

**REPORT
ON THE
LIMITED AUDIT**

**COUNTY OF FRESNO
FRESNO, CALIFORNIA**

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

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

**Section Chief: Michael Harrold
Auditor: Jaskaranjit Bal**



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



ARNOLD SCHWARZENEGGER
Governor

September 25, 2008

Edward L. Moreno, M.D., M.P.H.
Director-Health Officer
County of Fresno
Department of Public Health
1221 Fulton Mall
P.O. Box 11867
Fresno, CA 93775

Dear Mr. Moreno:

The claims for expenditures for services provided by Fresno County, under the Public Health Emergency Preparedness Program contract 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. In addition, a review was made of the program's management and operational procedures.

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 Fresno County for the fiscal year ended June 30, 2006, were examined by other auditors whose report dated December 22, 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. Consequently, no financial statements are presented.

The program audit was conducted during the months of April through June, 2008. The exit conference was held on July 31, 2008 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 \$10,496 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 develop and submit a corrective action plan within ninety (90) days of receipt of this letter to:

Diane Leung
Contract Manager
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

If you disagree with the amount due, you may appeal by writing to:

William Alameda, Chief
Office of Administrative Appeals and Hearings
1029 J Street, Suite 200
MS 0017
Sacramento, CA 95814

This written notice of disagreement must be received by the Department within sixty (60) calendar days from the day you receive this letter. A copy of this notice should be sent to:

Edward L. Moreno, M.D., P.P.H.
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United States Postal Service (USPS)

Assistant Chief Counsel
Department of Health Care Services
Office of Legal Services
MS 0010
P. O. Box 997413
Sacramento, CA 95899-7413

Courier (UPS, FedEx, etc.)

Assistant Chief Counsel
Department of Health Care Services
Office of Legal Services
MS 0010
1501 Capitol Avenue, Suite 71.5001
Sacramento, CA 95814-5005

The procedures that govern this hearing are contained in Welfare and Institutions Code, Section 14171, and Title 22 California Code of Regulations, Section 51016, et seq. Excerpts of the statute and regulations are included for your information.

If you should have any further question, please contact Diane Leung, Contract Manager, at (916) 319-8192.

Original Signed By

Michael A. Harrold, Chief
Audits Section – Fresno
Financial Audits Branch

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

Diane Leung
Contract Manager
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Certified

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

I. EXECUTIVE SUMMARY OF FINDINGS

The following information is a summary of our findings:

CONTRACT 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.

FISCAL FINDINGS

1. The County requested a total of \$1,345,084 of federal funds for the period and had expenditures totaling \$1,112,837. The unexpended federal program funds totaled \$232,247 as of August 30, 2006, representing 17% of the \$1,345,084 federal funds awarded. (See Section V. A)
2. The County requested a carryover of unexpended funds to the next fiscal period. The carryover request submitted in May 2007 was approved by the EPO on July 16, 2007. (See Section V. B)
3. The County did not meet requirements to deposit the grant funds in a special local public health preparedness trust fund established exclusively for emergency preparedness. (See Section V. C)
4. The 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. D)
5. The County claimed benefits for lab that exceeded the budget. (See Section V. F1)
6. The County claimed salaries and benefits expenses for two days from the prior contract period. (See Section V. F1)
7. The County did not have prior written approval from EPO for lodging, meal, and mileage rates that exceeded Department of Personnel Administration (DPA) rates. In addition, the County did not have prior written approval from EPO when actual out-of-state travel occurred. (See Section V. F1 and F2)
8. The County claimed supplies expenses from the prior fiscal period. (See Section V. F3)

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9. The County claimed equipment contract expenses that pertain to the next fiscal period. (See Section V. F4)

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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 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 Public Health Department is a local governmental agency, which is a part of the County of Fresno government.

The mission of the Public Health Department is the promotion, preservation and protection of the community's health through identifying community health needs, assuring the availability of quality health services and providing effective leadership in developing public health policies.

The Public Health Department, aka Local Health Department (LHD), has a Public Health Emergency Preparedness Program grant agreement with the California Department of Public Health (CDPH), to receive CDC base funding, Level B Reference Laboratory and Trainee, and State Pandemic Influenza funding.

C. SITE LOCATIONS

The County of Fresno Public Health Department administrative offices are located at 1221 Fulton Mall, Fresno, CA 93775 which includes the following services:

Departments:

California Children's Services
Communicable Disease
Education and Prevention Services
Emergency Medical Services
Environmental Health
Maternal, Child and Adolescent Health
Nursing Outreach Services
Public Health Laboratory

Clinics:

Chest Clinic
STD Screening and Treatment
Immunization Program
Health Screening and Prevention
Program

Offsite:

Jail Medical Services

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D. FUNDING SOURCES

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

	<u>Expenditures</u>
U.S. Department of Health and Human Services	\$448,096,669
U.S. Department of Agriculture	153,553,067
U.S. Department of Housing and Urban Development	12,108,108
U.S. Department of Justice	10,740,754
U.S. Department of Federal Voter Assistance Commission	947,302
U.S. Department of Transportation	514,802
U.S. Department of Emergency Management	103,195
U.S. Department of Defense	<u>6,836</u>
Total Expenditures of Federal Awards	<u>\$626,070,733</u>

Public Health Emergency Preparedness Grant Funding

Public Health Emergency Preparedness Program funding awarded for the project period, August 31, 2005 through August 30, 2006, totaled \$1,345,084.

- Federal CDC Emergency Preparedness Allocation

Center for Disease Control Base Allocation	\$ 983,238
Reference Laboratory and Trainee Allocation	<u>361,846</u>
Total	<u>\$1,345,084</u>

E. CONTRACT GOALS AND OBJECTIVES

The CDC has developed Preparedness Goals designed to measure urgent public health system response performance parameters that are directly linked to protection of the public health.

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 in and awareness 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 the County of Fresno 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

CDC	Centers for Diseases Control and Prevention
CDHS	California Department of Health Services
CDPH	California Department of Public Health
CFR	Code of Federal Regulations
DHS	Department of Health Services (California)
DPA	Department of Personnel Administration

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EMSS	Emergency Medical Services Specialists
EPO	Emergency Preparedness Office (California Department of Public Health Program Office)
IRS	Internal Revenue Service
LHD	Local Health Department (Fresno County Public Health Department)
OMB	U.S. Office of Management and Budget

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III. SCOPE OF AUDIT

The Financial Audits Section's review of the County of Fresno (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 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 \$1,345,084 of federal funds and had expenditures totaling \$1,112,837. The federal grant award included CDC base funding, Level B Reference Laboratory and Trainee, as shown in Section VII – Schedules 1 and Schedule 1A.

B. UNEXPENDED CDC GRANT FUNDS

Exhibit B2.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 and CDC."

The County requested a carryover of unexpended funds to the next fiscal period, instead of returning the unexpended funds. The County submitted carryover budget to the program for \$232,247 and requested re-distribution of fund among line items. The carryover request was approved by the EPO on July 16, 2007.

The carryover funds to the 06-07 period are to be spent on approved items as listed on the County's request for funds carryover. The carryover funds are separate and not part of the next year Emergency Preparedness grant funds awarded.

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 allocated for Emergency Preparedness. The County deposited the grant funds in a commingled pool, and allocated interest earnings to the respective funds in the pool. An accounting fund number designated the purpose of these funds to exclusively be used for the Emergency Preparedness Program. The County's methodology for depositing the funds into a commingled pool by designating the funds specifically for the CDC contract does not fulfill requirements of this contract provision.

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Recommendation:

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

D. SUPPLANTING OF FUNDS

The agreement requires that the County not use the CDC funds to supplant existing levels of services in the County. The duty statements of the employees funded by this agreement (which comprises 81% of this agreement's expenditures) were initially reviewed by the EPO in part to determine if supplanting of funds might occur prior to acceptance and approval of the County's agreement application. 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.

E. 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.

We were provided with the Single Audit Reports for Fiscal Year Ended June 30, 2006, issued by Price, Paige, and Company, whose report was dated December 22, 2006. The independent auditor's opinion was that the County complied, in all material respects, with the requirements to each of the major federal programs for the fiscal year ended June 30, 2006, and noted no matters involving the internal control over compliance and its operations. No exceptions were disclosed in the Single Audit Reports regarding the Public Health Emergency Preparedness Program.

F. EXPENDITURE REVIEW

1) Personnel and Fringe Benefits

- a. Personnel salaries and fringe benefits represented 81% of the total emergency preparedness federal allocation of funds awarded for the 05-06 period. The County requested \$800,241 for personnel expenditures and \$283,141 for fringe benefits. The County did not fully expend the personnel and fringe benefits funds awarded.
- b. Personnel expenditures for the 05-06 period were \$961,162. We

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reviewed payroll summary records, labor distribution reports and personnel job descriptions. Our review noted the following:

1. Fringe benefits expenditures for the 05-06 period were \$270,344. Fringe benefits costs were based on actual amounts from the payroll records. The fringe benefits for lab exceeded the budget by \$3,464.
2. Mileage expense totaling \$1,163 was reported on the personnel line grouped with salaries. However, it should have been properly reported on the travel line.
3. The claimed auto mileage reimbursement rates exceeded the Department of Personnel Administration (DPA). The County uses Internal Revenue Service (IRS) published rates. The IRS rate in effect during the contract period was \$.405 versus DPA rate of \$.34. There was no approval from EPO for the contractor to claim the higher rate.
4. Total of \$7,336 was claimed for salaries and fringe benefits for two days pertaining to prior fiscal period (8/29-8/30/05). A recovery of \$7,336 is proposed. See Schedule 1.

Recommendation:

All CDC program expenses should be monitored to ensure compliance with program and contract requirements. The expenses claimed should be actual, claimed on the proper line and only for the contract period.

2) Travel Reimbursement Requirements

The total travel budget for 05-06 funds awards was \$53,390 or four percent. The total travel expenditures for the period were \$10,039. Our review of the travel expenditures noted the following:

- a. There was no prior written approval from EPO nor was it included in the budget justification when actual out-of-state travel was incurred by two EMSS that traveled to Anniston, Alabama for Master Exercise Practitioner Program Training on three different occasions (11/14-18/05, 1/29-2/3/06, 4/23-28/06).
- b. There was no prior written approval from EPO or a request for exemption by the County when employee claimed lodging and meal

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rates that exceeded DPA maximum rates.

- c. Meal rates for in-state and out-of-state travel exceeded the DPA maximum rates. The difference totaled \$248 for the claims sampled.
- d. Lodging rates for in-state travel exceeded the DPA maximum rates. The difference totaled \$195 for the claims sampled. Examples of higher lodging rate include Contra Costa County at \$129 per night plus tax and Sacramento at \$99 per night plus tax versus the DPA maximum rate of \$84 per night plus tax.

Recommendation:

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

All CDC program related travel should be monitored to ensure compliance with program and contract requirements. Written approval and/or waiver should be obtained from EPO prior to travel for out-state travel and exceptions to DPA rates. The expenses claimed should be actual, claimed on the proper line and only for the contract period.

3) Supplies Expenditures

The total supplies budget for 05-06 funds awarded was \$63,420 or five percent. The County expended \$40,781 for general office and laboratory supplies during the period. Our review of supplies expenditures did not disclose any material exceptions with the exception of \$163 that pertained the prior fiscal period. No recovery is proposed.

Recommendation:

All CDC program expenses should be monitored to ensure compliance with program and contract requirements. The expenses claimed should only be for the contract period.

4) Contract Expenditures

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The County requested \$12,950 for equipment contracts and expended \$4,740 during the 05-06 grant period. The review of the contract expense noted that it was for a maintenance agreement for Bioterrorism lab equipment covering 5/1/06-4/30/07. Only four months of the expense totaling \$1,580 belonged to the contract period. The remaining eight months or \$3,160 pertained to the next fiscal period. A recovery of \$3,160 is proposed. See Schedule 1.

Recommendation:

All CDC program expenses should be monitored to ensure compliance with program and contract requirements. The expenses claimed should only be for the contract period.

5) Indirect Costs

The County's fiscal personnel, indirect costs budgeted under the grant agreement was 10% of personnel salaries and fringe benefits. The County stated their actual indirect costs are higher than the percentage claimed. Since this was the maximum allowed, the County only claimed 10% of their actual personnel and fringe benefits costs.

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 contract beyond the findings noted above.

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VI. SYSTEMS AND PROCEDURES

The management of the County of Fresno 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 Fresno'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 Fresno disclosed no material weaknesses related to the overall internal control structure.

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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 1A. The audit adjustment draft supporting Schedule 1 is included as Schedule 2.

SCHEDULE 1

COUNTY OF FRESNO
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SUMMARY OF AUDITED PROGRAM EXPENDITURES – CDC GRANT FUNDS

	Budget Category	Audit Adjustment No.	2005/2006 Expenditures		
			As Reported	Audit Adjustments	As Audited
1.	CDC Base				
	Financial Assistance				
	A. Personnel	1	\$550,696	(\$3,650)	\$547,046
	B. Fringe	2	\$221,769	(\$1,351)	\$220,418
	C. Travel		\$2,877		\$2,877
	D. Equipment		\$0		\$0
	E. Supplies		\$1,272		\$1,272
	F. Contractual		\$0		\$0
	G. Other		\$0		\$0
	Total Direct FA		\$776,614	(\$5,001)	\$776,613
	H. Indirect		\$77,246		\$77,246
	Total Financial Assistance		\$853,860	(\$5,001)	\$848,849
	I. Personnel				
	J. Federal Contract				
	K. Other				
	Total Direct Assistance		\$0		\$0
	Grand Total		\$853,860	(\$5,001)	\$848,849
2.	LABS Only				
	Financial Assistance				
	A. Personnel	3	\$140,122	(\$1,645)	\$138,477
	B. Fringe	4	\$48,575	(\$690)	\$47,885
	C. Travel		\$7,162		\$7,162
	D. Equipment		\$0		\$0
	E. Supplies		\$39,509		\$39,509
	F. Contractual	5	\$4,740	(\$3,160)	\$1,580
	G. Other		\$0		\$0
	Total Direct FA		\$240,107	(\$5,495)	\$234,612

SCHEDULE 1

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SUMMARY OF AUDITED PROGRAM EXPENDITURES – CDC GRANT FUNDS

	Budget Category		Audit Adjustment No.	2005/2006 Expenditures		
				As Reported	Audit Adjustments	As Audited
	H.	Indirect		\$18,870		\$18,870
	Total Financial Assistance			\$258,977	(\$5,495)	\$253,482
	I.	Personnel				
	J.	Federal Contract				
	K.	Other				
	Total Direct Assistance			\$0		\$0
	GRAND TOTAL			\$1,112,837	(\$10,496)	\$1,102,341

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SUMMARY OF PROGRAM EXPENDITURES – CDC GRANT FUNDS

Budget Category	Base Funding Source	05/06 Expenditures	05/06 Encumbrances	Total Unspent Funds *
1. CDC Base				
<u>Financial Assistance</u>				
A. Personnel	\$643,323	\$550,696	\$0	\$92,627
B. Fringe	\$238,030	\$221,769	\$0	\$16,261
C. Travel	\$11,750	\$2,877	\$0	\$8,873
D. Equipment	\$0	\$0	\$0	\$0
E. Supplies	\$2,000	\$1,272	\$0	\$728
F. Contractual	\$0	\$0	\$0	\$0
G. Other	\$0	\$0	\$0	\$0
Total Direct FA	\$895,103	\$776,614	\$0	\$118,489
H. Indirect	\$88,135	\$77,246	\$0	\$10,889
Total Financial Assistance	\$983,238	\$853,860	\$0	\$129,378
I. Personnel				
J. Federal Contract				
K. Other				
Total Direct Assistance	\$0	\$0	\$0	\$0
Grand Total	\$983,238	\$853,860	\$0	\$129,378
2. LABS Only				
<u>Financial Assistance</u>				
A. Personnel	\$156,918	\$140,122	\$0	\$16,796
B. Fringe	\$45,111	\$48,575	\$0	(\$3,464)
C. Travel	\$41,640	\$7,162	\$0	\$34,478
D. Equipment	\$0	\$0	\$0	\$0
E. Supplies	\$61,420	\$39,509	\$0	\$21,912
F. Contractual	\$12,950	\$4,740	\$0	\$8,210
G. Other	\$23,604	\$0	\$0	\$23,604
Total Direct FA	\$341,643	\$240,107	\$0	\$101,536
H. Indirect	\$20,203	\$18,870	\$0	\$1,333

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SUMMARY OF PROGRAM EXPENDITURES – CDC GRANT FUNDS

Budget Category	Base Funding Source	05/06 Expenditures	05/06 Encumbrances	Total Unspent Funds *
Total Financial Assistance	\$361,846	\$258,977	\$0	\$102,869
I. Personnel				
J. Federal Contract				
K. Other				
Total Direct Assistance	\$0	\$0	\$0	\$0
Grand Total	\$361,846	\$258,977	\$0	\$102,869
GRAND TOTAL	\$1,345,084	\$1,112,837	\$0	\$232,247

* Rolled-over to 2006/07 grant period.

Contractor Name				Fiscal Period		Contract Number		Adjustments	
COUNTY OF FRESNO				AUGUST 31, 2005 THROUGH AUGUST 30, 2006		N/A		5	
Report References				Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Audit Report		Invoice or Claim						
	Schedule	Line	Form #						Line
ADJUSTMENTS TO REPORTED COSTS									
1	1	1A	N/A	1A	Personnel - CDC Base To recover \$3,650 in CDC base wages related to prior period (8/29/05 and 8/30/05). Public Health Emergency Preparedness Funding Agreement FY 2005-2006. Budget Period: August 31, 2005 through August 30, 2006 Local Guidance Cooperative Agreement FY 2005-2006 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	\$550,696	(\$3,650)	\$547,046	
2	1	1B	N/A	1B	Fringe Benefits - CDC Base To recover \$1,351 in CDC base fringe benefits related to prior period (8/29/05 and 8/30/05). Public Health Emergency Preparedness Funding Agreement FY 2005-2006. Budget Period: August 31, 2005 through August 30, 2006 Local Guidance Cooperative Agreement FY 2005-2006 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	\$221,769	(\$1,351)	\$220,418	

Contractor Name				Fiscal Period		Contract Number		Adjustments
COUNTY OF FRESNO				AUGUST 31, 2005 THROUGH AUGUST 30, 2006		N/A		5
Report References					Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report		Invoice or Claim					
	Schedule	Line	Form #	Line				
ADJUSTMENTS TO REPORTED COSTS								
3	1	2A	N/A	2A	Personnel - CDC Lab To recover \$1,645 in CDC lab wages related to prior period (8/29/05 and 8/30/05). Public Health Emergency Preparedness Funding Agreement FY 2005-2006. Budget Period: August 31, 2005 through August 30, 2006 Local Guidance Cooperative Agreement FY 2005-2006 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	\$140,122	(\$1,645)	\$138,477
4	1	2B	N/A	2B	Fringe Benefits - CDC Lab To recover \$690 in CDC lab fringe benefits related to prior period (8/29/05 and 8/30/05). Public Health Emergency Preparedness Funding Agreement FY 2005-2006. Budget Period: August 31, 2005 through August 30, 2006 Local Guidance Cooperative Agreement FY 2005-2006 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	\$48,575	(\$690)	\$47,885

Contractor Name				Fiscal Period		Contract Number		Adjustments
COUNTY OF FRESNO				AUGUST 31, 2005 THROUGH AUGUST 30, 2006		N/A		5
Report References					Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report		Invoice or Claim					
	Schedule	Line	Form #	Line				
ADJUSTMENTS TO REPORTED COSTS								
5	1	2F	N/A	2F	Contractual - CDC Lab To recover \$3,160 in CDC lab contractual expenses related to the next fiscal period (06-07). Public Health Emergency Preparedness Funding Agreement FY 2005-2006. Budget Period: August 31, 2005 through August 30, 2006 Local Guidance Cooperative Agreement FY 2005-2006 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	\$4,740	(\$3,160)	\$1,580

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

VIII. CONTRACTOR'S RESPONSE TO AUDIT FINDINGS

The audit findings were discussed at the exit conference on July 31, 2008. The County's response subsequent to the 30 day review is included on Attachment A.

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

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

IX. PROGRAM'S RESPONSE TO AUDIT FINDINGS

A draft copy of this report was submitted to the Emergency Preparedness Office for their review prior to the finalization of the report. The following revisions were made to this report as a result of EPO's response.

1. Section V. Fiscal Findings – Travel Expenditures Review – Car Rental

Audits' found that two additional days were claimed for car rental than necessary for travel.

During the exit conference, the County explained that two additional days for car rental expense were due to travel car rented on Friday for travel on Monday because the rental office was closed on Saturday and Sunday.

Audits' found EPO's explanation sufficient and the finding was deleted.

2. Section V. Fiscal Finding – Travel Expenditure Review - Training

Audits' found that training expenses were claimed for Public Information Officer not funded under the CDC budget justification.

The Emergency Preparedness Office explained that the position is a critical partner to EPO during an emergency response and is an allowable expenditure under the CDC grant.

Audits' found EPO's explanation sufficient and the finding was deleted.

3. The remaining findings stand as proposed.

4. EPO did state in their response that they would work with the County to ensure that issues are corrected in the future through guidance documents and agreements.



ATTACHMENT A

County of Fresno

DEPARTMENT OF PUBLIC HEALTH

EDWARD L. MORENO, M.D., M.P.H.

DIRECTOR-HEALTH OFFICER

August 29, 2008

Michael A. Harrold, Chief
Department of Health Care Services
Audits Section - Fresno
1782 East Bullard Ave., Suite 101
Fresno, CA 93710

RE: County of Fresno, Public Health Emergency Preparedness Audit
(Contract Period: August 31, 2005 – August 30, 2006)

Dear Mr. Harrold:

This letter is in response to the proposed findings provided by your office on July 31, 2008.

Response to fiscal finding #4:

The County did not meet requirements to deposit the grant funds in a special local public health preparedness trust fund established exclusively for emergency preparedness.

The deposits for the Local Public Health Preparedness grant enter Fund 2475 Subclass 34615 which is a separately controlled chart field combination. Interest is appropriated based upon the daily cash balance in that chart field. Each fund and subclass combination is a self balancing set of accounts resulting in specific purpose segregation of funds.

The Department of Public Health has a trust fund (2475) with individual self balancing subclasses which meets the definition of a fund and the fiscal accountability required by the grant

Response to fiscal finding #8:

The County claimed salaries and benefits expenses for two days that belong in the prior contract period. A recovery is proposed of \$7,336.

The County claimed these two days (8/29 -8/30/05) of salaries and fringe benefits to the 2005-06 CDC grant because these days were not claimed to the prior grant. Additionally, these salary and benefit expenses consisted of employees funded by the 2005-06 grant.

Dedicated to Public Health

1221 Fulton Mall / P.O. Box 11867, Fresno, California 93775 / (559) 445-3457/ FAX (559) 445-3320
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Michael A. Harrold, Chief
August 29, 2008
Page 2

ATTACHMENT A

Additionally, the County of Fresno will ensure compliance with the requirements of CDC Public Health Emergency Preparedness Program grants as follows:

Salaries & Benefits

- Verify and claim salary and benefit expenses to the appropriate contract period
- Request a budget modification from EPO when salaries or benefit costs exceed budgeted amounts

Contract Expenditures

- Verify and claim equipment maintenance and contract expenses to the appropriate contract period.

Supplies Expenditures

- Verify and claim supply expenses to the appropriate contract period.

Travel

- Written approval will be obtained from EPO prior to out-of-state travel.
- Submit County lodging and per diem rates to EPO and request written approval to use County rates for CDC program related travel.
- When approval is not received from EPO, County will claim the grant according to DPA travel lodging and per diem rates.
- Submit justification and request written approval from EPO for permission to claim travel expenses in the following situations:
 - Employee not funded by the grant
 - Travel expenses exceed actual travel days

Please contact Pilar Vasquez, Senior Staff Analyst at (559) 445-3391 if you need additional information or have any questions.

Sincerely,


Edward L. Moreno, M.D., M.P.H.
Director-Health Officer

ELM:pv

cc: Kathleen Grassi, R.D., M.P.H., Asst. Director, Department of Public Health
Linda Collins, Deputy Director, Human Services Financial Services Office
Chris Markus, Budget Director
Daniel J. Lynch, EMS Division Manager
Leland Adley, EMS Coordinator
Pilar Vasquez, Senior Staff Analyst
Meredith Coleman, Accountant