

FIRST 5 FIGHTING FOR OUR CHILDREN

BACKGROUND:

In November 1998, California voters passed Proposition 10, the "Children and Families Act of 1998" initiative. The act levies a tax on cigarettes and other tobacco products to provide funding for early childhood development programs. Revenues generated from the tobacco tax must be used to enhance the early growth experiences of children, enabling them to be more successful in school and ultimately to give them an equal opportunity to succeed in life. Revenues must be used for the following specific purposes:

- To create a comprehensive and integrated delivery system of information and services to promote early childhood development;
- Support parenting education, child health and wellness, early child care and education, and family support services; and
- Educate Californians on the importance of early childhood development and smoking cessation.

Tobacco tax revenues are collected at the state level. Eighty percent of these funds are then allocated to the 58 counties according to annual birth rates. The remaining twenty percent of the money is allocated to First 5 California to support statewide programs, research, and media campaigns.

Participating First 5 counties in California are required to establish a County Commission composed of seven voting members and two ex officio members. The duties of each county commission include evaluating the current and projected needs of young children and their families, developing a strategic plan that promotes a comprehensive and integrated system of early childhood development services that addresses community needs, determining how to expend local monies available from the state Children and Families Trust Fund, and evaluating the effectiveness of programs and activities funded in accordance with the strategic plan.

In addition, on or before October 15 of each year the state commission and each county commission shall conduct an audit of, and issue a written report on the implementation and performance of their perspective functions during the preceding fiscal year. This includes, at a minimum, the manner in which funds are expended, the program toward, and the achievement of, program goals and objectives, and the measurement of specific outcome through appropriate reliable indicators.

The Tulare County Children and Families Commission was formed by the Tulare County Board of Supervisors on December 8, 1998, with the passing of County Ordinance 3217. The commission was charged with the responsibility to develop a local strategic plan and implement and administer projects funded by Proposition 10 in accordance with the legislative text.

First 5 Tulare County is governed by a commission consisting of seven members: one from the American Cancer Society, one from the Tulare County Office of Education, two from the Tulare County Health and Human Services Agency, one from the Tulare County Board of Supervisors, one from the Tulare County Medical Society, and a Pediatrician.

REASON FOR INVESTIGATION:

The 2014-2015 Tulare County Grand Jury received a complaint from a citizen of Tulare County. The complaint stated “...for several years First 5 of Tulare County has been listed as a donor in the range of \$500,000 to \$1,000,000 to the Kaweah Delta Hospital Foundation. How is that massive donation of taxpayer dollars being used for the specific benefit of Tulare County children? As a reminder the newspaper reported the Hospital CEO earns \$875,000 compensation?”(sic) Therefore, the Grand Jury began an investigation of First 5 Tulare County. While interviewing the complainant, he/she issued another complaint that First 5 Tulare County’s Financial Reports did not match their Local Annual Report as to what was expended for the various programs for children by over \$500,000 by his/her calculations. An additional complaint was received by the Grand Jury from a citizen pertaining to First 5 Tulare County regarding the sponsorship of a tee or green fee at a Golf Tournament being held by the Kaweah Delta Hospital Foundation. At that time, the Grand Jury decided to combine all three complaints into one investigation and report.

METHOD OF INVESTIGATION:

On October 27, 2014, a representative of First 5 Tulare County came to the Grand Jury Office and responded to questions regarding the First 5 Tulare County Program. The Grand Jury requested and received documentation on the functions and operations of First 5 Tulare County. An audit was conducted of the financial statements and the Local Annual Report.

On October 27, 2014, a representative of Kaweah Delta Hospital Foundation and staff members came to the Grand Jury Office for a presentation to explain the Foundation’s relationship with First 5 Tulare County. An audit was conducted by the Grand Jury of all financial transactions involving First 5 funds remitted to the Kaweah Delta Hospital Foundation.

FACTS:

1. The Hospital CEO is paid out of Kaweah Delta District Hospital General Fund budget rather than Foundation Funds.
2. The Kaweah Delta Hospital Foundation is not a separate entity; the Foundation is administered by the Kaweah Delta Hospital Development Department.
3. In Fiscal Year 2012 – 2013, Kaweah Delta Hospital Foundation received seven grants from First 5 Tulare County:
 - a. Pediatric Hospitalist Grant – Six pediatric hospitalists covered a 24-hour span with two doctors available during the day. They take part in high-risk deliveries and were assigned sick newborns, premature births, drug-exposed infants and more critical cases. Among the pediatricians are two Neonatologists and a Pediatric Cardiologist. There were 1,760 children younger than six years of age treated (10,865 visits) and 300 emergency room visits.

- b. Pediatric Specialty Care Project – Exeter Rural Health Clinic – It paid for staff and operation of the Clinic. There were 403 patient visits conducted by the Pediatric Gastroenterologist, 93 patient visits conducted by the Developmental-Behavior Pediatrician, Pediatric Dietician provided 145 consultations, 37 patients visits were provided by Occupational Therapists and 138 patient visits were provided by Speech Therapists. It was a four-year grant of \$3 million; expended \$2,744,100 to date. In 2013 – 2014 expended \$379,847, majority of which was program personnel costs.
- c. Nutrition Education and Obesity Prevention Program – Kaweah Delta partnered with the Tulare County Office of Education (TCOE), utilizing grant funds from the County of Tulare Health and Human Services Agency and First 5 to bring a program focusing on healthy eating and obesity prevention strategies to child development centers around the County. It provided training and technical assistance to 8-10 qualifying child care and education sites and 30-50 medical/dental providers/clinics. The award was \$3,610 and TCOE matched this grant with another \$3,610.
- d. Injury Prevention Grant – Community Health Workers provided childhood injury prevention information to parents of young children using a home visitation model. There were 52 parents that participated, reaching 143 children, 77 of whom were age 0-5 and 104 home visits where education and assessment were conducted. Parents received a home safety kit and a magnet for their refrigerator with important emergency numbers in English and Spanish. The grant award was \$24,000. Funds in the amount of \$21,020.23, paid in August 2013, were devoted to planning of a helipad for the Trauma Injury Prevention Program feasibility. The feasibility study assisted Kaweah Delta in becoming a Level Three Trauma Center.
- e. Helipad Grant – Construction of a helipad to provide air transport services to the community, including ages 0-5 children in need of getting to a facility for an appropriate level of care or being transported to Kaweah Delta Hospital. The Grant award for 2012-2013 was \$186,920.93, with a total cost of \$2,700,000. Program Evaluation June 3, 2013 – June 2, 2014:

Number of Patients	Transport Details
16	To Children’s Hospital Central California – Madera
2	To Community Regional Medical Center – Fresno
4	To Lucile Packard Children’s Hospital – Stanford
1	To Benioff Children’s Hospital – University of California San Francisco
1	From Emergency Scene Call
24	Total Transports

Total Reported Helicopter Transports for 12 months ending June 2, 2014:

All transports:	182
Age 0 - 5 transports:	24
Age 0 – 5 transports percent of total:	13.19%
Total Helipad Project Cost:	\$2,700,000
Age 0 – 5 transports percent of total:	13.19%
Total First 5 Grant Amount	\$356,130

- f. Pediatric Specialty Clinics in Visalia – To provide age appropriate furniture, books and activity center for children younger than six-years old in specialty clinics in Visalia. Grant award was \$7,537.
- g. Ultrasound Machines for Exeter and Lindsay Clinics – Two portable ultrasound machines located at the Kaweah Delta Exeter and Lindsay Rural Health Clinics Obstetrics Departments to provide diagnostic care for pregnant patients and most importantly to identify at risk pregnancy conditions early in the pregnancy, leading to enhanced care and improved outcomes for the infant. This allows the physicians to check for signs of birth defects, anatomical abnormalities and any signs of genetic problems. The OB/GYN departments provides an average of 700 patient visits per month with an annual estimate of 8,400. The Grant award was \$30,400.

4. First 5 Tulare County Strategic Plan Comparison - Target allocation of funds and services by Primary Result:

PRIMARY RESULT	2010-2012	2013-2015
Children are mentally and physically healthy	65%	55%
Children are ready for school	20%	25%
Families are knowledgeable and able to promote their children's development	14%	19%
Services are culturally appropriate, integrated, and collaborative	1%	1%

5. A Program Report in the Local Annual Report (LAR) consists of Personnel Costs, Administrative Expense, Program Expense and Indirect Costs. The following individual expenditures are captured within each of those categories:
 - a. Personnel Costs – wages, salaries and benefits.
 - b. Administrative Expense – rent, utilities, office supplies, equipment less than \$5,000 and insurance.
 - c. Program Expense – services to the client or customers, mileage, materials, supplies, wage and benefits of those allocated on cost sheet.
 - d. Indirect Costs – Cost of accounting office, legal fees and janitorial. Most ongoing programs have a defined rate for indirect cost in their Grant. First 5 Tulare County has a 15% cap for those that do not have it defined in their Grant. California Department of Education has a defined rate. Administrative and Indirect Costs cannot exceed 15%.
6. Each year, First 5 Tulare County allocates \$1,000 - \$2,000 to the Freedom Celebration held in Visalia on the 4th of July. This contribution is intended to promote family-based activities at no cost.
7. In September 2014, Kaweah Delta Hospital Foundation held a Golf Tournament and First 5 Tulare County was listed as a tee or green sponsor. First 5 donated \$750 for the purpose of sponsoring a tee. It was for media attention for First 5 Tulare County and to seek additional sponsors for the organization. Employees of First 5 Tulare County did not participate nor did they directly receive benefits from this sponsorship.
8. In the preparation of the Local Annual Report each year, three officials review the report before it is available to the public.

9. Fiscal Year 2010 – 2011 One Time Capital Planning Grant Expenditures that were **not** included on the Local Annual Report, but were included on the Financial Statements:

Grant Amount	Description
\$44,468	Barnes Dental Association – Dental Surgery Center
\$31,597	Children’s Hospital Central CA – Neonatal Stabilization Center Program Planning
\$22,606	Kaweah Delta Hospital Foundation – Infant Bili Meter Systems
\$97,744	Kaweah Delta Hospital Foundation – Neonatal RetCam System
\$14,934	Kaweah Delta Hospital Foundation – Pediatric Draeger Gamma XL Monitors
\$56,000	Porterville Unified School District – Playground Improvement Project
\$6,951	Tulare Community Health Clinic – Women’s Center Upgrade
21,497	Tulare Community Health Clinic – Women’s Center Upgrade
\$7,756	Tulare County Child Abuse Prevention Council – Strategic Plan & Resource Development
\$303,553	Grand Total

10. Fiscal Year 2011 – 2012 One Time Capital Grant Expenditures that were **not** included on the Local Annual Report, but were included on the Financial Statements:

Grant Amount	Description
\$22,267	Tulare Community Health Clinic – Electronic Medical Records
\$6,333	Tulare County Child Abuse Prevention Council – Strategic Plan
\$14,655	Tulare County Office of Education – Stepping Stones to Kindergarten
\$43,255	Grand Total

11. Fiscal Year 2012 – 2013 One Time Innovation Projects and Capital Grant Expenditures that were **not** included on the Local Annual Report, but were included on the Financial Statements:

Grant Amount	Description
\$6,481	Court Appointed Special Advocates – Family Search and Engagement Planning (Innovation Project)
\$13,903	Valley PBS – Ready to Learn Program (Innovation Project)
\$6,073	Tulare County Office of Education – Stepping Stones to Education (Capital Grant)
\$50,313	City of Tulare – Mulcahy Park 2-5 Play Equipment (Capital Grant)
\$14,376	Tulare County Office of Education – CCYD Planning Grant
\$81,431	Kaweah Delta Hospital Foundation – Equipment (Capital Grant)
\$30,439	Tulare Local Health Care District – Pediatric Cardio Equipment (Capital Grant)
\$6,742	Tulare Community Health Clinic – Bili Check (Capital Grant)
\$186,921	Kaweah Delta Hospital Foundation – Helipad (Capital Grant)
\$396,679	Grand Total

12. Fiscal Year 2010 – 2011 Kaweah Delta Health Care District (KDHCD) and Kaweah Delta Hospital Foundation (KDHF) Programs funded by First 5 Tulare County that were on the Financial Reports as well as the Local Annual Report:

Grant Amount	Description
\$1,025,000	KDHCD - Pediatric Hospitalist Program
\$803,613	KDHF – Pediatric Specialty Care Project
\$17,310	KDHF – Neonatal Nurses Training
\$1,845,923	Grand Total

13. Fiscal Year 2011 – 2012 Kaweah Delta Health Care District (KCHCD) and Kaweah Delta Hospital Foundation (KDHF) Programs funded by First 5 Tulare County that were on the Financial Reports as well as the Local Annual Report:

Grant Amount	Description
\$768,750	KDHCD – Pediatric Hospitalist Program
\$805,140	KDHF – Pediatric Specialty Care Project
\$24,000	KDHF – Injury Prevention and Response
\$1,597,890	Grand Total

14. Fiscal Year 2012 – 2013 Kaweah Delta Health Care District (KDHCN) and Kaweah Delta Hospital Foundation (KDHF) Programs funded by First 5 Tulare County that were on the Financial Reports as well as the Local Annual Report:

Grant Amount	Description
\$478,853	KDHF – Pediatric Hospitalist Program
\$379,847	KDHF – Pediatric Specialty Care Program
\$3,610	KDHF – Nutrition Education and Obesity Prevention Program
\$862,310	Grand Total

15. In reviewing the various Program Reports, errors were consistently found every Fiscal Year on the Interpretations section as to the quantity of children served. Primarily, when adding up the numbers to calculate the cost per client some numbers were excluded and others were inappropriately counted leading to incorrect Cost per Client.
16. In reviewing the various Program Reports, errors were consistently found every Fiscal Year on the Local Annual Report /Table 1: Cost per Client by Program.
17. For Fiscal Year 2010 – 2011, three of the Program Reports expended amounts did not match what was expended on the Provider Contract Payments Section of the Financial Statements.

18. For Fiscal Year 2011 – 2012, one of the Program Reports Detailed Cost Benefit Section exceeds the amount listed as expended for the Fiscal Year. The Total Expended does not match the Provider Contract Payments Section of the Financial Statements.
19. For Fiscal Year 2012 – 2013, three of the Program Reports Expended Amounts did not match what was expended on the Provider Contract Payments Section of the Financial Statements.

FINDINGS:

- F1. For fiscal years 2010-2013, First 5 Tulare County did not include Innovation Grants or Capital Project Grants on the Local Annual Report, but they were included on the Financial Statements.
- F2. For fiscal years 2010-2013, First 5 Tulare County consistently had errors on the Program Reports within the Local Annual Report.
- F3. For fiscal years 2010-2013, First 5 Tulare County Program Report Interpretations on the Local Annual Report were not consistent leading to errors in the Cost per Client.

RECOMMENDATIONS:

- R1. First 5 Tulare County be more transparent in the areas of reporting **all** Programs and Grants within the Local Annual Report.
- R2. First 5 Tulare County officers and managers have additional training in reviewing and verifying reports before distribution to the public.
- R3. First 5 Tulare County Program Officers have additional training in report writing for consistent Interpretations on the Program Reports.
- R4. First 5 Tulare County create a check list for verifying information between Financial Statements and Local Annual Report to prevent errors before distribution to the public.

REQUIRED RESPONSES:

1. First 5 Tulare County
2. Tulare County Board of Supervisors

Disclaimer

Grand Jury reports are based on documentary evidence and the testimony of sworn or admonished witnesses, not on conjecture or opinion. However, the Grand Jury is precluded by law from disclosing such evidence except upon specific approval of the Presiding Judge of the Superior Court, or another judge appointed by the Presiding Judge (Penal Code Section 911, 924.1 (a) and 929). Similarly, the Grand Jury is precluded by law from disclosing the identity of witnesses except upon an order of the court for narrowly defined purposes (Penal Code Section 924.2 and 929).



Commissioners

Cheryl L. Duerksen, Ph.D.

Chair

Connie Smith

Chair-Elect

Phil Cox

Steve Beargeon

Maureen Bianco

Christine A. Nelson, M.D.

Jason Britt, M.S.

Janet Hogan

Executive Director

May 22, 2015

The Honorable Bret Hillman
County Civic Center, Room 303
221 S. Mooney Boulevard
Visalia, CA 93291

Re: 2014/2015 Grand Jury Final Report

Dear Judge Hillman:

Enclosed is the First 5 Tulare County response to the 2014/2015 Grand Jury Final Report, as required within the sixty-day timeframe per Section 933 (e) of the California Penal Code.

Should there be any questions, please do not hesitate to contact me at 624-8011.

Sincerely,

A handwritten signature in black ink, appearing to read "Cheryl L. Duerksen", with a long horizontal flourish extending to the right.

Cheryl L. Duerksen, Ph.D.
Agency Director

Enclosures

cc: Chuck White, Foreman, Tulare County Grand Jury

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5-22-2015

Tulare County Health & Human Services Agency
Response to the 2014 – 2015
Grand Jury Final Report

FIRST 5 FIGHTING FOR OUR CHILDREN

FINDINGS

Finding 1

For fiscal years 2010-2013, First 5 Tulare County did not include Innovation Grants or Capital Project Grants on the Local Annual Report, but they were included on the Financial Statements.

First 5 Response: We agree with this finding. For the 2010-2013 fiscal years, First 5 reported only on-going, direct service programs in the Local Annual Report, while all programs were reported in the financial statements. This issue was resolved prior to the Grand Jury investigation. Beginning in 2013-2014, all programs, regardless of type, are included in the annual report.

Finding 2

For fiscal years 2010-2013, First 5 Tulare County consistently had errors on the Program Reports within the Local Annual Report.

First 5 Response: We disagree partially with this finding. There were no errors within the Local Annual Report or financial statements. There were, however, omissions as reported in Finding 1. Beginning in 2013-2014, all programs, regardless of type, are included in the annual report.

Finding 3

For fiscal years 2010-2013, First 5 Tulare County Program Report Interpretations on the Local Annual Report were not consistent leading to errors in the Cost per Client.

First 5 Response: We disagree partially with this finding. The cost per client calculations are correct. Cost per client is calculated by taking the total expenditures for the program and dividing it by the unduplicated client number. Both of these numbers are available in the Local Annual Report. However, the unduplicated number used in the calculations was not easily identifiable. We have made this clearer on the 2013-2014 Local Annual Report in order to avoid confusion in the future.

RECEIVED
5-22-2015

RECOMMENDATIONS:

Recommendation 1

First 5 Tulare County be more transparent in the areas of reporting all Programs and Grants within the Local Annual Report.

First 5 Response: The recommendation has been implemented. The 2013-2014 Local Annual Report includes all funded programs.

Recommendation 2

First 5 Tulare County officers and managers have additional training in reviewing and verifying reports before distribution to the public.

First 5 Response: The recommendation has been implemented. First 5 is continually looking for ways to improve our reporting processes and have made changes to the 2013-2014 Local Annual Report to include all funding programs. The Local Annual Report is reviewed by First 5 program and fiscal staff and a draft copy is reviewed by the Commission prior to public distribution.

Recommendation 3

First 5 Tulare County Program Officers have additional training in report writing for consistent Interpretations on the program Reports.

First 5 Response: The recommendation has been implemented. First 5 has added and reformatted information in the 2013-2014 Local Annual Report to make the unduplicated client count used in the cost per client calculation more easily identifiable.

Recommendation 4

First 5 Tulare County create a check-list for verifying information between Financial Statements and Local Annual Report to prevent errors before distribution to the public.

First 5 Response: The recommendation has been implemented. First 5 has created a checklist for verifying the information in the Local Annual Report to prevent errors and omissions.



County of Tulare

April 28, 2015

BOARD OF SUPERVISORS

The Honorable Judge Hillman
Tulare County Superior Court, Room 303
221 South Mooney Boulevard
Visalia, CA 93291

Allen R. Ishida
District One

Dear Judge Hillman:

Pete Vander Poel
District Two

On behalf of the Board of Supervisors, the following are the Board's responses to the findings and recommendations included in the 2014/2015 Tulare County Grand Jury Report titled *First 5 Fighting For Our Children*. The First 5 Tulare County is an independent entity and is not within the jurisdiction of the Board of Supervisors. The Board of Supervisors has no independent basis by which to respond to the specific findings and recommendation therein.

Phillip A. Cox
District Three

Findings 1-3

J. Steven Worthley
District Four

Response: As to each of the Findings in 1 through 3, the Tulare County Board of Supervisors neither agrees nor disagrees with the findings. These findings are not in the purview of the Tulare County Board of Supervisors.

Mike Ennis
District Five

Recommendations 1-4

Response: As to each of the Recommendations in 1 through 4, the recommendations will not be implemented by the Tulare County Board of Supervisors because these recommendations are not within the jurisdiction or authority of the Tulare County Board of Supervisors.

✱

BOARD STAFF

Julieta Martinez

Allison Pierce

Melissa Withnell


✱

CLERK OF THE BOARD

Michelle Baldwin
Chief Clerk

✱

Sincerely,


Steven Worthley, Chairman
Tulare County Board of Supervisors

CC: Tulare County Grand Jury

RECEIVED
5-4-2015

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Visalia, CA 93291

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