that they do not feel valued, nor do they believe the current administration cares about consumers and families.**
- **Staff in outlying offices expressed feeling a lack of support from executive management, and that executive management has no understanding of the challenges they face trying to provide quality services in such geographically remote areas where service providers are lacking and families live many miles apart.**
- When asked about training for new employees, staff was unable to describe any formal training. Rather, staff spoke of meeting with Human Resources and Program Managers and shadowing other staff to become oriented to the regional center and core functions of the job. Staff expressed that orientation and training became less of a priority when the prior Director of Client Services left the organization.
- **Communication within the organization is extremely poor.**
 - Staff meetings were reported to be long (two to three hours) with tendency for the information from the CEO to be extraneous.
 - Staff shared with the team emails that also contained questionable communications from the CEO.
 - Staff expressed concern about the CEO's intent to misrepresent information to staff.
 - Staff consistently expressed a lack of trust in the validity of the information they receive from the CEO. Many staff stated that information from the CEO changes and they are then told that they must have misunderstood the prior information or they receive a denial that the prior information was shared. **Program Managers informed the team that the CEO frequently reminds them that they are "at will" employees.** Program Managers and staff both expressed concern, and fear, about the stability of the managers' ongoing employment at KRC.
 - Staff expressed weariness of the constant reference the CEO makes to the past practices of the prior administration. Staff acknowledged that the

prior leadership team was not perfect and that any wrongdoing should be remedied; however, they expressed a desire to focus time and attention on consumers, families, and current issues within the regional center.

KRC's relationship with its community appears to be suffering as a result of some of the issues noted above, as well as the regional center's lack of responsiveness and action to foster positive relationships with external parties. The team only spoke to individuals from two outlying offices and did not target its outreach to external parties. As a result, the assessment below is based on partial information.

- The board does not hold meetings in outlying areas. Individuals/entities in the remote areas of the catchment area expressed that, due to the distance, they cannot travel two to four hours to attend a board meeting. It was expressed that holding occasional board meetings in outlying areas would benefit the community.
- Staff reported that vendors do not trust the regional center's current administration.
- Some vendor contracts were terminated or allowed to expire by the current administration due to reported non-compliance with statute or regulations resulting in a loss of service to some consumers. This issue was raised at the November 4, 2014, board meeting and in subsequent contacts with KRC vendors.
- Some family members who attended the November 4, 2014, board meeting expressed a high degree of concern and frustration regarding the provision of current and future services.