

**REPORT  
ON THE  
LIMITED REVIEW**

**COUNTY OF ALAMEDA  
OAKLAND, CALIFORNIA**

**PUBLIC HEALTH EMERGENCY PREPAREDNESS PROGRAM  
CDC FUNDING GRANT AGREEMENT  
CFDA NO. 93.283  
FISCAL PERIOD: AUGUST 31, 2005 THROUGH AUGUST 30, 2006**

**Audits Section - Richmond  
Financial Audits Branch  
Audits and Investigations  
Department of Health Care Services**

**Section Chief: Louise Wong  
Audit Supervisor: George Kaczmarek  
Auditor: Edmund Yee**



TOBY DOUGLAS  
*Director*

State of California—Health and Human Services Agency  
Department of Health Care Services



EDMUND G. BROWN, JR.  
*Governor*

November 8, 2012

Elenita De Leon  
Fiscal Officer  
County of Alameda  
Public Health Department  
1000 Broadway, Suite 500  
Oakland, CA 94607

Dear Ms. De Leon:

The claims for expenditures for services provided by County of Alameda Public Health Department, Public Health Emergency Preparedness Program, CDC Funding Grant Agreement, and Federal Domestic Assistance Number: 93.283, for the fiscal period of August 31, 2005 through August 30, 2006, have been audited by the Financial Audits Branch of the Department of Health Care Services.

Except as set forth in the following paragraph, our audit was made in accordance with generally accepted government auditing standards as promulgated by the Comptroller General of the United States. Accordingly, our audit included such tests of the accounting records and other audit procedures, as we considered necessary under the circumstances.

The financial statements of County of Alameda for the year ending June 30, 2006, were examined by other auditors whose report dated January 9, 2007 expressed an unqualified opinion on those statements.

The scope of our review was limited to specific contract or program requirements relating to financial compliance and did not include sufficient work to determine whether the financial statements present fairly the financial position and the results of the financial operations. We have not duplicated the work performed by the other auditors.

As noted in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial position referred above.

The exit conference was held on June 18, 2012 at which time the results of the engagement were discussed.

This Audit Report includes the:

1. Executive Summary of Findings
2. Fiscal Findings
3. Financial Schedules

The report concludes that \$157,787 is due the Federal government. You will be receiving an invoice in that amount from the Department's Accounting Section.

Emergency Preparedness Office may require a corrective action plan in response to the findings in this report. If so, please send a copy of the corrective action plan to:

Patty Call, Chief  
Healthcare Capacity Section  
Planning and Policy Unit  
Emergency Preparedness Office  
California Department of Public Health  
1615 Capitol Avenue, Suite 73.373  
PO Box 997413, MS 7002  
Sacramento, California 95899-7413

If you should have any further question, please contact Patty Call, Chief, Planning and Policy Unit, Emergency Preparedness Office at (916) 650-6456.

Original Signed by

Louise Wong, Chief  
Audits Section – Richmond  
Financial Audits Branch

Certified

cc: See Next Page

Elenita De Leon  
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cc: Betsey Lyman  
Deputy Director

Susan Fanelli  
Assistant Deputy Director

Patty Call, Chief  
Planning and Policy Unit

Monica Steinhart  
Fiscal Unit Chief  
Planning and Policy Unit

Emergency Preparedness Office  
California Department of Public Health  
1615 Capitol Avenue, Suite 73.373  
P.O. Box 997413, MS 7002  
Sacramento, CA 95899-7413

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**I. EXECUTIVE SUMMARY OF FINDINGS**

The following information is a summary of our findings:

CONTRACT/GRANT COMPLIANCE

Our report does not include an evaluation of the County's progress toward achieving the CDC Emergency Preparedness goals and objectives other than to note that the County submitted the reports required to document their activities related to the grant award. These reports are monitored by the Emergency Preparedness Office (EPO) or the Federal Center for Disease Control and Prevention (CDC).

FISCAL FINDINGS

1. The County requested a total of \$1,922,451 of federal funds, and had expenditures and encumbrances totaling \$1,843,666. The unexpended federal program funds totaled \$78,784, representing approximately 4% of the \$1,922,451 federal funds awarded. (See Section V.A)

Unspent funds for the 2005/06 grant totaled \$78,784 (\$49,052 related to the CDC base fund line and \$29,732 related to the Cities Readiness Initiative (CRI) fund line.) For the portion of unspent funds related to the CRI budget fund line totaling \$29,732, the County included the amount as part of a request for carryover of 2005/06 and 2006/07 CDC funds to the 2007/08 grant year. The County's request for carryover listed a lump sum of \$71,498 related to 2005/06 CRI funds, which was comprised of the 2005/06 CRI encumbrances of \$41,766 and unspent CRI funds of \$29,732. The County's request was submitted on May 9, 2008 and approved by EPO on June 12, 2008. (See Section V.B)

During the audit, our review did not find that the County requested and received approval for carryover for the remaining balance of unspent 2005/06 CDC base funds totaling \$49,052 or that the funds were returned to EPO. Due to the audit findings, the County requested retroactive approval of the \$49,052 unspent funds. It was disclosed the County previously sent a carryover request on August 15, 2007 to the wrong EPO email address and never followed up on the request, consequently there wasn't any approval granted. Due to the audit findings, the County requested retroactive approval on September 12, 2011, which EPO granted on October 14, 2011 allowing the carryover of the \$49,052 to the 2006/07 grant period. (See Section V.B)

2. The County did not meet the grant requirements to deposit the grants funds in a special local public health preparedness trust fund. Additionally, no interest earnings were accrued to the benefit of the fund. (See Section V.C)

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3. The County did not have prior approval for redirection of funds as required under the grant agreement. The County redirected unspent funds to cover CDC base fund supplies, contractual, and other line item expenditures, and CRI Only equipment and supplies line item expenditures which exceeded original line item budgets. Due to audit findings, the County subsequently requested and received approval from EPO for a revised budget for redirection of CRI Only funds on March 14, 2012. However, the County did not receive approval for a revised budget for the redirection of CDC base funds. (See Section V.D)
4. The grant agreement requires that the County not use the CDC funds to supplant existing levels of services in the County. During the course of our review, we did not detect any situations in which funds from this agreement were used to fund other pre-existing programs or other new programs. (See Section V.E)
5. The grant agreement requires the County to submit written progress reports and expenditure reports according to the schedule set forth by EPO. The purpose of the progress reports and expenditure reports were to document activities and expenditure of funds. The mid-year report was submitted timely. However, the year-end report was submitted late by one day. (See Section V.F)
6. Our review of grant expenditures disclosed some travel expenditures on the Other expense line item as well as on the Travel expense line item. Additionally our review of travel expenditures identified some instances where reimbursement rates for lodging during conferences and meals exceeded the California Department of Personnel Administration (DPA) rates. Under the grant agreement, travel and per diem expenses are to be the rates currently in effect as established by the DPA. The County did not have written approval from EPO for travel expenditures claimed at rates that exceeded DPA rates. (See Section V.H.2)
7. Our review disclosed two travel claims with mileage reimbursement for June and July 2005, which was prior to the 2005/06 grant fiscal period. These two prior period expenditures totaled \$176. An audit adjustment was made to exclude the non-allowable expense and an audit recovery was proposed for the overpayment. (See Section V.H.2)
8. The County originally did not request grant funds for the equipment line item; however, the County claimed a total of \$166,179 in CRI Only - equipment expenditures and encumbrances. Due to audit findings, the County subsequently submitted a revised budget for CRI Only funds to include equipment expenditures. The revised budget for CRI Only funds was approved by EPO on March 14, 2012. (See Section V.H.3)

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9. Reported CDC - base fund Supplies expenditures exceeded the line item budget by \$26,185. Additionally, our review of CRI Only - Supplies line item expenditures disclosed \$331 in duplicate expenses claimed. Audit adjustments were made to reported supplies expenses to exclude the expenditures over budget and duplicate expenses. Audit recoveries were proposed for the overpayments. (See Section V.H.4)
  
10. Reported CDC - base fund Contractual expenditures exceeded the line item budget by \$80,902. An audit adjustment was made to reported contractual expenses to exclude the expenditures over budget and an audit recovery was proposed for the overpayment. (See Section V.H.5)
  
11. Reported CDC - base fund Other expenditures exceeded the line item budget by \$32,467. Additionally, our review of Other line item expenditures disclosed the following audit exceptions; non-grant related printing charges of \$6,203 for the publication of a teen alcohol survey and \$256 in duplicate expenses claimed. These expenditures were deemed not related to the CDC program and unsupported expenditures. Audit adjustments were made to exclude the non-allowable expenses and audit recoveries were proposed for the overpayments. (See Section V.H.6)
  
12. Indirect costs budgeted under the grant agreement was 10% of personnel salaries and fringe benefits. The County claimed indirect costs for the CDC base fund line at the budgeted percentage rate of 10%; however, indirect costs claimed for the CRI Only fund line was claimed at a rate of 22% which exceeded the budgeted percentage rate of 10%. The County claimed \$11,267 more than allowable CRI indirect costs based on the respective CRI personnel salaries and fringe benefits expenditures. An audit adjustment was made to exclude the non-allowable expense and an audit recovery was proposed for the overpayment of \$11,267. (See Section V.H.7)

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**II. INTRODUCTION**

**A. DESCRIPTION OF PROGRAM**

The Public Health Emergency Preparedness Program is funded by the Federal Center for Disease Control and Prevention (CDC) under the authority of 42 U.S.C. 247d-3. The purpose of this program is to upgrade and integrate State and local public health jurisdictions' preparedness for and response to bioterrorism and other public health emergencies with Federal, State, local and tribal governments, the private sector, and Non-Governmental Organizations. These emergency preparedness and response efforts are intended to support the National Response Plan and the National Incident Management System.

**B. DESCRIPTION OF AGENCY**

The County of Alameda Health Care Services Agency (Health Care Services Agency) is a part of the County of Alameda government. The Health Care Services Agency includes the following program areas: Medical Care, Public Health, Agency Administration and Finance.

The County of Alameda's Public Health Department's Emergency Preparedness mission is to build resilient communities in partnership through education, preparedness, response and recovery from public health emergencies, including infectious disease outbreaks, natural disasters, and terrorism.

County of Alameda (County) has a Public Health Emergency Preparedness Program grant agreement with the California Department of Public Health (CDPH [formerly, CDHS]), to receive CDC federal funding and State Pandemic Influenza funding.

**C. SITE LOCATION**

County of Alameda Public Health Department headquarters are located at 1000 Broadway, Oakland, CA 94607.

**D. FUNDING SOURCES**

The following is a summary of the County of Alameda's expenditures of federal awards for the fiscal year ended June 30, 2006.

	<u>Expenditures</u>
U.S. Department of Health and Human Services	\$288,198,474
U.S. Department of Agriculture	91,032,237
U.S. Department of Justice	22,759,093
U.S. Department of Housing and Urban Development	15,850,043

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U.S. Department of Labor	9,557,526
U.S. Department of Education	4,268,215
U.S. Department of Homeland Security	2,791,192
U.S. Department of Transportation	1,084,713
U.S. Social Services Administration	292,200
U.S. Department of Environmental Protection Agency	211,911
U.S. Department of Commerce	64,464
National Foundation on the Arts and the Humanities	6,417
Total Expenditures of Federal Awards	<u>\$436,116,485</u>

Source: County of Alameda Single Audit Reports for Year Ending June 30, 2006.

Public Health Emergency Preparedness Grant Funding

Public Health Emergency Preparedness Program funding for the Federal CDC Emergency Preparedness allocation awarded for the project period, August 31, 2005 through August 30, 2006 was \$1,922,451. CDC grant expenditures are included as part of U.S. Department of Health and Human Services expenditures line above.

**E. GRANT GOALS AND OBJECTIVES**

The Centers for Disease Control and Prevention (CDC) has developed Preparedness Goals designed to measure urgent public health system response performance parameters that are directly linked to health protection of the public.

The Goals are intended to measure urgent public health system response performance for terrorism and non-terrorism events including infectious disease, environmental and occupation related emergencies. The primary intent of this cooperative agreement is to fund the active participation of awardees in the immediate establishment, use, and continuous improvement of a national system using the CDC Preparedness Goals to measure public health system response performance.

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The CDC Preparedness Goals that County of Alameda contracted to meet are:

CDC Preparedness Goal 1: PREVENT

Increase the use and development of interventions known to prevent human illness from chemical, biological, radiological agents, and naturally occurring health threats.

CDC Preparedness Goal 2: PREVENT

Decrease the time needed to classify health events as terrorism or naturally occurring in partnership with other agencies.

CDC Preparedness Goal 4: DETECT/REPORT

Improve the timeliness and accuracy of information obtained from routine surveillance and where applicable, from analysis of non-traditional sources of health data, regarding threats to the public's health.

CDC Preparedness Goal 6: CONTROL

Decrease the time needed to provide countermeasures and health guidance to those affected by threats to the public's health.

CDC Preparedness Goal 9: IMPROVE

Decrease the time needed to implement recommendations from after-action reports following threats to the public's health.

F. REGULATIONS

This program is governed by the following regulations:

- Public Health Service Act, Section 319C (42 USC 247 d-3)
- 45 CFR Part 92 (Under the Public Welfare section) (Under the Grant requirements for State, Local and Tribal Governments)
- OMB Circular A-133 (Audits of States, Local Governments, and Non-Profit Organizations)
- California Health and Safety Code, Sections 101315 to 101320

G. ABBREVIATIONS IN THIS REPORT

CAFR	Comprehensive Annual Financial Report
CDC	Centers for Diseases Control and Prevention
CDHS	California Department of Health Services
CDPH	California Department of Public Health (formerly CDHS)
CFDA	Catalog of Federal Domestic Assistance
CFR	Code of Federal Regulations
CRI	Cities Readiness Initiative

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DPA	Department of Personnel Administration (California)
EPO	Emergency Preparedness Office (California Department of Public Health Program Office)
FICA	Federal Insurance Contributions Act
LHD	Local Health Department (County of Alameda Health Services Agency)
OMB	U.S. Office of Management and Budget

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**III. SCOPE OF AUDIT**

The Financial Audits Section's review of County of Alameda (herein referred to as the County) was restricted to the Public Health Emergency Preparedness Program.

The audit consisted of the review of the financial records to ensure the existence of proper documentation and the propriety of claims submitted to the State for reimbursement. Such review included substantive testing:

- To determine that recorded and reported program funds awarded are expended in accordance with terms of the grant agreement with the CDPH;
- To determine that payments are for actual costs and reflect amounts billed to the State;
- To determine that payments are for services rendered;
- To determine that grant funds did not supplant existing levels of State and local funding for this program.

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**IV. CONTRACT/GRANT COMPLIANCE**

Our report does not include an evaluation of the County's progress toward achieving the CDC Preparedness goals and objectives other than to note that the County submitted the reports required to document their activities related to the grant award. These reports are monitored by EPO or the Federal CDC.

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**V. FISCAL FINDINGS**

The following is a discussion of the fiscal findings relating to our examination of the County. The details of these amounts are included on Schedules 1 and 1A of this report.

**A. FEDERAL CDC GRANT FUNDS**

The County requested a total of \$1,922,451 of federal funds, and had expenditures and encumbrances totaling \$1,843,666. The unexpended federal program funds totaled \$78,784, representing approximately 4% of the \$1,922,451 federal funds awarded. The federal grant award for CDC base funding is shown on Schedule 1A.

**B. UNEXPENDED CDC GRANT FUNDS**

Grant requirement, Exhibit B.2.C - Budget Detail and Payment Provisions, Accountability Requirements, states "The LHD shall return unexpended funds from Project Period 05/06 unless carry over of such funds is approved by CDHS . . ."

Unspent funds for the 2005/06 grant totaled \$78,784 (\$49,052 related to the CDC base fund line and \$29,732 related to the Cities Readiness Initiative (CRI) fund line). For the portion of unspent funds related to the CRI budget fund line totaling \$29,732, the County included the amount as part of a request for carryover of 2005/06 and 2006/07 CDC funds to the 2007/08 grant year. The County's request for carryover listed a lump sum of \$71,498 related to 2005/06 CRI funds, which was comprised of the 2005/06 CRI encumbrances of \$41,766 and unspent CRI funds of \$29,732. The County's request was submitted on May 9, 2008 and approved by EPO on June 12, 2008.

During the audit, our review did not find that the County requested and received approval for carryover for the remaining balance of unspent 2005/06 CDC base funds totaling \$49,052 or that the funds were returned to EPO. Due to the audit findings, the County requested retroactive approval of the \$49,052 unspent funds. It was disclosed the County previously sent a carryover request on August 15, 2007 to the wrong EPO email address and never followed up on the request, consequently there wasn't any approval granted. Due to the audit findings, the County requested retroactive approval on September 12, 2011, which EPO granted on October 14, 2011 allowing the carryover of the \$49,052 to the 2006/07 grant period.

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C. TRUST FUND

The County did not meet the grant requirement, Exhibit B8 provisions and the Health and Safety Code, Section 101317(f) to deposit the grant funds in a special local public health preparedness trust fund established solely for this purpose before transferring or expending the funds for any of the uses allowed pursuant to this article. Additionally, the County did not meet the grant requirement, Exhibit B8 provisions that interest earned on moneys in the fund shall accrued to the fund and be expended for the same purposes as other moneys in the fund.

The County deposited the grant funds in the General Fund, designating these funds to exclusively be used for the Emergency Preparedness Program. The County's methodology for depositing the funds into the General Fund but designating the funds specifically for the CDC agreement does not fulfill requirements of this agreement provision. Additionally, no interest earnings were accrued to the benefit of the fund

Recommendation:

The County should establish a Local Public Health Preparedness Trust Fund to comply with the grant requirements and provide supporting documentation of compliance with trust fund requirements to EPO.

D. REDIRECTION OF FUNDS

The County did not have prior approval for redirection of funds as required under the grant agreement. The County redirected unspent funds to cover CDC base fund supplies, contractual, and other line item expenditures, and CRI Only equipment and supplies line item expenditures which exceeded original line item budgets. Due to audit findings, the County subsequently requested and received approval from EPO for a revised budget for redirection of CRI Only funds on March 14, 2012. However, the County did not receive approval for a revised budget for the redirection of CDC base funds.

Grant agreement, Exhibit B.6 - Redirection of Funds, states "Any redirection of funds requires prior approval by CDHS."

Recommendation:

The County should obtain and document prior approval from the EPO to comply with the fund redirection requirement as outlined in Exhibit B.6 of the grant agreement.

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E. SUPLANTING OF FUNDS

The grant agreement requires that the County not use the CDC funds to supplant existing levels of services in the County. During the course of our review, we did not detect any situations in which funds from this agreement were used to fund other pre-existing programs or other new programs.

F. REPORTING REQUIREMENTS

Grant agreement, Exhibit A.6, provision requires the County to submit written progress reports and expenditure reports according to the schedule set forth by EPO. The purpose of the progress reports and expenditure reports were to document activities and expenditure of funds. The mid-year report was submitted timely; EPO received the mid-year report on the August 31, 2006 due date. The year-end report was submitted late; the County submitted the year-end report on November 21, 2006, past the November 20, 2006 due date by one day.

Recommendation:

The County should ensure required reports are submitted to EPO on a timely basis to comply with the grant requirements.

G. SINGLE AUDIT

In accordance with OMB Circular A-133, Non-Federal entities that expend \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in a year in Federal awards shall have a single or program-specific audit conducted for that year in accordance with the provisions of this part. (See Section II.D for a summary of federal awards expenditures for the fiscal year ended June 30, 2006.)

We were provided with the Single Audit Reports for Fiscal Year Ended June 30, 2006, issued by KPMG LLP, whose report was dated March 5, 2007. The independent auditor's opinion was that the County complied, in all material respects, with OMB A-133 compliance requirements to each of the major federal programs, except for noncompliance with requirements for the following program:

- Special tests and provisions that are applicable to its Food Stamp Clusters (CFDA 10.551 and 10.561 programs)
- Eligibility and special tests, and provisions that are applicable to its Temporary Aid to Needy Families (CFDA 93.558 program)

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- Levels of effort, procurement, reporting, and subrecipient monitoring that are applicable to its Special Education Cluster (CFDA 84.027 program)
- Procurement and reporting that are applicable to its Substance Abuse Prevention and Treatment program (CFDA 93.959 program)

No exceptions were disclosed in the Single Audit Reports regarding the Public Health Emergency Preparedness Program (CFDA 93.283).

H. EXPENDITURE REVIEW

1) Personnel and Fringe Benefits

Revised personnel salaries and fringe benefits budgeted represented approximately 68% (\$1,308,582/\$1,922,451) of the total emergency preparedness federal allocation of funds awarded for the 2005/2006 grant period. The County claimed salaries and fringe benefits expenditures totaling \$1,141,409.

We reviewed payroll summary records, personnel job descriptions, and salary ranges for class specifications for the requested program personnel. Fringe benefits costs were based on amounts from the payroll summary records. The fringe benefits were for insurance, FICA, and retirement. No material exceptions were identified in our review of documents supporting the 2005/06 personnel and fringe benefits expenditures.

2) Travel Expenditures

The revised total travel expense budget for this grant award period was \$17,730 (\$16,803 for CDC base – Travel and \$927 for CRI Only – Travel). Travel expenditures claimed for the 2005/06 grant period totaled \$10,514.

Our review of grant expenditures disclosed some travel expenditures on the Other expense line item as well as on the Travel expense line item. Additionally our review of travel expenditures identified some instances where reimbursement rates for lodging during conferences and meals exceeded the California Department of Personnel Administration (DPA) rates. Under the grant agreement, travel and per diem expenses are to be the rates currently in effect as established by the DPA. The County did not have written approval from EPO for travel expenditures claimed at rates that exceeded DPA rates.

Exhibit D(F), Section 2 requires that the travel and per diem expenses be the rates currently in effect as established by the California Department of

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Personnel Administration (DPA) and that no travel outside the State of California be reimbursed without prior written approval.

Our review of travel line item expenditures disclosed two claims with mileage reimbursement for June and July 2005, which was prior to the 2005/06 grant fiscal period. These two prior period expenditures totaled \$176. An audit adjustment was proposed to exclude the non-allowable expense and an audit recovery was proposed for the overpayment. (See Schedules 1 and 2)

Recommendation:

The County should monitor all CDC program related travel to ensure compliance with program and grant requirements. Written approval should be obtained from EPO for exceptions to DPA rates.

3) Equipment

The County originally did not request grant funds for the equipment line item; however, the County reported a total of \$166,179 in CRI Only - Equipment expenditures and encumbrances (\$150,716 of expenditures and \$15,463 of encumbrances). Due to audit findings, the County subsequently submitted a revised CRI Only budget to redirect unspent funds to cover the \$150,716 in equipment expenditures. The revised budget for CRI Only funds was approved by EPO on March 14, 2012.

The County had previously included the CRI only equipment encumbrance of \$15,463 as part of a lump sum carryover of unspent funds from the 2005/06 and 2006/07 CDC grants to the 2007/08 grant year. The unspent funds carryover was submitted by the County on May 9, 2008 and approved by EPO on June 12, 2008.

4) Supplies Expenditures

The total revised Supplies line item budget was \$37,042 (\$4,950 for CDC base – Supplies and \$32,092 for CRI Only – Supplies). The County requested the funds to be used for general office supplies, equipment maintenance and service agreements, and other supplies. The County incurred expenditures and encumbrances totaling \$68,476 for supplies during the 2005/06 grant period.

Reported CDC - base fund Supplies expenditures exceeded the line item budget by \$26,185. Additionally, our review of CRI Only - Supplies line item expenditures disclosed \$331 in duplicate expenses claimed. Audit adjustments were made to reported supplies expenses to exclude the expenditures over budget and duplicate expenses. Audit recoveries were

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proposed for the overpayments. (See Schedules 1 and 2)

5) Subcontracts (Contractuals)

The total revised Contractual line item budget was \$75,000 (\$14,000 for CDC base funds and \$61,000 for CRI Only funds). CDC base funds requested under Contractual were for crisis incident stress management course and for contractor to develop mass prophylaxis exercise. CRI funds requested under Contractual were for contractors to assist in developing plans for training, medical reserve core, after action reports, etc. Expenditures for the 2005/06 grant period totaled \$155,902 (\$94,902 in CDC base fund expenditures and \$61,000 in CRI Only expenditures).

Reported CDC - base fund Contractual expenditures exceeded the line item budget by \$80,902. An audit adjustment was made to reported contractual expenses to exclude the expenditures over budget and an audit recovery was proposed for the overpayment. (See Schedules 1 and 2)

6) Other Expenditures

The total revised Other line item budget was \$191,254 (\$128,444 for CDC base funds and \$62,810 for CRI Only funds). Requested funds were to be used for items such as website maintenance and access, licensing fees, insurance charges, printing, storage, and other miscellaneous. The County incurred \$175,779 in other expenditures and encumbrances during the 2005/06 grant period.

Reported CDC - base fund Other expenditures exceeded the line item budget by \$32,467. Additionally, our review of Other line item expenditures disclosed the following audit exceptions; non-grant related printing charges of \$6,203 for the publication of a teen alcohol survey and \$256 in duplicate expenses claimed. These expenditures were deemed not related to the CDC program and unsupported expenditures. Audit adjustments were made to exclude the non-allowable expenses and audit recoveries were proposed for the overpayments. (See Schedules 1 and 2)

**COUNTY OF ALAMEDA  
PUBLIC HEALTH EMERGENCY PREPAREDNESS PROGRAM  
CDC FUNDING GRANT AGREEMENT  
FISCAL PERIOD: AUGUST 31, 2005 THROUGH AUGUST 30, 2006**

7) Indirect Costs

Indirect costs budgeted under the grant agreement was 10% of personnel salaries and fringe benefits. The County claimed indirect costs for the CDC Base fund line at the budgeted percentage rate of 10%; however, indirect costs claimed for the CRI Only fund line was claimed at a rate of 22% which exceeded the budgeted percentage rate of 10%. The County claimed \$11,267 more than allowable CRI indirect costs based on the respective CRI personnel salaries and fringe benefits expenditures. An audit adjustment was proposed to exclude the non-allowable expense and an audit recovery was proposed for the overpayment of \$11,267.

Further, based on our examination, nothing came to our attention to indicate that the County has not complied with the material terms and conditions of the grant beyond the findings noted above.

**COUNTY OF ALAMEDA  
PUBLIC HEALTH EMERGENCY PREPAREDNESS PROGRAM  
CDC FUNDING GRANT AGREEMENT  
FISCAL PERIOD: AUGUST 31, 2005 THROUGH AUGUST 30, 2006**

**VI. SYSTEMS AND PROCEDURES**

The management of County of Alameda is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance the assets are safeguarded against loss, from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

We did not review County of Alameda's overall internal control structure. We limited our internal control review to the County's procedures to account for Emergency Preparedness Program funds, and the County's preparation of the required filing of the program financial status reports.

Further, the CPA's Comprehensive Annual Financial Report (CAFR) of County of Alameda disclosed no material weaknesses related to the overall internal control structure.

**COUNTY OF ALAMEDA  
PUBLIC HEALTH EMERGENCY PREPAREDNESS PROGRAM  
CDC FUNDING GRANT AGREEMENT  
FISCAL PERIOD: AUGUST 31, 2005 THROUGH AUGUST 30, 2006**

**VII. SCHEDULES**

Schedules of financial data have been included in this report to summarize the amounts claimed and paid under the grant agreement as presented on Schedules 1 and 1A.

**COUNTY OF ALAMEDA  
PUBLIC HEALTH EMERGENCY PREPAREDNESS PROGRAM  
CDC FUNDING GRANT AGREEMENT  
FISCAL PERIOD: AUGUST 31, 2005 THROUGH AUGUST 30, 2006**

**VIII. CONTRACTOR'S RESPONSE TO AUDIT FINDINGS**

The audit findings were discussed at the exit conference on June 18, 2012. A copy of the Contractor's response letter is included as Attachment A.

No revisions were made to this report as a result of the Contractor's response.

**COUNTY OF ALAMEDA  
PUBLIC HEALTH EMERGENCY PREPAREDNESS PROGRAM  
CDC FUNDING GRANT AGREEMENT  
FISCAL PERIOD: AUGUST 31, 2005 THROUGH AUGUST 30, 2006**

**IX. PROGRAM'S RESPONSE TO AUDIT FINDINGS**

The Local Management Unit within Emergency Preparedness Office (EPO) has no further comments or response to the audit findings.

SCHEDULE 1

COUNTY OF ALAMEDA  
 PUBLIC HEALTH EMERGENCY PREPAREDNESS PROGRAM  
 CDC FUNDING GRANT AGREEMENT  
 AUGUST 31, 2005 THROUGH AUGUST 30, 2006

SUMMARY OF AUDITED PROGRAM EXPENDITURES

	Budget Category	Audit Adjustment Nos.	2005/2006 Expenditures		
			As Reported	Audit Adjustments	As Audited
1.	<b>CDC Base</b>				
	<b>Financial Assistance</b>				
	A. Personnel		\$763,682	\$0	\$763,682
	B. Fringe		\$285,777	\$0	\$285,777
	C. Travel	1	\$9,587	(\$176)	\$9,411
	D. Equipment		\$0	\$0	\$0
	E. Supplies	2	\$31,135	(\$26,185)	\$4,950
	F. Contractual	3	\$94,902	(\$80,902)	\$14,000
	G. Other	4, 5	\$163,411	(\$38,670)	\$124,741
	<b>Total Direct FA</b>		<b>\$1,348,494</b>	<b>(\$145,933)</b>	<b>\$1,202,561</b>
	H. Indirect		\$104,946	\$0	\$104,946
	<b>Total Financial Assistance</b>		<b>\$1,453,440</b>	<b>(\$145,933)</b>	<b>\$1,307,507</b>
2.	<b>CRI Only</b>				
	<b>Financial Assistance</b>				
	A. Personnel		\$66,594	\$0	\$66,594
	B. Fringe		\$25,356	\$0	\$25,356
	C. Travel		\$927	\$0	\$927
	D. Equipment		\$150,716	\$0	\$150,716
	E. Supplies	6	\$15,892	(\$331)	\$15,561
	F. Contractual		\$61,000	\$0	\$61,000
	G. Other	7	\$7,514	(\$256)	\$7,258
	<b>Total Direct FA</b>		<b>\$327,999</b>	<b>(\$587)</b>	<b>\$327,412</b>
	H. Indirect	8	\$20,462	(\$11,267)	\$9,195
	<b>Total Financial Assistance</b>		<b>\$348,461</b>	<b>(\$11,854)</b>	<b>\$336,607</b>
	<b>GRAND TOTAL</b>	9	<b>\$1,801,901</b>	<b>(\$157,787)</b>	<b>\$1,644,114</b>

**COUNTY OF ALAMEDA  
PUBLIC HEALTH EMERGENCY PREPAREDNESS PROGRAM  
CDC FUNDING GRANT AGREEMENT  
AUGUST 31, 2005 THROUGH AUGUST 30, 2006**

**SUMMARY OF PROGRAM EXPENDITURES**

	Budget Category		Original Base Funding Source	Revised Base Funding Source*	05/06 Expenditures	05/06 Encumbrances	Total Unspent Funds **
1.	<b>CDC Base</b>						
	<b>Financial Assistance</b>						
	A.	Personnel	\$890,361	\$890,361	\$763,682	\$0	\$126,679
	B.	Fringe	\$326,271	\$326,271	\$285,777	\$0	\$40,494
	C.	Travel	\$16,803	\$16,803	\$9,587	\$0	\$7,216
	D.	Equipment	\$0	\$0	\$0	\$0	\$0
	E.	Supplies	\$4,950	\$4,950	\$31,135	\$0	(\$26,185)
	F.	Contractual	\$14,000	\$14,000	\$94,902	\$0	(\$80,902)
	G.	Other	\$128,444	\$128,444	\$163,411	\$0	(\$34,967)
		<b>Total Direct FA</b>	<b>\$1,380,829</b>	<b>\$1,380,829</b>	<b>\$1,348,494</b>	<b>\$0</b>	<b>\$32,335</b>
	H.	Indirect	\$121,663	\$121,663	\$104,946	\$0	\$16,717
		<b>Total Financial Assistance</b>	<b>\$1,502,492</b>	<b>\$1,502,492</b>	<b>\$1,453,440</b>	<b>\$0</b>	<b>\$49,052</b>
2.	<b>CRI Only</b>						
	<b>Financial Assistance</b>						
	A.	Personnel	\$149,711	\$66,594	\$66,594	\$0	\$0
	B.	Fringe	\$62,879	\$25,356	\$25,356	\$0	\$0
	C.	Travel	\$9,970	\$927	\$927	\$0	\$0
	D.	Equipment	\$0	\$150,718	\$150,716	\$15,463	(\$15,461)
	E.	Supplies	\$16,200	\$32,092	\$15,892	\$21,449	(\$5,249)
	F.	Contractual	\$80,000	\$61,000	\$61,000	\$0	\$0
	G.	Other	\$79,940	\$62,810	\$7,514	\$4,854	\$50,442
		<b>Total Direct FA</b>	<b>\$398,700</b>	<b>\$399,497</b>	<b>\$327,999</b>	<b>\$41,765</b>	<b>\$29,732</b>
	H.	Indirect	\$21,259	\$20,462	\$20,462	\$0	\$0
		<b>Total Financial Assistance</b>	<b>\$419,959</b>	<b>\$419,959</b>	<b>\$348,461</b>	<b>\$41,766</b>	<b>\$29,732</b>
		<b>GRAND TOTAL</b>	<b>\$1,922,451</b>	<b>\$1,922,451</b>	<b>\$1,801,901</b>	<b>\$41,766</b>	<b>\$78,784</b>

\* Revised budget for CRI Only approved on March 14, 2012.

CDC Base unspent funds of \$49,052 were carried over to the 2006/2007 grant period.

\*\* CRI Only unspent funds of \$29,732 were carried over to the 2007/2008 grant period.

Provider Name					Fiscal Period	CFDA Number		Adjustments
COUNTY OF ALAMEDA					AUGUST 31, 2005 THROUGH AUGUST 30, 2006	93.283		9
Report References					Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
AUDIT REPORT		INVOICE OR CLAIM						
Adj. No.	Schedule	Line	Form #	Line				
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>								
1	1	1C			CDC Base - Travel To eliminate travel expenditures incurred prior to 2005/06 CDC grant period. Public Health Emergency Preparedness Funding Grant Agreement, Exhibits A8 and B2 Public Health Service Act, Section 319C (42 USC 247 d-3) OMB Circular A-87	\$9,587	(\$176)	\$9,411
2	1	1E			CDC Base - Supplies To adjust reported supplies expense which exceeded the approved budget line total. Public Health Emergency Preparedness Funding Grant Agreement, Exhibits A8 and B2 Public Health Service Act, Section 319C (42 USC 247 d-3) OMB Circular A-87	\$31,135	(\$26,185)	\$4,950
3	1	1F			CDC Base - Contractual To adjust reported contractual expense which exceeded the approved budget line total. Public Health Emergency Preparedness Funding Grant Agreement, Exhibits A8 and B2 Public Health Service Act, Section 319C (42 USC 247 d-3) OMB Circular A-87	\$94,902	(\$80,902)	\$14,000
4	1	1G			CDC Base - Other To adjust reported other expense which exceeded the approved budget line total. Public Health Emergency Preparedness Funding Grant Agreement, Exhibits A8 and B2 Public Health Service Act, Section 319C (42 USC 247 d-3) OMB Circular A-87	\$163,411	(\$32,467)	\$130,944 *

\*Balance carried forward from prior/to subsequent adjustments

Provider Name			Fiscal Period			CFDA Number		Adjustments	
COUNTY OF ALAMEDA			AUGUST 31, 2005 THROUGH AUGUST 30, 2006			93.283		9	
Report References					Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
AUDIT REPORT		INVOICE OR CLAIM							
Adj. No.	Schedule	Line	Form #	Line					
<b><u>ADJUSTMENTS TO REPORTED COSTS</u></b>									
5	1	1G	CDC Base - Other To eliminate non-allowable printing expenditures unrelated to CDC grant activities. Printing expenditures were for publication related to surveying teens about alcohol in Oakland, "Oakland on the rocks." Public Health Emergency Preparedness Funding Grant Agreement, Exhibits A8 and B2 Public Health Service Act, Section 319C (42 USC 247 d-3) OMB Circular A-87			*	\$130,944	(\$6,203)	\$124,741
6	1	2E	CRI Only - Supplies To eliminate duplicate expenses claimed. Public Health Emergency Preparedness Funding Grant Agreement, Exhibits A8 and B2 Public Health Service Act, Section 319C (42 USC 247 d-3) OMB Circular A-87				\$15,892	(\$331)	\$15,561
7	1	2G	CRI Only - Other To eliminate duplicate expenses claimed. Public Health Emergency Preparedness Funding Grant Agreement, Exhibits A8 and B2 Public Health Service Act, Section 319C (42 USC 247 d-3) OMB Circular A-87				\$7,514	(\$256)	\$7,258
8	1	2H	CRI Only - Indirect To reduce reported CRI Only indirect costs to the budgeted amount of 10% of personnel salaries, wages and benefits. Public Health Emergency Preparedness Funding Grant Agreement, Exhibits A8 and B2 Public Health Service Act, Section 319C (42 USC 247 d-3) OMB Circular A-87				\$20,462	(\$11,267)	\$9,195

\*Balance carried forward from prior/to subsequent adjustments

Provider Name		Fiscal Period			CFDA Number		Adjustments	
COUNTY OF ALAMEDA		AUGUST 31, 2005 THROUGH AUGUST 30, 2006			93.283		9	
Report References					Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
AUDIT REPORT		INVOICE OR CLAIM						
Adj. No.	Schedule	Line	Form #	Line				
<b><u>ADJUSTMENT TO OTHER MATTERS</u></b>								
9	N/A				Overpayment To recover overpayments resulting from audit adjustments numbers 1 through 8. Public Health Emergency Preparedness Funding Grant Agreement, Exhibits A8 and B2 Public Health Service Act, Section 319C (42 USC 247 d-3) OMB Circular A-87	\$0	\$157,787	\$157,787



ALAMEDA COUNTY HEALTH CARE SERVICES AGENCY  
PUBLIC HEALTH DEPARTMENT

Alex Briscoe, Director  
Anita Siegel, Director

Administrative Services Division

Binh Cao  
Director

1000 Broadway, Suite 500  
Oakland, CA 94607

(510) 267-8054 Tel  
(510) 267-8067 Fax

July 10, 2012

Mr. Edmund Yee, Auditor  
Department of Health Care Services  
Audits Section – Richmond  
850 Marina Bay Parkway  
Building P, 2<sup>nd</sup> Floor, MS 2104  
Richmond, CA 94804-6403

Dear Mr. Yee:

Enclosed for your consideration are the following:

- a. Response to your audit findings both for CDC, CRI and HPP
- b. Copy of our revised HPP Invoice for FY 05-06 based on indirect at 15% of direct cost which the county is entitled in this period.

Paybacks require approval by the County Board of Supervisors. It is expected that the actual check issuance will take a longer period.

If you have any questions, please call us.

Sincerely,

A blue ink signature of Eduardo C. Luang, written in a cursive style.

Eduardo C, Luang  
Manager, Grants Claiming



**ALAMEDA COUNTY HEALTH CARE SERVICES AGENCY**

**Public Health Department  
Finance Division**

**Phone: (510) 267-8050**

**Fax: (510) 267-8067**

**QIC: 21953**

I. Comments on Audit Findings – CDC / CRI

CONTRACT/GRANT COMPLIANCE

FISCAL FINDINGS

FEDERAL CDC / CRI GRANT FUNDS

1. The Alameda County CDC and CRI Program Management is in agreement with Audit Findings on the following items: A - FEDERAL CDC GRANT FUNDS, B – UNEXPENDED CDC GRANT FUNDS, D – REDIRECTION OF FUNDS, E – SUPPLANTING OF FUNDS, F – REPORTING REQUIREMENTS, G – SINGLE AUDIT, and H – EXPENDITURE REVIEW.
2. The County CDC Program Management do not agree to the Audit Findings C - TRUST FUND. The County maintains separate accounts for each of the Public Health grant programs with advances. Trust Fund Account #84227 was set up exclusively for CDC and CRI where all moneys received from the grantor and amounts paid to service providers in accordance with grant provisions are recorded.

No interests were accrued, as this type of advance belongs to the category of non-interest bearing trust account for the following reasons:

- a. The County advances the money to pay for all costs even before the grantors pays any advances.
  - b. Advances received are deposited to this account pending liquidation on a quarterly or semi-annual basis. Moneys deposited under this trust fund are not withdrawn daily to meet expenditures. The County advances money to pay for all costs including personnel costs, services and supplies. Only after the end of a given period are expenditures summarized and the corresponding amount is taken out of the trust fund.
3. Comments on H – EXPENDITURE REVIEW:
    - a. Supplies Expenditures – CDC Exceeded Line Item Budget by \$26,185.  
The expenses amounting \$26,185 were necessary and were incurred for the benefit of the program. These expenditures were part of the submission for redirection of funds which is pending approval by EPO. This was originally submitted in September of 2011 but was not acted upon by EPO as they informed the program to wait for the result of the audit. The audit exit conference was held on June 18, 2012 and the day after on June 19, a resubmission was sent to EPO. The \$6,203 for publication of a teen alcohol survey is being moved to the cost center which actually requested the printing services of the County GSA and the corresponding amount will be refunded to the EPO.
    - b. Subcontracts – Exceeded line item budget by \$80,902.  
This is part of the request for redirection of funds resubmitted on June 19, 2012.

- c. Other expenditure exceeded line item budget by 32,467 – Also part of the amount resubmitted to EPO on June 19, 2012.
- d. Over claimed indirect cost of \$11,267- This amount was part of the approved budget for indirect. The approved budget was claimed in full overlooking the condition to claiming indirect cost that was limited to 10% of actual personnel cost.
- e. The amounts in excess of line item budget: \$26,185; \$80,902; and \$32,467 have been submitted to the EPO's approval for redirection of funds, the approval of which is pending.
- f. The over claimed: indirect cost of \$11,267; travel expense of \$176; printing cost for non CDC related survey of \$6,204; duplicated expenses of \$331 and \$256 - totaling \$18,234 will be paid back to EPO.

4. Corrective Actions:

- a. Redirection of Funds - The County CDC and CRI programs have undertaken a realignment of staff that has control of the program financial or operational issues. Currently changes in the programs activities requiring redirection of funds are undertaken only after approval of the State CDC program officers in Sacramento.
- b. F. REPORTING RERQUIREMENTS -- The County CDC and CRI programs have made it a point to submit required reports to EPO on a timely basis to comply with grant requirements. In cases of unavoidable delay, a written request for extension of submission is submitted to CDC/CRI office in Sacramento.
- c. H. EXPENDITURE REVIEW – Expenditures are closely monitored and only those expense meeting grant award requirements are included in the claims for reimbursements.

II. Comments – Audit Findings – HPPGRANT COMPLIANCE

1. The County Program Management of Hospital Preparedness Program (HPP) is in agreement with Audit Findings except the overpayment of \$16,887 for which the auditor recommends to recover.
2. The over payment was only \$1,705.33. The amount of \$15, 181.67 corresponds to the 5% indirect cost of the 15% to which the county is entitled to be reimbursed. The original claims reflected 10% indirect cost as the available template used in the claims has a default of 10% indirect cost so that when the expenditures amount were posted, the template automatically calculated indirect cost at 10%. When the template was subsequently replaced, the county had already submitted the claims and the grantor simply paid the county 5% additional indirect cost. To correct this, we have submitted a revised invoice that included indirect cost rate of 15% and requested that the amount of \$1,705.33 be rolled over to current grant HPP grant.

Following is a summary of the revised approved Alameda County HPP Budget, actual expenditures and payment received:

## HPP Approved Revised Budget:

CDPH Direct Equipment Purchase -	\$539,561.00
Fiscal Agent Purchases (Including Contractuals) -	<u>\$350,895.00</u>
Total approved Budget -	<u>\$890,456.00</u>

Expenditures:

CDPH Direct Purchase -	\$539,581.00
Actual County Expenditures (Indirect Cost @ 15%) -	<u>\$349,189.67</u>
Total Expenditures -	<u>\$888,770.67</u>
Payment Received -	<u>\$890,476.00</u>
Overpayment -	<u>\$ 1,705.33</u>



ALAMEDA COUNTY HEALTH CARE SERVICES AGENCY  
PUBLIC HEALTH DEPARTMENT

Alex Briscoe, Director  
Anita Siegel, Director

Administrative Services Division

1000 Broadway, Suite 500  
Oakland, CA 94607

Binh Cao  
Director

(510) 267-8054 Tel  
(510) 267-8067 Fax

July 2, 2012

California Department of Public Health  
Public Health Emergency Preparedness  
Emergency Preparedness Office  
Attn: Stacy Sher  
P.O. Box 997377, MS 7002  
Sacramento, CA. 95899-7377

Subject: HRSA Bioterrorism Hospital Preparedness (HPP)  
Contract No. 02-01-03 ALA  
Contract Term: September 2005 – August 2006  
Invoice No: Final Invoice

Dear Sir / Madam:

Enclosed is our revised HPP 2005-2007 invoice for the period September 2005 to August 2007 in lieu of previously submitted invoices. This is being submitted in view of audit findings showing that total expenses submitted to EPO was \$873,589 and Alameda County was paid \$890,476 thus requiring us to refund the amount of \$16,887. Review of our invoices submitted to EPO showed that we were claiming indirect cost at only 10% of direct cost versus allowable \$15%. The attached invoice in the amount of \$349,189.67 and the Direct Equipment purchase of \$359,581 total \$888,769 thereby reducing the amount due the County to \$1,706.33:

Payments, Equipment & Supplies Received	<u>\$890,476.00</u>
CDPH Direct Equipment	\$539,581.00
Alameda County Actual Expenditures	<u>\$349,189.67</u>
Total	<u>\$888,770.67</u>
Excess Payment	<u>\$ 1,705.33</u>

We request that the amount in excess of the actual combined County Paid expenditures and Direct Equipment Purchase be rolled over to the current grant award to Alameda County Hospital Preparedness Program (HPP).

Thank you.

Sincerely,



Eduardo Luang  
Grants Claiming Manager

Enclosures: Revised 2005-2007 Invoice  
cc:

Ms. M. Mena  
Mr. H. Chen  
Mr. E. Yee