



CHI RAJALINGAM, PH.D., CHC,
CHPC
CHIEF COMPLIANCE OFFICER

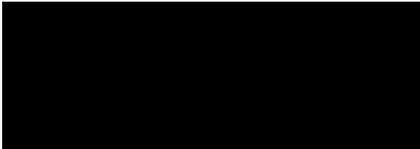
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OFFICE OF COMPLIANCE

SENT VIA EMAIL

October 29, 2021



RE: Financial Mismanagement by MECCA Letter

On October 27, 2021, the Office of Compliance received your letter related to a proposed contract between HCA and MECCA, currently scheduled to go before the Board of Supervisors (BOS).

In your letter, the following issues were raised:

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.

The Health Care Agency's Office of Compliance reviewed the concerns raised. Each allegation above has been responded to by HCA's Contract Administrator. The allegations are addressed sequentially below.

1. County contracts have independent financial audit language that covers the county, with respect to subrecipient grant funding. It is the provider's (in this case MECCA's) responsibility to comply with all federal funding requirements. If MECCA, as a subrecipient, does not comply with the federal grant requirement, they face disallowance and repayment of funds to the funding source.
2. Same as answer as #1.
3. The County does not monitor the professional background of any vendor's finance management team or any individuals employed by the vendor.
4. The County does not participate in the staffing issues for any subrecipients or vendors unless it directly correlates to an active contract. In this case, the contract is not approved and services have not begun, so we cannot monitor their staffing levels and whether they are adequate for the contract services. Additionally, because the vendor does not have approval or funding until the BoS approves the contract, they are unable to hire and pay employees before we execute an agreement for these specific services.
5. The County does not monitor the professional background of any individual employees of subrecipients or vendors. We only monitor the organization as a whole in relation to their role in our contracts/services. MECCA has several contracts with the County which have been successful, and we are not aware of any issues related to their contracts that would bar us from working with them.
6. The County does not have any awareness to any of MECCA's internal dealings with partner organizations unless they are made public. The smaller community based organizations are considered MECCA's subcontracts of our contract, and the County does not directly engage with any of our subrecipients or vendor's subcontractors. We only meet and discuss contractual issues with our direct contractor/subrecipients.

Additionally, as part of the standard contracting process, HCA performs administrative checks for our contractors that include Corporate Status, Charitable Status, Sanction Screenings, and DUNS. These checks were all clear and did not return any issues.

While you have raised concerns related to the internal workings of MECCA, the issues raised do not seem to preclude HCA from contracting with this vendor at this point in time.

Thank you for bringing this matter to our attention for review.

Sincerely,

A handwritten signature in cursive script, appearing to read "Chi Rajalingam, Ph.D., CHC, CHPC".

Chi Rajalingam, Ph.D., CHC, CHPC
Chief Compliance Officer
Health Care Agency