

**REPORT  
ON THE  
LIMITED REVIEW**

**NAPA COUNTY HEALTH AND HUMAN SERVICES  
(COUNTY OF NAPA)  
NAPA, 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: Arlene Chau  
Auditor: Edmund Yee**



DAVID MAXWELL-JOLLY  
*Director*

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



ARNOLD SCHWARZENEGGER  
*Governor*

July 9, 2009

Susan Tam  
Assistant Public Health Manager  
Napa County Health and Human Services  
2344 Old Sonoma Rd, Bldg G  
Napa, CA 94558

Dear Ms. Tam:

The claims for expenditures for services provided by Napa County Health and Human Services under the 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 Napa for the year ending June 30, 2006, were examined by other auditors whose report dated September 14, 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 January 30, 2009 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 no additional amount is due the State or Contractor.

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,  
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 should have any further question, please contact Patty Call, Contract Manager, 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: Betsey Lyman  
Deputy Director

Susan Fanelli  
Assistant Deputy Director

Patty Call  
Contract Manager

Planning and Policy Unit  
Emergency Preparedness Office  
California Department of Public Health  
1615 Capitol Avenue, Suite 73.373  
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**NAPA COUNTY HEALTH AND HUMAN SERVICES  
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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 \$233,249 of federal funds, and had expenditures and encumbrances totaling \$175,120. The unexpended federal program funds totaled \$58,129, representing approximately 25% of the \$233,249 federal funds awarded. (See Section V.A)
2. The County requested a carryover of unexpended funds totaling \$58,129 to the 06/07 grant period. The carryover request 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. Additionally, the trust fund report, dated November 16, 2006 did not accurately reflect the CDC funds received and interest income earned based on an accrual basis of accounting for the 05/06 grant period. (See Section V.C)
4. The County appropriately did 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 required mid-year written progress report and expenditure report were due on August 31, 2006. These reports were received by EPO on September 12, 2006, past the August 31, 2006 due date. (See Section V.E)
6. Our review of travel expenditures and encumbrances during the 05/06 grant period identified that the County's own travel reimbursement per diem rates for breakfast and lunch were higher than the California Department of Personnel Administration (DPA) rates; cases where breakfast and lunch expenses were claimed and paid, which would not be reimbursable under DPA rules for travel less than 24 hours; and the County did not submit nor received written prior approval from EPO when actual out-of-state travel occurred. (See Section V.G2)

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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**

Napa County Health and Human Services Agency (HHS) is a local governmental agency, which is a part of the Napa County government. HHS provides for central administrative and planning functions including fiscal, operations, compliance, Health Insurance Portability and Accountability Act (HIPAA), agency records, and special project support functions. HHS integrates the services of the Departments of Mental Health, Public Health, Alcoholism and Drug Abuse, California Veteran's Services and Social Services.

The Napa County Public Health Department serves the people of the Napa Valley by protecting health; working to prevent disease, premature death and disability; promoting healthy lifestyles; supporting families in the work of raising whole and healthy children; and responding to disasters, outbreaks and epidemics.

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

**C. SITE LOCATION**

Napa County Health and Human Services is located at 2261 Elm Street, Napa, CA 94559.

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**D. FUNDING SOURCES**

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

	<u>Expenditures</u>
U.S. Department of Health and Human Services	\$14,766,664
U.S. Department of Agriculture	4,439,712
U.S. Department of Transportation	4,045,334
U.S. Department of Homeland Security	3,494,704
U.S. Department of Labor	1,562,572
U.S. Department of Justice	640,309
U.S. Election Assistance Commission	516,425
U.S. Department of Education	169,528
U.S. Environmental Protection Agency	151,363
U.S. Department of Housing and Urban Development	132,649
U.S. Department of Interior	135,605
U.S. National Foundation on the Arts and the Humanities	18,223
U.S. Department of Commerce	6,022
Total Expenditures of Federal Awards	<u>\$30,079,110</u>

**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 \$233,249. 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 Napa County 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 Audited 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
DOC	Department Operation Center
DPA	Department of Personnel Administration (California)

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EPO	Emergency Preparedness Office (California Department of Public Health Program Office)
FICA	Federal Insurance Contributions Act
HHSA	Health and Human Services Agency (Napa County)
HIPAA	Health Insurance Portability and Accountability Act
LHD	Local Health Department (Napa County Health and Human Services)
OMB	U.S. Office of Management and Budget
PERS	Public Employees Retirement System
POD	Points of Distribution

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**III. SCOPE OF AUDIT**

The Financial Audits Section's review of Napa County (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 Centers for Disease Control (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 \$233,249 of federal funds, and had expenditures and encumbrances totaling \$175,120. The unexpended federal program funds totaled \$58,129, representing approximately 25% of the \$233,249 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 . . ."

The County requested a carryover of unexpended funds totaling \$58,129 to the 06/07 grant period and requested re-distribution of fund among line items. The carryover request of \$58,129 was approved by EPO on July 16, 2007.

The County's explanations for not fully expending approved funds were for a variety of reasons such as the Office Assistant position vacant for a few months, travel less than planned, equipment needs were re-assessed and some were not purchased until after August 2006, contractor not spending entire amount of grant, and the community brochure did not go to printer until after August 30.

The carryover funds to the 06/07 grant 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's Emergency Preparedness grant funds awarded.

**C. TRUST FUND**

The County did not meet the grant requirement, Exhibit B.8 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.

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The County deposited the grant funds in a commingled pooled account and allocated the interest earnings to the respective funds in the pool. An accounting fund number designates the use of these funds for the exclusive for the Emergency Preparedness Program. The County's methodology for depositing the funds into a commingled pooled account and designating the funds specifically for the CDC grant does not fulfill requirements of this grant provision.

In addition, the County's November 16, 2006 trust fund report did not accurately reflect the CDC funds received and interest income earned on an accrual basis of accounting for the 05/06 grant period. The trust fund report showed CDC income received of \$174,936, while CDC payments for the 05/06 grant period totaled \$233,249. The difference of \$58,313 (\$233,249 - \$174,936) was due to the 4<sup>th</sup> quarter payment not being reported on the trust fund report. CDPH sent the 4<sup>th</sup> quarter payment on September 19, 2006. The County's detail report identified the payment amount split into two separate amounts on October 5, 2006 and October 9, 2006. Additionally, the County's trust fund report showed interest income earned of \$3,320 on the income of \$174,936, in comparison to the County's detail report showing interest income earned of \$2,887 on income of \$233,249.

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. SUPPLANTING 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.

E. REPORTING REQUIRMENTS

The County did not meet the grant requirement, Exhibit A.6, provision 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 County was required to submit mid-year reports by August 31, 2006 and year-end reports by November 20, 2006. The mid-year written progress report and expenditure report were received by EPO on September 12, 2006, past the August 31, 2006 due date.

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Recommendation:

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

F. 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 Bartig, Basler & Ray, LLP, whose report was dated September 14, 2006. 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. However, the results of their auditing procedures disclosed instances of noncompliance with those requirements applicable to the Food Stamps Program (CFDA 10.551 & 10.561). No exceptions were disclosed in the Single Audit Reports regarding the Public Health Emergency Preparedness Program.

G. EXPENDITURE REVIEW

1) Personnel and Fringe Benefits

The County requested \$78,646 for personnel salaries and \$27,526 for fringe benefits (\$78,646 + \$27,526 = \$106,172). The salaries and fringe benefits represented approximately 46% (\$106,172/\$233,249) of the total emergency preparedness federal allocation of funds awarded for the 05/06 period.

Salaries expenditures claimed totaled \$68,159. We reviewed payroll summary records, personnel job descriptions, and salary ranges for class specifications for the requested program personnel. Fringe benefits expenditures claimed totaled \$26,493. Fringe benefits costs were based on actual amounts from the payroll summary records. The fringe benefits were for insurance, FICA, Public Employees Retirement Service (PERS) and workers' compensation. No material exceptions were identified in our review of supporting documents all the 05/06 personnel and fringe benefits expenditures.

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The County did not fully expend the salaries and fringe benefits funds awarded as the County was unable to fill a vacancy for the Office Assistant position for a few months.

2) Travel Reimbursement Requirements

The total travel expense budget for this grant award period was \$11,238. The County did not fully expend the travel funds awarded as travel was less than planned.

- Travel expenditures for the 05/06 grant period totaled \$6,099. We reviewed all travel expenditures claimed during the 05/06 grant period. Based on this review, we identified that the County's own travel reimbursement per diem rates for breakfast and lunch were higher than 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. DPA rates for breakfast are actual expenses up to \$6, and lunch are actual expenses up to \$10, in comparison to the County's breakfast rate of \$8 and lunch rate of \$12. Our review of travel claims also identified cases where breakfast and lunch expenses were claimed and paid, which would not be reimbursable under DPA rules for travel less than 24 hours.
- We identified the County did not submit a request nor received prior written approval by EPO for out-of-state travel to Washington DC as required under the grant agreement.

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

Recommendations:

- a) The County should monitor all CDC program related travel to ensure compliance with program and grant requirements.
- b) Written approval should be obtained from EPO prior to out-of-state travel and exceptions to DPA rates.

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3) Equipment

The County requested \$19,200 for equipment expenditures for the following: a mobile trailer to serve as a Department Operation Center (DOC) in case administrative facilities are damaged, computer screen and laptop docking station, Global Positioning System (GPS), and census map software. The County incurred equipment expenditures and encumbrances totaling \$6,575 during the 05/06 grant period. No material exceptions were identified in the review of invoices and documents related to all the 05/06 equipment expenditures. Unexpended equipment funds of \$12,625 were redirected in part to other budget line items on the Carryover Budget Request to the 06/07 grant agreement period.

4) Supplies Expenditures

The County requested \$4,062 for supplies expenditures such as general office supplies, and supplies for a Department Operation Center (DOC). The County incurred expenditures and encumbrances totaling \$3,605 for supplies during the 05/06 period. No exceptions were identified in our review of the supporting documents for the County's supplies. The remaining unexpended supplies funds were carried forward to the 06/07 grant agreement period.

5) Subcontracts (Contractuals)

The County requested \$55,500 for subcontract services related to bio-terrorism program consultation and Scope of Work, storage for supplies and equipment, and a regional website. Expenditures for the 05/06 grant period were \$43,743. No material exceptions were identified in our review of supporting invoices for all the 05/06 subcontract expenditures. Unexpended subcontract funds were carried forward to the 06/07 grant agreement period.

6) Other Expenditures

The County requested \$26,460 for other expenditures for miscellaneous items such as Blackberry monthly services for bio-terrorism 24 hours response, bio-terrorism related trainings for program personnel, emergency response information for disaster workers, software maintenance, community emergency preparedness brochure, and prophylaxis Points of Distribution (POD) signage. The County incurred \$10,981 in other expenditures and encumbrances during the 05/06 grant period. No material exceptions were identified in our judgmental sample review of the supporting documents for these expenditures. Unexpended funds were carried forward to the 06/07 grant agreement period.

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7) Indirect Costs

The County's indirect costs budgeted under the grant agreement were 10% of personnel (salaries) and fringe benefits. The County claimed \$9,465 as indirect costs, which was based on 10% of their actual Personnel and Fringe costs. Indirect costs expenditures claimed for grant purposes were supported by the County's records.

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.

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**VI. SYSTEMS AND PROCEDURES**

The management of Napa County 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 Napa County'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 (CAFR) of Napa County 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 Schedules 1 and 1A.

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

The audit findings were discussed at the exit conference on January 30, 2009. A copy of the Contractor's response is included as Attachment A.

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

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

Emergency Preparedness Office (EPO) has responded to the findings of this report. No material revisions were made to this report as a result of EPO's response. EPO will work with the LHDs through guidance documents and agreements to ensure these issues are corrected in the future.

SCHEDULE 1

NAPA COUNTY HEALTH AND HUMAN SERVICES  
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SUMMARY OF AUDITED PROGRAM EXPENDITURES

	Budget Category	Audit Adjustment No.	2005/2006 Expenditures		
			As Reported	Audit Adjustments	As Audited
1.	<b>CDC Base</b>				
	<b>Financial Assistance</b>				
	A. Personnel		\$68,159		\$68,159
	B. Fringe		26,493		26,493
	C. Travel		6,099		6,099
	D. Equipment		6,575		6,575
	E. Supplies		3,605		3,605
	F. Contractual		43,743		43,743
	G. Other		9,882		9,882
	<b>Total Direct FA</b>		<b>\$165,165</b>		<b>\$165,165</b>
	H. Indirect		\$9,465		\$9,465
	<b>Total Financial Assistance</b>		<b>\$175,120</b>		<b>\$175,120</b>
	I. Personnel		\$0		\$0
	J. Federal Contract		0		0
	K. Other		0		0
	<b>Total Direct Assistance</b>		<b>\$0</b>		<b>\$0</b>
	<b>GRAND TOTAL</b>		<b>\$175,120</b>		<b>\$175,120</b>

SCHEDULE 1A

NAPA COUNTY HEALTH AND HUMAN SERVICES  
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SUMMARY OF PROGRAM EXPENDITURES

	Budget Category	Base Funding Source	05/06 Expenditures	05/06 Encumbrances	Total Unspent Funds *
1.	<b>CDC Base</b>				
	<b>Financial Assistance</b>				
	A. Personnel	\$78,646	\$68,159	\$0	\$10,487
	B. Fringe	27,526	26,493	0	1,033
	C. Travel	11,238	6,099	0	5,139
	D. Equipment	19,200	507	6,068	12,625
	E. Supplies	4,062	3,218	387	457
	F. Contractual	55,500	43,743	0	11,757
	G. Other	26,460	9,882	1,099	15,479
	<b>Total Direct FA</b>	<b>\$222,632</b>	<b>\$158,101</b>	<b>\$7,554</b>	<b>\$56,977</b>
	H. Indirect	\$10,617	\$9,465	\$0	\$1,152
	<b>Total Financial Assistance</b>	<b>\$233,249</b>	<b>\$167,566</b>	<b>\$7,554</b>	<b>\$58,129</b>
	I. Personnel	\$0	\$0	\$0	\$0
	J. Federal Contract	0	0	0	0
	K. Other	0	0	0	0
	<b>Total Direct Assistance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	<b>GRAND TOTAL</b>	<b>\$233,249</b>	<b>\$167,566</b>	<b>\$7,554</b>	<b>\$58,129</b>

\* To be rolled-over to 2006/07 grant period.

**NAPA COUNTY HEALTH AND HUMAN SERVICES PUBLIC HEALTH  
EMERGENCY PREPAREDNESS PROGRAM CDC FUNDING GRANT  
AGREEMENT FISCAL PERIOD: AUGUST 31, 2005 THROUGH AUGUST 30, 2006  
I. EXECUTIVE SUMMARY OF FINDINGS  
Napa County's Response**

FISCAL FINDINGS

1. The County requested a total of \$233,249 of federal funds, and had expenditures and encumbrances totaling \$176,922. The unexpended federal program funds totaled \$56,327 as of August 30, 2006, representing 24% of the \$233,249 federal funds awarded. (See Section V.A)

**County's Response: This is not a finding but a statement of fact: no response necessary.**

2. The County requested a carryover of unexpended funds to the 06/07 grant period. The carryover request was approved by the EPO on July 16, 2007. (See Section V.B)

**County's Response: This is not a finding but a statement of fact: no response necessary.**

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. Additionally, the trust fund report, dated November 16, 2006 did not accurately reflect the CDC funds received and interest income earned on an accrual basis of accounting for the 05/06 grant period. (See Section V.C)

**County's Response:**

**Napa County established a Local Public Health Preparedness Trust Fund on January 15, 2003. The trust fund maintained by the County's accounting system, PeopleSoft, holds the cash, revenue, expenditure and fund balance accounts separate from all other funds of the County solely for the purposes set forth in the Emergency Preparedness Grant. The fund is interest bearing and receives interest quarterly based on the average daily balance of cash in the trust fund account during the quarter. The Napa County Treasurer-Tax-Collector maintains the treasury for Napa County and acts as a bank for the County's deposits. The County's collective cash is invested in the same manner as a bank collectively invests its deposits while maintaining separate accounts using a financial management system. The California Health and Safety Code, Section 101317(f) states:**

**“A local health jurisdiction that receives funds pursuant to this article shall deposit them 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. The interest earned on moneys in the fund shall accrue to the benefit of the fund and shall be expended for the same purposes as other moneys in the fund.”**

**The code section does not indicate that a separate checking account be maintained for the purposes of this grant only that the fund be a trust fund and the County’s fund meets that legal definition. A separate checking account is both logistically difficult and cost prohibitive to the County. Because the County’s trust fund is maintained separate and not commingled with other County funds, we believe that the County’s Local Public Health Preparedness Trust Fund meets the requirement set forth in the Emergency Preparedness Grant and Health and Safety Code, Section 101317(f).**

**No requirement was made to report the year-end trust fund report on an accrual basis of accounting. The Year-End Local Public Health Preparedness Trust Fund Report under section 1.B.1. indicated to reflect “Funds Received BT Agreement (Including Augmentations)”. This title indicates that funds received and not earned should be inputted as of August 30, 2006. Additionally, if the County were to report the amounts based on the accrual basis of accounting then \$175,119 should have been reported as that was the total expended and earned for the year. The total grant amount of \$233,249 was not earned in full as of August 30, 2006 as would be the requirement to recognize the amount under the accrual basis of accounting.**

**We agree that the interest reported on the Year-End Local Public Health Preparedness Trust Fund Report was incorrect. The amount reported \$3,320.40 included interest earned during the first quarter of the following fiscal year. We will take measures to ensure that our interest reporting be consistent with our supporting documentation.**

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.D)

**County’s Response: This is not a finding but a statement of fact: no response necessary.**

5. The required mid-year written progress report and expenditure report were not submitted on a timely basis. Both mid-year reports were received by EPO on September 12, 2006, past the August 31, 2006 due date. (See Section V.E)

**County's Response: We agree the mid-year report was late and will ensure that future required reports are submitted to EPO on time.**

6. Our review of travel expenditures and encumbrances during the 05/06 grant period identified that the County's own travel reimbursement per diem rates for breakfast and lunch were higher than the California Department of Personnel Administration (DPA) rates; cases where breakfast and lunch expenses were claimed and paid, which would not be reimbursable under DPA rules for travel less than 24 hour; and no submission by the County and written approval from EPO when actual out-of-state travel occurred. (See Section V.G)

**County's Response:**

**We agree that we followed the County's travel policy and rates and will in the future use the travel and per diem expense rates as established by the California Department of Personnel Administration.**

**The County was unaware of the special form for out-of-state travel approval and feels that budget approval obtained by EPO which detailed the out-of-state travel was sufficient prior written approval and meets the grant requirements in Exhibit D(F), Section 2. However, the County will ensure that the out-of-state approval form will be obtained for all future travel occurrences.**