

October 27, 2021

Chi Rajalingam
Chief Compliance Officer
Orange County Health Care Agency
405 W. 5th St.
Santa Ana, CA 92701

RE: Financial Mismanagement by OC MECCA Ignored by HCA Staff

Dear C. Rajalingam:

Up until resigning as of September 1, 2021, I worked as an independent consultant with the current Executive Director for the Multi-Ethnic Collaborative of Community Agencies (MECCA), Iliana Soto Welty, helping the organization design mental health and social service programs and applying for resources for these programs through private and public funding opportunities. I resigned due to my concerns about their Executive Director's mismanagement of the programs I helped secure, her increasing mistreatment of staff and other executive directors, and her lack of support for and, in some cases, retaliation toward the MECCA member organizations that she is entrusted to serve.

Leading up to the time I decided to resign, I and others had noticed what we had considered to be red flags in terms of the Executive Director's desire to not hire the staffing needed for newly funded programs, especially those that were larger than what MECCA was accustomed to implementing in the past. Additionally, an increasing amount of secrecy was being insisted upon by the Executive Director and program directors were eventually barred from receiving information on what expenses were being coded to their programs. This led us to suspect that the Executive Director was instructing the Director of Finance and Administration to "save money" from public funds that were never intended to be "saved" for some purpose other than the program activities agreed to with the funder. While this was occurring, it also became increasingly clear that the MECCA Board of Directors and the MECCA member organizations were being kept in the dark about what funding was being secured, what it was intended for, and how it was being managed.

On August 19, 2021, I reached out to Gloria Reyes, MECCA's Board President, and recommended that the MECCA Board of Directors help to ensure MECCA's capacity for financial management. This included immediately establishing an audit committee that would work directly with an audit firm to fully understand the financial condition, controls, and systems within the organization. I also recommended that monthly financial statements be provided to the board starting immediately. I indicated that these statements, which were not being provided to the board, should be prepared under the oversight of an independent auditor reporting directly to the board. Save for providing a financial statement, MECCA's Board President has not implemented these recommendations or brought them forward to the full board for consideration. The preparation of financial statements, securing independent auditors, determining their scopes, and managing their reporting remain under the full control of the Executive Director.

Because of the failure of MECCA's Board President to act and the Orange County Board of Supervisors current consideration of contracts involving a large amount of federal funds for MECCA,

I felt it was in the public's interest to bring this issue to the attention of your office. Specifically, you need to be aware that Orange County Health Care Agency (HCA) staff failed to complete a process of due diligence and did not take into consideration several factors before recently recommending a contract to the Board of Supervisors in the amount of \$15,300,000 for MECCA to provide CDC funding administration and related services. These factors include:

1. That MECCA's Executive Director has failed to take the steps necessary for the organization to stay current with having independent financial audits completed by an external auditor. As of early September, the organization was at least two years behind in completing independent financial audits. The MECCA Board President has failed to provide oversight of the Executive Director for this and other issues.
2. MECCA has never completed a federal A-133 "Single Audit".
3. MECCA has no CFO and the MECCA Director of Finance and Administration does not have a finance background, does not know how to use MECCA's financial management software beyond making simple entries, and has only recently heard of OMB Uniform Guidance (2 CFR § 200) that's well known by every finance director in every other agency that receives federal funds.
4. MECCA's Executive Director has decided to not adequately staff MECCA's finance team even though there are the funds to do so. This has resulted in the finance team being overwhelmed resulting in consistently late payments and late subcontract agreements going to MECCA's member organizations and partners. MECCA member organizations and partners are expected by the Executive Director to start services and incur costs without first having an executed agreement in place. MECCA's Executive Director explained to me that she did not want to develop an expectation by the MECCA member organizations that they receive things on time when I suggested that the development of their agreements be prioritized.
5. MECCA's current Executive Director and its finance team lack the experience and competence to fully understand federal and state statutory and regulatory finance requirements to the degree needed to successfully negotiate with public funders on behalf of community-based organizations. MECCA's Executive Director has increasingly demonstrated a lack of desire to advocate on behalf of the needs of community-based organizations, even her own collaborative members, as she's gained access to more County funding.
6. I directly observed MECCA's current Executive Director blacklisting community organizations from participating in County level stakeholder meetings and retaliating against organizations by reducing funding (e.g., Access California Services and The Cambodian Family) based solely or primarily on her personal animus toward their executive directors. I believe this behavior is inconsistent with being put in a position of responsibility to fairly distribute federal funding to community-based organizations that are part of what is supposed to be an "all inclusive" OC Health Equity Coalition.

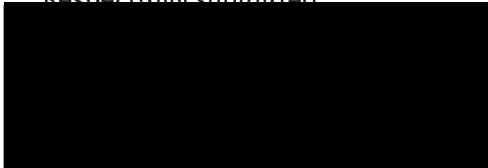
It should also be noted that HCA staff indicated to MECCA's Executive Director that they do not plan to have MECCA spend all the money in the proposed contract which seemed to be completely acceptable to her. She raised no concerns with them or me after I indicated that this would be a tragic outcome for the project. These funds were intended to reduce infections and deaths due to the pandemic and prepare communities to respond to future crises. For a non-profit executive

director to collude with HCA to intentionally not spend these critically needed resources when they are desperately needed is inexcusable.

Please keep in mind that the MECCA organization itself, in the best of circumstances, has a small staff and limited capacity for implementation. It's strength instead comes from its member organizations. Except for AASCSC, I have seen these organizations act in good faith and contribute substantially to best serve the communities they represent. Many have financial management capacity and expertise that far exceeds that of the MECCA organization. I encourage HCA to work directly with these organizations to achieve the County's objectives for equity and to find solutions for addressing the current pandemic. These MECCA member organizations include Abrazar, Inc., Access California Services, The Cambodian Family, Orange County Children's Therapeutic Arts Center, Korean Community Services, OMID Multicultural Institute, Southland Integrated Services, Inc., and Viet Rainbow of Orange County.

The reforms needed at MECCA will likely take more time than the County has to implement the CDC funding. The County has several options for community partners that have the capacity to quickly implement the scale of the COVID-19 CDC Equity Grant, having the necessary fiscal management structure in place. For example, forming an inclusive equity focused steering committee that would be supported by one or both of the two experienced nonprofit fiscal sponsoring agencies in the County. Other options are available as well including, but not limited to, working directly with the MECCA member organizations. I encourage HCA to quickly connect with these channels going beyond a narrow set of political relationships that seem to be currently popular to find an effective, transparent, and fully supported implementation partner(s). This can result in a rapid deployment of the project, fulfilling the need for supporting health equity and advancing antiracism in our County.

Respectfully submitted,



cc: Iliana Soto Welty, Executive Director, MECCA
Dr. Clayton Chau, Director, Orange County Health Care Agency
Frank Kim, County Executive Officer, County of Orange
MECCA Board of Directors
MECCA Member Organization Executive Directors