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Audit of regional centers finds nepotism, fear of retaliation

August 25, 2010 | [Christina Jewett](#)

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A nonprofit executive awarded state funds to her sister even though the service was available at a lower cost. A chief executive breached a confidential police tipline. And workers spent \$900,000 on transportation - purposely spiking the budget to ensure more money the next year.

Those were some of [the findings in a Bureau of State Audits report](#) about state oversight of regional centers, nonprofit organizations that spend about \$3.4 billion annually to serve 240,000 Californians with developmental disabilities.



Brooks Elliott/Flickr

The state's Department of Developmental Services oversees the 21 regional centers throughout the state, which contract with other nonprofits that render direct services to clients such as in-home care and transportation.

The audit [PDF] found widespread fear of retaliation among workers for reporting suspected wrongdoing at some regional centers. It reported that millions of contracts are issued without advertising for bids or going through a competitive process.

And the audit found that the regional centers did little to justify or create an objective base for setting rates for services, a responsibility that state DDS overseers say is not in their purview.

The Assembly Committee on Accountability and Administrative Review called for the probe of the Department of Developmental Services. Committee chairman Hector De La Torre, D-South Gate, said the audit backed up what he heard in a prior hearing about "favoritism in contracting, a lack of information about how regional centers spend billions of public dollars per year, and the pervasive fear of retaliation among regional center staff and service providers."

"Every dollar we can save through being more efficient is another dollar available for those consumers," he said in an interview.

De La Torre said his committee [introduced a bill that would give the same whistle-blower](#) protection to regional center employees that covers state workers, and he hopes it will be passed this session.

Department of Developmental Services deputy director Rita Walker said in an interview that the agency has sent directives to the regional centers reminding them to shore up policies and procedures related to contracting, service purchasing and conflict of interest.

However, DDS took exception with an audit recommendation that it do more to oversee vendor selection and cost-benefit analyses among competing vendors. The state said such a role is best filled by the regional centers.

The audit delved into examples of conduct at regional centers that, in some cases, caused high rates of employee discontent.

At Valley Mountain Regional Center, based in Stockton, one assistant director awarded a \$16-an-hour rate to a respite care provider who was also her sister.

From the audit:

“

Her involvement was indicated by her signature on the rate-agreement form in the vendor file. Although

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the rate for this vendor is higher than the rate for a comparable vendor, the assistant director asserted that the additional value brought by this vendor (such as having local offices and speaking Spanish) justified the increased rate. However, she admitted that no formal comparison between the two rates was done at the time the rate was set. She also indicated that the vendor's cost breakdown was provided to her at the time the rate was established, but this breakdown cannot now be located.

”

Dick Jacobs, executive director of that regional center, said he did not know how much money was passed to the top staffer's sister, but said that the “state and BSA looked at it and didn't find there was any unearned payment.”

He said the regional center, which had annual expenses of \$139 million in 2008, tightened up its conflict-of-interest oversight. The assistant director is still in place but does not deal with that contract, he said.

“There was a conflict there and we had to fix it and make sure we don't have repeats in any way with 2,000 vendors that we deal with,” Jacobs said.

Walker, of the state agency, said it is launching an audit of that regional center next week.

At Inland Regional Center in San Bernardino County, staff awarded a \$900,000 contract to a transportation company, apparently to bring about a budget boost in the future. From the audit:

“

Inland's administrative services chief indicated that ... it may have been trying to increase its fiscal year 2007–08 fourth-quarter expenditures in the hope of obtaining an increase to the following year's budget.

Inland's auditor, who prepared the calculations supporting the need for a 40 percent increase, agreed that increasing expenditures to obtain a higher budget level in the next year was discussed in meetings he attended in spring 2008 related to the broker services.

”

And a final and alarming incident was detailed at the same regional center, where nearly 60 percent of employees reported that they did not feel safe reporting suspected improprieties.

A former chief financial officer told auditors that after some laptop computers were stolen, police set up a “confidential hotline” for employees call and share anything they knew about the theft.

However, the former executive reported:

“

In a meeting with the chiefs, the former director laid an envelope on the table and stated that the envelope contained records of all the Inland employees that used the Inland phone system to call the confidential hotline. I felt at the time that this was an inappropriate display of intimidation and should not have been said. Further, if such a phone call review was performed, I believe it undermined the police's efforts to establish a communication channel that was confidential.

”

Walker, the Department of Developmental Services deputy director, said the account in the audit was the first she'd heard of the incident.

She said the state has updated and posted its whistle-blower policy to its website and encourages staff to report anything it deems unfit.

“This department is strongly committed to accountability,” Walker said.

A DDS spokeswoman said the state agency conducts its own audits of regional centers, which it **has started and will be posted** on the Internet by Aug. 30.

However, the California Disability Services Association, which represents 100 nonprofits that contract with regional centers, issued a statement calling on lawmakers to institute change.

“CDSA strongly urges the state legislature to strengthen whistle-blower protections and take immediate steps to reduce bureaucratic waste by implementing more transparency and stricter oversight within the Department [of Developmental Services],” read the statement from executive director Christopher Rice.

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parentofakid1210

August 25, 2010

Most people in this system understand that the Regional Centers are punitive and retributive toward consumers, family members and agencies that provide services when there are complaints aimed AT the Regional Centers. It's scary when you are a family member and you're fighting for services that are best for your family member who has disabilities. This **MUST** be addressed! Also, why is my Regional Center trying to cut back or change the services my family member is getting??? I know my family member a LOT better than the case manager. It seems like the Regional Centers aren't suffering at all during this Budget crisis, while we get the crumbs that are left over. Ridiculous.



TSue

August 25, 2010

Regional Centers (especially Inland Regional) should be disbanded. They are bastions of corruption...not unlike any government funded and unregulated agency with NO accountability. We parents could do better with a yearly stipend to find help for our disabled children and save the taxpayers billions!!



danmelo

August 25, 2010

Parent, you do have the right to demand to be your child's case manager. You should contact the Area Board to get more information.



Pippi62

August 25, 2010

As a former caseworker at IRC, I can tell you our hands were tied when we tried to secure services for clients. I was very frustrated when preferential treatment was given to certain clients, vendors and counselors. People who really needed services were denied and others were given more than they needed!



danmelo

August 25, 2010

Everyone should also look at the California Housing Foundation (CHF), they are a non-profit that was started by Inland to circumvent Lanterman restrictions on Regional Centers not being able to own property and they now have over \$80 million in assets, including the new building on Waterman that IRC is located at. Go to the website Guidestar and you can look at IRC and CHF tax returns.



TSue

August 25, 2010

Danmelo, could you provide a link for that? Thanks :)



danmelo

August 25, 2010

<http://www2.guidestar.org>

TSue



August 26, 2010

Thanks...checking it out now!!



AnotherParent

August 26, 2010

I don't know anything about the Regional Centers in the article. The Regional Center that works with my family- San Diego- has been great is supporting my son and our family.



frenchdip

September 10, 2010

AnotherParent. Stay in San Diego! :) Regional Centers can and do behave differently. As a vendor in the IRC catchment area as well as a person with family members in the system, I can tell you from personal experience that IRC (Inland Regional Center) is a clear reflection of those in the places of power who "run" it. Look no further than the recent BSA report. It is public information and was published and available for public review August 24th, 2010. A word of advice to parents and family members: Always get your needed services addressed in the IPP. When the C.S.C. requests these service, should they be denied, per regulation, you must receive a letter of denial and an appeal pack within five days of the denied services. If you don't receive this in the mail, (a famous and continuous trick of the IRC), file a 4731 with DDS. you can find the form and procedure for filing on the DDS website.



Autism Community

September 19, 2010

"Regional center staff being threatened with dismissal if they disobey an order to lie to consumers about the availability of services with a provider that has raised concerns about regional center operations; Regional center staff being dismissed for raising questions about preferential treatment of vendors based on familial relationships with regional center management." p. 10-11 http://info.sen.ca.gov/pub/09-10/bill/asm/ab_0401-0450/ab_435_cfa_201006...

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