

**REPORT
ON THE
LIMITED AUDIT**

**COUNTY OF CONTRA COSTA
MARTINEZ, CALIFORNIA**

**PUBLIC HEALTH EMERGENCY PREPAREDNESS PROGRAM
HPP FUNDING GRANT AGREEMENT CFDA: 93.889
FISCAL PERIOD:
SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

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

**Section Chief: Louise Wong
Audit Supervisor: Jesse Duran
Auditor: Chris Stanley**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

March 24, 2011

Dan Guerra, REHS
Emergency Preparedness Manager
Contra Costa Health Services
1340 Arnold Dr., Suite 126
Martinez, CA 94553

Dear Mr. Guerra:

The claims for expenditures for services provided by Contra Costa Health Services under the Hospital Preparedness Program, HPP Funding Grant Agreement: 93.889 for the fiscal period of September 1, 2005 through August 31, 2006, have been reviewed by the Financial Audits Branch of the Department of Health Care Services.

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

The financial statements of Contra Costa County for the year ending June 30, 2006, were examined by other auditors whose report dated December 1, 2006 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 11, 2010 at which time the results of the engagement were discussed.

This Audit Report includes the:

1. Executive Summary of Findings
2. Grant Compliance
3. Line Item Budget Expenditures
4. Financial Schedules

The report concludes that \$6,529 amount is due the State.

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

If you should have any further question, please contact Patty Call, Contract Manager, at (916) 650-6456.

Original Signed by

Louise Wong, Chief
Audits Section – Richmond
Financial Audits Branch

Certified

cc:	Betsey Lyman Deputy Director	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
	Susan Fanelli Assistant Deputy Director	
	Patty Call Contract Manager	

TABLE OF CONTENTS

- I. EXECUTIVE SUMMARY OF FINDINGS
- II. INTRODUCTION
 - A. Description of Program
 - B. Description of Agency
 - C. Site Location
 - D. Funding Sources
 - E. Grant Goals and Objectives
 - F. Regulations
 - G. Abbreviations in this Report
- III. SCOPE OF AUDIT
- IV. GRANT COMPLIANCE
 - A. Hospital Preparedness Program (HPP) 2005/2006 Grant Budget Year Extension
 - B. Federal HPP Grant Funds
 - C. Redirection of Funds
 - D. Single Audit Requirement
 - E. Supplanting of Funds
 - F. Reporting Requirements
- V. LINE ITEM BUDGET EXPENDITURES
 - A. Contractual Expenses
 - B. California Department of Public Health (CDPH) Purchased Equipment and Supplies
 - C. Non-CDPH Purchased Equipment and Supplies
 - D. Personnel Expenditures
 - E. Fiscal Agent Costs
- VI. SYSTEMS AND PROCEDURES
- VII. SCHEDULES
 - 1. Summary of Audited Program Expenditures
 - 1A. Summary of Program Expenditures
 - 2. Audit Adjustment Draft
 - 3. Redirection Detail
 - 4. Glossary of HPP Priority Areas and Critical Benchmarks
- VIII. CONTRACTOR'S RESPONSE TO AUDIT FINDINGS
- IX. PROGRAM'S RESPONSE TO AUDIT FINDINGS
- X. ATTACHMENT A

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

I. EXECUTIVE SUMMARY OF FINDINGS

The following information is a summary of our findings:

CONTRACT COMPLIANCE

1. Health Resources Services Administration (HRSA) approved an extension of the budget year end date for the Year 4 award from August 31, 2006 to August 31, 2007. (See Section IV. A)
2. The State allocated \$741,028 to Contra Costa County for the Year 4 award. Contra Costa County received \$673,455 in payments and supplies. The remainder of the funds supplied came from overpayment by the State in Year 3. (See Section IV, B)
3. Our review of the redirection of funds revealed the grantee mislabeled some of the equipment and services on the second redirection. By mislabeling the description of the equipment and services, the State could not have given prior approval to the actual redirection of funds, (See Section IV. C).
4. The County had a Single Audit report for both FYE 6-30-06 and FYE 6-30-07. However, this HPP grant is not reported in the FYE 6-30-06 report. In the FYE 6-30-07 report, the grant is reported and designated as a major program, selected for an in-depth review. Single Audit report findings are included in this report, (See Section IV D).
5. The HPP funding agreement requires that the County not use HPP funds to supplant existing levels of service 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 IV E).
6. The HPP funding agreement requires the County to submit mid-year and year-end progress reports to document their activities related to the grant award to EPO, (Emergency Preparedness Office). EPO and the Federal HPP have the responsibility to monitor these reports. The County submitted the required documents within EPO's time requirements. (See Section IV, F).

LINE ITEM BUDGET EXPENDITURES

1. We reviewed the invoices and other documentation for line item expenditures for Year 4. The County reported \$6,529 expenditures more than supporting documentation and maximum allowable fiscal agent allocation, (See Section V, A and E and Schedules 1 and 1A).

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

II. INTRODUCTION

A. DESCRIPTION OF PROGRAM

The Hospital Preparedness Program (HPP) under the Health Resources Services Administration (HRSA) is funded by the U.S. Department of Health and Human Services under the authority of section 2802(b) of the Public Health Services (PHS) Act, as amended by the Pandemic and All-Hazards Preparedness Act (P.L. 109-417). The purpose of this program is to enable award recipients to improve surge capacity and enhance community and hospital preparedness for public health emergencies. Funds from HPP are used to build medical surge capability through planning, personnel, equipment, training, and exercise capability at the State and local levels. These efforts are intended to support the National Preparedness Goal established by the Department of Homeland Security in 2005 and the goals outlined in Section 319C-2 of the PHS Act.

B. DESCRIPTION OF AGENCY

Contra Costa Health Services is part of the County of Contra Costa and may also be referred to as the "Local Entity" or the "County" throughout this report. Contra Costa Health Services Agency (CCHS) is the largest department of Contra Costa County, employing more than 3,500 individuals. Only 13% of the CCHS budget is from local tax resources. 87% is supported by federal and State funding programs, such as Medi-Cal and Medicare as well as program grants and fees.

The Emergency Preparedness office, under Contra Costa Health Services subcontracts with local hospitals, skilled nursing facilities and clinics to fulfill critical benchmarks (goals and objectives) as outlined in the following, under Paragraph E. Local Funding Agreement Goals and Objectives.

C. SITE LOCATION

The Local Entity's Emergency Preparedness office is located at 1340 Arnold Drive, Suite 126 in Martinez, CA.

D. FUNDING SOURCE

Funding is 100% from the Federal Government in accordance with the Health Resources Services Administration as authorized by the Public Health Service Act, Section 319.

The following is a summary of the County of Contra Costa's expenditures of

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

federal awards for the fiscal year ending June 30, 2006 and 2007:

FEDERAL GRANTOR	2006 EXPENDITURES	2007 EXPENDITURES
U.S. Department of Agriculture	\$12,710,308	\$14,393,495
U.S. Dept. of Housing & Urban Dev.	13,233,331	13,135,925
U.S. Department of Justice	1,503,476	2,394,675
U.S. Department of Labor	5,352,592	5,006,624
U.S. Department of Transportation	1,051,584	1,603,064
U.S. Department of Treasury	482,185	1,018,567
Environmental Protection Agency	184,196	106,709
U.S. Department of Energy	94,023	135,344
Federal Emergency Management System	41,242	40,100
U.S. Department of Education	385,450	347,207
U.S. Dept. of Health and Human Services	204,432,675	208,182,464
U.S. Department of Homeland Security	2,120,276	6,740,416
TOTAL FEDERAL AWARDS	\$241,591,338	\$253,104,590

Source: County of Contra Costa Single Audit Reports for Year Ending June 30, 2006 and 2007.

E. LOCAL FUNDING AGREEMENT GOALS AND OBJECTIVES

The purpose of the National Bioterrorism Hospital Preparedness Program is to enhance the ability of hospitals and health care systems to prepare for and respond to bioterrorism and other public health emergencies. These emergency preparedness and response efforts are intended to support the National Response Plan and the National Incident Management System.

Awardees are to update and meet critical benchmarks (minimum levels of readiness and sentinel indicators). The HRSA Priority Areas and Critical Benchmark's in this year's HRSA agreement with Contra Costa Health Services include the following:

Critical Benchmark 2-1 Hospital Bed Capacity

Establish systems that, at a minimum, can provide triage treatment and initial stabilization, above the current daily staffed bed capacity for adult and pediatric patients requiring hospitalization within three hours in the wake of a terrorism incident or other public health emergency.

Critical Benchmark 2-2 Isolation Capacity

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

Ensure that all participating hospital have the capacity to maintain, in negative pressure isolation, at least one suspected case of highly infectious disease or febrile patient with a suspect rash or other symptoms of concern who might be developing a highly communicable disease.

Critical Benchmark 2-5 Pharmaceutical Caches

Establish a regional system that insures a sufficient supply of pharmaceuticals to provide prophylaxis for three days to hospital personnel (medical and ancillary staff), hospital based emergency first responders and their families in the wake of a terrorist-induced outbreak of anthrax or other disease for which such countermeasures are appropriate.

Critical Benchmark 2-6 Personal Protection

Each awardee must ensure adequate personal protective equipment (PPE) per awardee defined region to protect current and additional health care personnel during an accident. This benchmark is tied directly to the number of health care personnel the awardee must provide to support surge capacity for beds.

Critical Benchmark 2-7 Decontamination

Insure that adequate portable or fixed decontamination systems for managing Adults and Pediatric patients as well as health care personnel who have been exposed during a chemical, biological, radiological, or explosive incident in accordance with the numbers associated with Critical Benchmark 2-1.

Critical Benchmark 2-10 Communications and Information Technology

Establish a secure and redundant communication system that insures connectivity during a terrorist incident or other public health emergency between health care facilities and state and local health departments, emergency medical services, emergency management agencies, public safety agencies, neighboring jurisdictions and federal public health officials.

Critical Benchmark 5 Education and Preparedness Training

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

Awardees will utilize competency-based education and training programs for adults and pediatric pre-hospital, hospital, and outpatient health care personnel responding to a terrorist incident or other public health emergency.

Critical Benchmark 6 Terrorism Preparedness Exercises

As part of the state or jurisdiction's bioterrorism hospital preparedness plan, functional exercises will be conducted during FY 2005 and should be based on the Awardee HVA. These drills should involve several state agencies and implement the Incident Command Structure (ICS). To the extent possible, members of the public should be invited to participate. These exercises/drills should encompass, if possible, at least one biological agent. The inclusion of scenarios involving radiological and chemical agents as well as explosives may be included as part of the exercises/drills.

F. REGULATIONS

The program is governed by the following regulations:

Public Health Service Act, Section 319C-1
45 CFR Parts 74 and 92
OMB Circular A-133
California Health and Safety Code, Sections 101315 to 101320

G. ABBREVIATIONS TO THIS REPORT

CB	Critical Benchmark
CDPH	California Department of Public Health
CFR	Code of Federal Regulations
EPO	Emergency Preparedness Office (California Department of Public Health Program Office)
HPP	Hospital Preparedness Program
HRSA	Health Resources and Services Administration
OMB	U.S. Office of Management and Budget

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

III. SCOPE OF AUDIT

The Financial Audit Section's review consisted of Contra Costa Health Services (Contra Costa County, herein referred to as the County) was restricted to the Hospital 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. This review included the following substantive testing:

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

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

IV. GRANT COMPLIANCE

The examination included a review to determine if the County conducted the program in compliance with grant terms and applicable regulatory requirements. The following is a summary of our findings related to this portion of the audit.

A. HOSPITAL PREPAREDNESS PROGRAM (HPP) 2005/2006 GRANT BUDGET YEAR EXTENTION

Health Resources and Services Administration (HRSA) approved an extension of the Year 4 HPP program grant with the California Department of Public Health (CDPH) for the from August 31, 2006 to August 31, 2007. CDPH coordinated the budget extension with the Federal HPP to allow the counties additional time to complete emergency response activities.

B. FEDERAL HPP GRANT FUNDS

The County of Contra Costa was allocated \$741,028 for the Year 4 Award. This allocation is based on an allocation of funds at the State level of \$135,000 per county of base funds with the remainder allocated based on per capita percent of the population of Contra Costa County to the total population of the State of California.

The County received the following for the Year 4 grant from CDPH:

Description	Date	Amount
First Advance	4-30-06	\$119,729
Second Payment	4-12-07	201,388
Pharmaceuticals		55,597
CDPH Purchased Supplies		<u>296,741</u>
Subtotal:		\$673,455
Overpayment from Yr. 3 applied to Yr. 4*		77,177
Overpayment from Yr. 4 applied to Yr. 5**		<u>(9,604)</u>
 TOTAL Received from CDPH for Year 4:		 <u><u>\$741,028</u></u>

The County requested and received approval to use an overpayment by the State from Year 3 to partially fund Year 4 and to use \$9,604 of Year 4 funds overpaid by the State to purchase equipment for Year 5.

*The overpayment in Year 3 occurred when the County requested and received approval to exchange Year 3 funds originally earmarked for equipment and services to be purchased by the County to instead acquire equipment purchased by the State. The State's interim payments to the County were based on a

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

percentage of the original budget without considering the approved budget changes, thus resulting in an overpayment of \$77,177 in Year 3. This overpayment of funds was used to help fund the \$741,028 budget for Year 4.

**In Year 4 there were also budget changes similar to those that incurred in Year 3. This resulted in an overpayment in Year 4 of \$9,604 which will be applied to the Year 5 payments.

C. REDIRECTION OF FUNDS

Under the HPP funding agreement, the County is permitted changes in the use of funds if the following conditions are met:

Exhibit B8 – Budget Detail and Payment Provisions, Allowable Line Item Shifts, states that:

- A. Redirection of funds within a critical benchmark of an amount of a cumulative threshold of 25% requires prior approval by CDHS (now CDPH).
- B. Redirection of funds less than the prior approval threshold within a critical benchmark requires that local entity inform CDHS (now CDPH) of the details of the redirection to ensure proper documentation and accountability.
- C. Redirection of funds from one critical benchmark to another requires prior approval by CDHS (now CDPH) regardless of the amount.

The County submitted requests for two redirections. See Schedule 3 for full details by Benchmark of the redirections that are described below.

The County's first redirection request was dated September 25, 2006. This redirection changed equipment styles, added additional equipment, cancelled equipment and increased the originally budgeted quantities in some cases. This redirection includes two types of redirections: redirections within the benchmark and redirections from one critical benchmark to another. The redirections within the benchmark did not exceed the 25% cumulative threshold and therefore did not require the prior approval from CDPH. The redirection from one critical benchmark to another requires prior approval from CDPH, regardless of the amount. The changes consisted of moving funds from Benchmark 2-10 in order to purchase CDPH-purchased equipment, to use funds to purchase additional pieces of the same type of equipment, and to change the pharmacy purchases to take advantage of pricing changes. There was no evidence that the grantee did not meet the contractual requirements for redirecting funds on their first redirection.

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

The second redirection request was dated August 28, 2007 and approved by the State on August 30 2007. This redirection request included approval to use the overfunding in Year 3 to apply to Year 4 expenditures; and to use excess funds in Year 4 to apply to Year 5 plus the redirection of funds from one critical benchmark to another, which always requires prior approval. The second redirection request included mislabeling of the following equipment and services:

- Benchmark 2-2

Salary Reimbursement for a subcontractor mislabeled as a HEPA filtration system.

- Benchmark 2-10

A HEPA filtration system was included as part of the expenses labeled as laptops.

Personnel installing MEDARS radios were labeled as MEDARS radio equipment.

A server, rack mounted with tape was actually four servers.

- Benchmark 6

Subcontractor salary reimbursements for clinic exercises were labeled as Consultant fees.

CDPH was not given the correct re-direction information and could therefore not give prior approval to the above changes in the grant agreement.

Recommendation:

We recommend that the County obtain prior approval from EPO for any redirection of funds from one benchmark to another as required by the grant agreement and that all redirections include proper descriptions of the equipment and services on all correspondence and requests sent to the State.

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

D. SINGLE AUDIT REQUIREMENT

Circular A-133: Audits of States, Local Governments, and Non-Profit organizations was issued as part of the Single Audit Act of 1984 and establishes standards in order to obtain consistency and uniformity among federal agencies for the audits of states, local governments, and not-for-profit organizations expending federal awards.

The HRSA contract (Exhibit D(F), Section 16 (Financial and Compliance Audit requirements) subsection c3, requires the Local Entity obtain an annual single organization wide financial and compliance audit according to the requirements specified in OMB Circular A-133. The audit shall be completed by the end of the ninth month following the end of the contract period. Circular A-133 also requires entities that expend \$500,000 or more a year in federal awards to have a single or program-specific audit conducted annually.

Contra Costa County's Single Audit report for FYE 6-30-06 did not list the HRSA contract under the summary of Total Expenditures of Federal Awards. It is for this reason we have included the FYE 6-30-07 Single Audit report federal expenditures under Section II D. of this report. The HRSA contract for FP September 1, 2005 through August 31, 2007 totaled \$741,028. Two payments from the State totaling \$321,117 were remitted directly to the County. Pharmaceutical and CDPH Purchased Supplies totaled \$352,338. The remainder, \$67,573 came from the overpayments discussed under IV. Section B.

Contra Costa's Single Audit report for 2007 listed this grant as a major program and included a special review of this grant. Some expenditures for Year 4 were reviewed by the auditors because the contract was extended another year. The \$807,793 reported in the Single Audit 2007 report pertaining to this grant represented expenses for Years 2, 3, 4, and 5 of the HRSA grant. The Single Audit 2007 findings for the HRSA Bioterrorist program included the lack of functional time sheets to allocate payroll expense. This finding is consistent with this year's documentation. The management agreed with this finding and began implementation of the actual time spent on each contract on the timesheet for allocation effective March 2008.

E. SUPPLANTING OF FUNDS

Exhibit A7.A – Scope of Work, Expenditure and Program Requirements, states “In accordance with the signed conditions of funding from submitted by all recipients of HPP funds as part of the funding application, plan, and budget, funds shall not be used to supplant funding for existing levels of services and only be used for the purposes designated herein.”

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

During the course of this review we did not detect situations in which funds from this agreement were used to fund other pre-existing or new programs.

F. REPORTING REQUIREMENTS

The grant requires mid-year and year-end progress reports to document the County's activities related to the grant award to satisfy federal reporting and CDPH monitoring requirements.

According to Exhibit A6 of the Contract, the reporting requirement in lieu of a mid-year report is a Surge Data Survey due no later than March 1, 2006 and a final report due October 15, 2006. With the HRSA extension of one year, the final report was due February 1, 2008 based on correspondence from EPO to all contractors. The County has submitted their final report within the required deadline, as substantiated by EPO.

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

V. LINE ITEM BUDGET EXPENDITURES

The following is a discussion of the fiscal findings related to our examination of the County's line item expenditures. The details of these amounts are included in Schedules 1 and 1A.

A. CONTRACTUAL - \$63,050

The County originally budgeted for \$54,047 for Contractual expenses. After two redirections, the County's final reported amount for Contractual expenses is \$63,050. The final Attachment D-1 as submitted to EPO shows \$7,992 in staff reimbursement for participation in Emergency training of subcontractor employees and \$55,058 for consultant fees. Based on our review of the invoices, the actual expenditure for Contractual expenses is \$57,440 and includes the following:

Description	Amended Budget	Actual Invoices	Variance
Benchmark 5			
Staff Reimbursement	\$7,992	\$7,992	\$0
Benchmark 6			
Consultant – Golden Guardian Ex.	31,900	31,900	0
Consultant – 2006 Ex. And AAR	23,158	8,000	(\$15,158)
Staff Reimbursement	0	9,548	9,548
TOTAL:	\$63,050	\$57,440	(\$5,610)

The County has reported Staff Reimbursement as Consultant fees under Benchmark 6. Proper reporting includes prior approval of changes in equipment and services prior to re-direction. All descriptions of equipment and services purchased with grant funds must be accurate and in enough detail to fully inform as to the use of grant funds. The Staff Reimbursement the County is including under Benchmark 6 does pertain to the exercises reported under that benchmark.

The County's records did not support the \$63,050 reported in County's final invoice for Contractual services. The combined invoices total only \$57,440; identifying an adjustment exception of \$5,610.

Recommendations:

1. We recommend that the County obtain prior approval from EPO for any redirection of funds from one benchmark to another as required by the grant agreement and that all redirections include proper descriptions of the

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

equipment and services on all correspondence and requests sent to the State.

2. An audit adjustment is proposed to recover \$5,610. See Schedule 1 and Schedule 3, for details.

B. CALIFORNIA DEPARTMENT OF PUBLIC HEALTH (CDPH) PURCHASED EQUIPMENT AND SUPPLIES - \$352,338

CDPH purchased equipment and supplies totaling \$352,338. These purchases include supplies purchased from Grainger totaling \$296,741 and pharmaceuticals totaling \$55,597. The equipment and supplies were purchased directly by CDPH are delivered to the various subcontractors named in the County's approved plan. The County sent out a survey during June 2007 to ensure these entities had received the equipment and supplies. The County has implemented a new inventory software for tracking equipment and supplies purchased by this grant and housed throughout the County.

C. NON-CDPH PURCHASED EQUIPMENT AND SUPPLIES - \$120,224

All of the equipment and supplies purchased by the County were traced to source documents. An immaterial variance of \$67 between reported and actual expenses was due to the County's reporting expenses based on the purchase order rather than the actual invoice. All other expenses traced to the actual invoice without exception.

During our review, we did identify some of the items purchased by the County grantee were reported under incorrect benchmarks and/or were items not correctly described in the submitted final Attachment D-1 report. These findings are as follows:

a. Benchmark 2-1

The County reported a group of maps at the purchase order price rather than the actual invoice amount. The variance between the purchase order price and actual was \$67; therefore an audit adjustment is proposed. See Schedule 1 and Schedule 2 for details.

b. Benchmark 2-2

The County reported \$8,100 salary reimbursement to Brookside Hospital as a HEPA filtration system. The only reported salary reimbursement to the subcontractors is under Benchmark 5.

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

c. Benchmark 2-10

- The County reported a HEPA filtration system for Brookside in the amount of \$6,494 as part of Laptops expense, resulting in a net variance of \$249.
- The County reported \$3,248 as MEDARS Base station radios. However, the actual expense was \$2,982 and was related to personnel expense to set up the MEDARS radio system, resulting in a net variance of \$266.
- The County reported \$11,616 as a server, however, the actual equipment totaled \$12,132 and was for four processors, not a server, resulting in a net variance of \$515.
- The combination of the findings for to these purchases as were reported for Benchmark 2-10, is zero.

Recommendations:

1. We recommend that the County obtain prior approval from EPO for any redirection of funds from one benchmark to another as required by the grant agreement and that all redirections include proper descriptions of the equipment and services on all correspondence and requests sent to the State.
2. The County should report actual expenditures rather than the estimated expense recorded on the purchase order.

D. PERSONNEL - \$50,000

The County reported \$50,000 in personnel costs. As discussed in the Single Audit review for FYE 6-30-07, the County did not have a system in place to track the managers' time between the various programs. Since the 2007 Single Audit review, the County has corrected this deficiency.

E. FISCAL AGENT COSTS - \$87,843

The maximum amount of fiscal agent costs is 15% of Contractual costs, CDPH direct purchases, non-CDPH purchases and Personnel costs. Because of the above variances in these types of costs, 15% of actual costs resulted in an adjustment of \$852 in fiscal agent costs.

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

Recommendation:

An audit adjustment will be proposed to recover \$852. See Schedule 3, Audit Adjustment Draft for details.

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

VI. SYSTEMS AND PROCEDURES

The management of the County of Contra Costa 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 the County of Contra Costa'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 Audited Financial Report of the County of Contra Cost disclosed no material weaknesses related to the overall internal control structure.

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

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 Schedule 1 and Schedule 1A.

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

VIII. CONTRACTOR RESPONSE TO ADJUSTMENTS/FINDINGS

Subsequent to the exit conference the contractor submitted a response to the findings discussed in this report. A copy of this response is included as Attachment A.

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

IX. STATE PROGRAM RESPONSE TO ADJUSTMENTS/FINDINGS

A draft copy of this report was submitted to the Emergency Preparedness Office for their review prior to the finalization of the report. A response was received from EPO on March 7, 2011. No revisions were made to this report as a result of EPO's response.

SCHEDULE 1

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

SUMMARY OF AUDITED PROGRAM EXPENDITURES

	<u>Original</u> <u>Budget</u>	<u>Redirections</u>	<u>Amended</u> <u>Budget</u>	<u>Audit</u> <u>Adjustment</u> <u>Nos.</u>	<u>Audit</u> <u>Adjustments</u>	<u>Audited</u> <u>Amount</u> <u>Audited</u>
Contractual	\$ 54,047	\$ 9,003	\$ 63,050	1	\$ (5,610)	\$ 57,440
CDPH Purchased	224,768	127,571	352,339		-	352,339
NonCDPH Purchased	315,557	(195,333)	120,224	2	(67)	120,157
Personnel	50,000	-	50,000		-	50,000
Fiscal Agent	<u>96,656</u>	<u>(8,814)</u>	<u>87,842</u>	1,2	<u>(852)</u>	<u>86,990</u>
 SUBTOTAL	 \$ 741,028	 \$ (67,573)	 \$673,455		 \$ (6,529)	 \$ 666,926
 Year 3*	 \$ -	 \$ 77,177	 \$ 77,177		 \$ -	 \$ 77,177
Year 5**	<u>-</u>	<u>(9,604)</u>	<u>(9,604)</u>		<u>-</u>	<u>(9,604)</u>
 TOTAL:	 <u>\$ 741,028</u>	 <u>\$ -</u>	 <u>\$741,028</u>		 <u>\$ (6,529)</u>	 <u>\$ 734,499</u>

* Funds carried forward from Year 3.

** Funds from Year 4 that were carried forward to Year 5.

SCHEDULE 1A

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

SUMMARY OF PROGRAM EXPENDITURES

<i>Budget Categories</i>	<u>Final Invoice</u>	<u>Adjustments</u>	<u>Actual Expenses</u>
<u>A. Contractual</u>			
1. Critical Benchmark 2-1, Bed Capacity	\$0	\$0	\$0
2. Critical Benchmark 2-2, Isolation Capacity	0	0	0
3. Critical Benchmark 2-5, Pharmaceutical Caches	0	0	0
4. Critical Benchmark 2-6, Personal Protective Equipment	0	0	0
5. Critical Benchmark 2-10, Communication and Information Technology	0	0	0
6. Critical Benchmark 5, Education and Preparedness Training	7,992	0	7,992
7. Critical Benchmark 6, Terrorism Preparedness Exercises	<u>55,058</u>	<u>(5,610)</u>	<u>49,448</u>
Total Contractual:	<u>\$63,050</u>	<u>\$ (5,610)</u>	<u>\$57,440</u>
<u>B. DPH Purchased Equipment</u>			
1. Critical Benchmark 2-1, Bed Capacity	\$ 237,380	\$0	\$ 237,380
2. Critical Benchmark 2-2, Isolation Capacity	0	0	0
3. Critical Benchmark 2-5, Pharmaceutical Caches	55,597	0	55,597
4. Critical Benchmark 2-6, Personal Protective Equipment	39,470	0	39,470
5. Critical Benchmark 2-10, Communication and Information Technology	19,891	0	19,891
6. Critical Benchmark 5, Education and Preparedness Training	0	0	0
7. Critical Benchmark 6, Terrorism Preparedness Exercises	<u>0</u>	<u>0</u>	<u>0</u>
Total DPH Purchased Equipment:	<u>\$ 352,338</u>	<u>\$ -</u>	<u>\$ 352,338</u>
<u>C. Non-DPH Purchased Equipment</u>			
1. Critical Benchmark 2-1, Bed Capacity	\$ 41,350	\$ (67)	\$ 41,283
2. Critical Benchmark 2-2, Isolation Capacity	38,013	0	38,013
3. Critical Benchmark 2-5, Pharmaceutical Caches	0	0	0
4. Critical Benchmark 2-6, Personal Protective Equipment	0	0	0
5. Critical Benchmark 2-10, Communication and Information Technology	38,886	0	38,886
6. Critical Benchmark 5, Education and Preparedness Training	1,975	0	1,975
7. Critical Benchmark 6, Terrorism Preparedness Exercises	<u>0</u>	<u>0</u>	<u>0</u>
Total Non-DPH Purchased Equipment	<u>\$ 120,224</u>	<u>\$ (67)</u>	<u>\$ 120,157</u>

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

SUMMARY OF PROGRAM EXPENDITURES – CONT.

<i>Budget Categories</i>	<u>Final Invoice</u>	<u>Adjustments</u>	<u>Actual Expenses</u>
<u>D. Personnel</u>			
1. Critical Benchmark 2-1, Bed Capacity	\$ 10,000	\$0	\$ 10,000
2. Critical Benchmark 2-2, Isolation Capacity	-	0	-
3. Critical Benchmark 2-5, Pharmaceutical Caches	10,000	0	10,000
4. Critical Benchmark 2-6, Personal Protective Equipment	10,000	0	10,000
5. Critical Benchmark 2-10, Communication and Information Technology	10,000	0	10,000
6. Critical Benchmark 5, Education and Preparedness Training	-	0	-
7. Critical Benchmark 6, Terrorism Preparedness Exercises	<u>10,000</u>	<u>0</u>	<u>10,000</u>
Total, Personnel:	<u>\$ 50,000</u>	<u>\$0</u>	<u>\$ 50,000</u>
<u>E. Fiscal Agent Costs</u>			
1. Critical Benchmark 2-1, Bed Capacity	\$ 43,310	\$ (10)	\$ 43,300
2. Critical Benchmark 2-2, Isolation Capacity	5,702	0	5,702
3. Critical Benchmark 2-5, Pharmaceutical Caches	9,840	0	9,840
4. Critical Benchmark 2-6, Personal Protective Equipment	7,420	0	7,420
5. Critical Benchmark 2-10, Communication and Information Technology	10,317	0	10,317
6. Critical Benchmark 5, Education and Preparedness Training	1,495	0	1,495
7. Critical Benchmark 6, Terrorism Preparedness Exercises	<u>9,759</u>	<u>(842)</u>	<u>8,917</u>
Total, Fiscal Agent Costs	<u>\$ 87,843</u>	<u>\$ (852)</u>	<u>\$ 86,991</u>
TOTAL:	<u>\$ 673,455</u>	<u>\$ (6,529)</u>	<u>\$ 666,926</u>

SCHEDULE 2

State of California

Department of Health Care Services

Contractor Name				Fiscal Period		Contract Number		Adjustments	
CONTRA COSTA HEALTH SERVICES				SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006, EXTENDED TO AUGUST 31, 2007		N/A		2	
Report References				Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Audited	
Adj. No.	Audit Report		Invoice or Claim						
	Schedule	Line	Form #						Line
<u>ADJUSTMENTS TO REPORTED COSTS</u>									
1	1	N/A	Contractual Expenses		\$63,050	(\$5,610)	\$57,440		
	1	N/A	Fiscal Agent Costs		87,843	(842)	87,001	*	
				To adjust reported expenses to agree with the grantee's documentation. Contract, Exhibit B (Budget Detail and Payment Provisions), Sections 7B1 and 7B3.					
2	1	N/A	Non-DPH Purchased Equipment		\$120,224	(\$67)	\$120,157		
	1	N/A	Fiscal Agent Costs		* 87,001	(10)	86,991		
				To adjust reported expenses to agree with the grantee's documentation. Contract, Exhibit B (Budget Detail and Payment Provisions), Section 7B1.					
*Balance carried forward from prior/to subsequent adjustments									

SCHEDULE 3

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

REDIRECTION DETAIL

Benchmark	Per Budget	1 st Redirection Adjustments	1 st Redirection	2 nd Redirection Adjustments	2 nd Redirection
4th Year Funds					
2-1	\$244,301	\$88,682	\$332,983	(\$943)	\$332,040
2-2	37,346		37,346	6,369	43,715
2-5	79,855	857	80,712	(5,275)	75,437
2-6	47,287	9,603	56,890		56,890
2-10	256,285	(100,305)	155,980	(76,886)	79,094
5	2,300		2,300	9,162	11,462
6	73,654	1,163	74,817		74,817
SUBTOTAL	\$741,028	\$0	\$741,028	(\$67,573)	\$673,455
3RD Year Overpayment					
2-1				\$6,401	\$6,401
2-10				70,776	70,776
4th Year Overpayment to Year 5					
2-10				(\$9,604)	(\$9,604)
TOTAL	\$741,028	\$0	\$741,028	\$0	\$741,028

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

GLOSSARY OF HPP PRIORITY AREAS AND CRITICAL BENCHMARKS

PRIORITY AREA #1: ADMINISTRATION

Critical Benchmark #1: Financial Accountability

Develop and maintain a financial accounting system capable of tracking expenditures by critical benchmark and by funds allocated to hospitals and other health care entities.

PRIORITY AREA #2: REGIONAL SURGE CAPACITY FOR THE CARE OF ADULT AND PEDIATRIC VICTIMS OF TERRORISM AND OTHER PUBLIC HEALTH EMERGENCIES

Critical Benchmark #2-1 Surge Capacity: Hospital Bed Capacity

Establish systems that, at a minimum, can provide triage treatment and initial stabilization, above the current daily staffing bed capacity, for the following classes of adult and pediatric patients requiring hospitalization within three hours in the wake of a terrorism incident or other public health emergency:

- a. 500 cases per million population for patients with symptoms of acute infectious disease – especially smallpox, anthrax, plague, tularemia and influenza;
- b. 50 cases per million population of patients with symptoms of acute botulinum intoxication or other acute chemical poisoning – especially that resulting from nerve agent exposure;
- c. 50 cases per million population for patients suffering burn or trauma; and
- d. 50 cases per million population for patients manifesting the symptoms of radiation induced injury – especially bone marrow suppression.

Critical Benchmark #2-2 Surge Capacity: Isolation Capacity

Ensure that all participating hospitals have the capacity to maintain, in negative pressure isolation, at least one suspected case of a highly infectious disease (e.g., smallpox, pneumonic plague, SARS, influenza and hemorrhagic fevers) or febrile patient with a suspected rash or other symptoms of concern who might be developing a highly communicable disease.

Awardees must identify at least one regional healthcare facility, in each awardee defined region, that is able to support the initial evaluation and treatment of at least 10 adult and pediatric patients at a time in negative pressure isolation within 3 hours post-event.

Critical Benchmark #2-3 Surge Capacity: Health Care Personnel

The benchmark has been incorporated with Critical Benchmark #2-4.

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

Critical Benchmark #2-4 Surge Capacity: Emergency System for Advance Registration of Volunteer Health Professionals

Develop a system that allows for the advance registration and credentialing of clinicians needed to augment a hospital or other medical facility to meet patient/victim care and increased surge capacity needs.

Critical Benchmark #2-5 Surge Capacity: Pharmaceutical Caches

Establish a regional system that insures a sufficient supply of pharmaceuticals to provide prophylaxis for 3 days to hospital personnel (medical and ancillary staff), hospital based emergency first responders and their families in the wake of a terrorist-induced outbreak of anthrax or other disease for which such countermeasures are appropriate.

Critical Benchmark #2-6 Surge Capacity: Personal Protective Equipment

Each awardee must ensure adequate personal protective equipment (PPE) per awardee defined region, to protect current and additional health care personnel during an incident. This benchmark is tied directly to the number of health care personnel the awardee must provide to support surge capacity for beds.

The level of PPE will be established based on the HVA, and the level of decontamination that is being designed in CB# 2.7.

Critical Benchmark #2-7 Surge Capacity: Decontamination

Insure that adequate portable or fixed decontamination systems exist for managing adult and pediatric patients as well as health care personnel who have been exposed during a chemical, biological, radiological, or explosive incident in accordance with the numbers associated with CB# 2-1.

Critical Benchmark #2-8 Surge Capacity: Behavioral (Psychosocial) Health

Enhance the networking capacity and training of health care professionals to be able to recognize, treat, and coordinate care related to the behavioral health consequences of bioterrorism or other public health emergencies.

Critical Benchmark #2-9 Surge Capacity: Trauma and Burn Care

This benchmark has been incorporated into Critical Benchmark #2-1.

Critical Benchmark #2-10 Surge Capacity: Communications and Information Technology

Establish a secure and redundant communications system that insures connectivity during a terrorist incident or other public health emergency between health care facilities and state and local health departments, emergency medical services, emergency management agencies, public safety agencies, neighboring jurisdictions and federal public health officials.

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

PRIORITY AREA 3: EMERGENCY MEDICAL SERVICES

Critical Benchmark #3: Emergency Medical Services

Enhance the statewide mutual aid plan to deploy EMS units in jurisdictions/regions they do not normally cover, in response to a mass casualty incident due to terrorism. This plan must ensure the capacity of providing EMS triage, transportation and patient tracking for at least 500 adult and pediatric patients per million population within 3 hours post-event. In addition, for each metropolitan area or other region of the state for which a 40 predictable high-risk scenario has been identified during a HVA, the plan must describe a mechanism for transporting patients from an incident scene or from local hospitals to healthcare facilities in adjacent jurisdictions, to temporary healthcare facilities within or near the affected jurisdiction, and to nearby airports or rail stations for transport to more distant healthcare facilities. All scenarios documented by the applicant under Critical Benchmark #2-1 should be addressed in mutual aid plans for EMS.

PRIORITY AREA 4: LINKAGES TO PUBLIC HEALTH DEPARTMENTS

Critical Benchmark #4-1: Hospital Laboratories

Implement a hospital laboratory program that is coordinated with currently funded CDC laboratory capacity efforts, and which provides rapid and effective hospital laboratory services in response to terrorism and other public health emergencies.

Critical Benchmark #4-2: Surveillance

Enhance the capability of rural and urban hospitals, clinics, emergency medical service systems and poison control centers to report syndromic and diagnostic data that is suggestive of terrorism or other highly infectious disease to their associated local and state health departments on a 24-hour-a-day, 7-day-a-week basis.

PRIORITY AREA 5: EDUCATION AND PREPAREDNESS TRAINING

Critical Benchmark #5: Education and Preparedness Training

Awardees will utilize competency-based education and training programs for adult and pediatric pre-hospital, hospital, and outpatient health care personnel responding to a terrorist incident or other public health emergency.

PRIORITY AREA 6: TERRORISM PREPAREDNESS EXERCISES

Critical Benchmark #6: Terrorism Preparedness Exercises

As part of the state or jurisdiction's bioterrorism hospital preparedness plan, functional exercises will be conducted during FY 2005 and should be based on the Awardee HVA.

**CONTRA COSTA HEALTH SERVICES
HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING AGREEMENT GRANT
FISCAL PERIOD: SEPTEMBER 1, 2005 THROUGH AUGUST 31, 2006
EXTENDED THROUGH AUGUST 31, 2007**

These drills should involve several state agencies and implement the Incident Command Structure (ICS). To the extent possible, members of the public should be invited to participate. These exercises/drills should encompass, if possible, at least one biological agent. The inclusion of scenarios involving radiological and chemical agents as well as explosives may be included as part of the exercises/drills.

WILLIAM B. WALKER, M.D.
HEALTH SERVICES DIRECTOR

ART LATHROP
EMS DIRECTOR

JOSEPH BARGER, M.D.
MEDICAL DIRECTOR



CONTRA COSTA
EMERGENCY
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June 21, 2010

Chris Stanley
DHCS, State of California
Audits Section, Richmond
850 Marina Bay Parkway
Building P, 2nd Floor, MS 2104
Richmond, CA 94804-6403

Dear Ms. Stanley:

Thank you for your time preparing the HRSA/HPP Year 4 (2005/2006) audit for Contra Costa County. During the exit interview, you suggested that we could provide feedback on areas that needed additional clarification. See below:

CONTRACT COMPLIANCE

Item 3: During this grant period, project officers had permitted redirection of funds within the same benchmark; this may explain the mislabeling mentioned. However, this is no longer permitted and all changes, regardless of how small, are approved by CDPH-EPO.

Item 6: There is a comment that Contra Costa County was late in providing two reports, the mid-year and year-end progress reports. Enclosed is an email from Betsy Lyman, via Tom Bailey, that clearly extends the deadline to February 1st, 2008. Both the HPP Liaison and the consultant have reviewed emails from 2006 and can find no record of a 10/15/06 deadline to submit a Medical Surge Capacity Plan. However, this Plan was provided shortly thereafter as part of Contra Costa County's HPP Year 5 application. This may explain the 10/25/06 submission date. The Plan existed prior to October 2006 and there would have been no delay in submitting it.

LINE ITEM BUDGET EXPENDITURES

Item 1: All expenditures have supporting documentation and the maximum allowable fiscal agent allocation. Due to movement of allocations between HPP grant years 3 and 5 caused by overpayments during this period and the amount of time that has elapsed, it is difficult to challenge the statement that \$6,529 in expenditures does not have documentation. Therefore, Contra Costa County chooses not to contest this statement.

Thank you for providing this opportunity to provide feedback on the summary of findings from your audit report. If there are any questions or we can provide additional information, please do not hesitate to contact us.

Sincerely,

Dan Guerra
Emergency Preparedness Manager

Enc

