

**REPORT
ON THE
LIMITED AUDIT**

**COUNTY OF SAN MATEO
COUNTY OF SAN MATEO HEALTH SYSTEM
SAN MATEO, CALIFORNIA**

**HOSPITAL PREPAREDNESS PROGRAM
HPP FUNDING GRANT AGREEMENT
CFDA NO. 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: Sandra Garcia
Auditor: Edmund Yee**



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

April 18, 2011

Elizabeth Kauk
Financial Services Manager II
County of San Mateo Health System
225 37th Avenue
San Mateo, CA 94403

Dear Ms. Kauk:

The claims for expenditures for services provided by County of San Mateo Health System under the Hospital Preparedness Program, HPP Funding Grant Agreement, and Federal Domestic Assistance Number: 93.889, for the fiscal period of September 1, 2005 through August 31, 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 San Mateo for the year ending June 30, 2006, were examined by other auditors whose report dated November 9, 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 October 13, 2010 at which time the results of the engagement were discussed.

This Audit Report includes the:

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

The report concludes that no additional amount is due the Federal government 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:

Richard Martin
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 Richard Martin, Contract Manager, Planning and Policy Unit, Emergency Preparedness Office at (916) 445-2103.

Original Signed by

Louise Wong, Chief
Audits Section – Richmond
Financial Audits Branch

Certified

cc: Betsey Lyman
Deputy Director

Susan Fanelli
Assistant Deputy Director

Richard Martin
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

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I. EXECUTIVE SUMMARY OF FINDINGS

The following information is a summary of our findings:

GRANT COMPLIANCE

1. The Hospital Preparedness Program (HPP) approved an extension of the budget year end date to the California Department of Public Health (CDPH) for the Year 4 award to August 31, 2007. This was done to allow the counties to complete emergency response activities approved by Emergency Preparedness Office (EPO). (See Section IV.A)
2. The HPP grant to the County awarded up to a total of \$524,568 of federal funds to implement HPP critical benchmarks. The County claimed HPP expenditures totaling \$524,545. (See Section IV.B)
3. The County met the grant requirement to obtain prior approval from EPO for the redirection of funds from critical benchmark to other critical benchmarks. A budget revision request, dated October 3, 2006 was granted by EPO. (See Section IV.C)
4. The grant agreement requires that the County not use the HPP 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 IV.D)
5. The grant agreement requires the County to submit written interim and final progress and expenditure reports to document their activities and expenditures of funds. The grant agreement stated the submission of the data for the Surge Data Survey was substituted for the interim progress report. Our review disclosed the County submitted the Surge Data Survey and final progress report as required under the grant agreement by due dates set by EPO. (See Section IV.E)

LINE ITEM BUDGET EXPENDITURES

1. Our review of grant line item budget expenditures to supporting documentation did not disclose any material exceptions. (See Section V)

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II. INTRODUCTION

A. DESCRIPTION OF PROGRAM

The Hospital Preparedness Program (HPP, [formerly Health Resources and 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

The County of San Mateo Health System is a local governmental agency, which is a part of the San Mateo County government. The County of San Mateo Health System is comprised of the following divisions:

- Health System Administration
 - Health Policy and Planning
- Aging and Adults Services
- Behavioral Health and Recovery Services
- Community Health
 - Agricultural Services
 - Chronic Disease and Injury Prevention
 - Emergency Medical Services
 - Environmental Health
 - Public Health
- Correctional Health
- Family Health
- San Mateo Medical Center

The County of San Mateo Health System's mission is to increase the longevity and quality of people's lives by; preventing health issues before they occur, protecting the public's health, providing services for vulnerable populations, and partnering to build healthy communities.

The County of San Mateo (County) has a Hospital Preparedness Program (HPP) grant agreement with the California Department of Public Health (CDPH [formerly

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CDHS]), to receive federal HPP funding.

C. SITE LOCATION

County of San Mateo Health System administration is located at 225 37th Avenue, San Mateo, CA 94403.

D. FUNDING SOURCES

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

	<u>Expenditures</u>
U.S. Department of Health and Human Services	\$93,142,950
U.S. Department of Housing and Urban Development	23,035,801
U.S. Department of Agriculture	18,038,120
U.S. Department of Justice	13,115,479
U.S. Department of Labor	5,660,154
U.S. Department of Homeland Security	3,469,815
U.S. Office of National Drug Control Policy	2,891,272
U.S. Department of Education	1,979,619
U.S. Department of Transportation	1,476,927
U.S. Environmental Protection Agency	232,840
Total Expenditures of Federal Awards	<u>\$163,042,977</u>

Hospital Preparedness Program Grant Funding

Hospital Preparedness Program (HPP) local funding awarded for the project period, September 1, 2005 through August 31, 2006, totaled \$524,568. HPP expenditures are included as part of U.S. Department of Health and Human Services expenditures line above.

E. GRANT GOALS AND OBJECTIVES

The Hospital Preparedness Program (HPP) has developed Critical Benchmarks (CBM) designed to measure activities to assist hospitals and supporting health care systems to deliver coordinated and effective care to victims of terrorism and other public health emergencies.

A Cooperative Agreement between the federal, state, and local entities was used to support HPP program collaboration. The purpose of the HPP Cooperative Agreement is to build upon the planning, infrastructure development, and implementation that began in fiscal year 2002. The HPP requires the State and

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local entities to address critical benchmarks within priority areas.

Through the grant agreement, the funds are to implement the HPP Critical Benchmarks in accordance with the funding application, plan, and budget as approved by CDPH. The grant agreement's HPP priority areas and critical benchmarks parallel the Federal HPP priority areas and critical benchmarks. (Refer to Schedule 2 of this audit report for the Glossary of HPP Priority Areas and Critical Benchmarks.)

The County of San Mateo was contracted to address the following priority areas and critical benchmarks:

Priority Area # 1: Administration

Critical Benchmark # 1: Financial Accountability

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: Beds

Critical Benchmark # 2-2: Surge Capacity: Isolation Capacity

Critical Benchmark # 2-5: Surge Capacity: Pharmaceutical Caches

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

Critical Benchmark # 2-7: Surge Capacity: Decontamination

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

Priority Area # 5: Education and Preparedness Training

Critical Benchmark # 5: Education and Preparedness Training

Priority Area # 6: Terrorism Preparedness Exercises

Critical Benchmark # 6: Terrorism Preparedness Exercises

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

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CBM	Critical Benchmark
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
EPO	Emergency Preparedness Office (California Department of Public Health Program Office)
HIPAA	Health Insurance Portability and Accountability Act
HPP	Hospital Preparedness Program (formerly HRSA)
HRSA	Health Resources and Services Administration
HVA	Hazards Vulnerability Analysis
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 San Mateo (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. 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. GRANT COMPLIANCE

The examination included a review to determine if the County conducted the Hospital Preparedness Program (HPP) in compliance with grant terms and applicable regulatory requirements. The following is a summary of findings relating to this portion of the audit.

A. HPP 2005/2006 GRANT BUDGET YEAR EXTENSION

The Hospital Preparedness Program (HPP) approved an extension of the budget year end date to the California Department of Public Health (CDPH) for the Year 4 award to August 31, 2007. CDPH coordinated the budget extension with the Federal HPP to allow the counties to complete emergency response activities.

B. FEDERAL HPP GRANT FUNDS

The HPP grant to the County awarded up to a total of \$524,568 of federal funds to implement HPP critical benchmarks. The County claimed HPP expenditures totaling \$524,545. Under the grant agreement, the actual funds being requested may be less than the maximum allocation for the county. The federal grant award is shown on Schedule 1A.

C. REDIRECTION OF FUNDS

Grant agreement, Exhibit B.8 – Budget Detail and Payment Provisions, Allowable Line Item Shifts, states that:

1. Redirection of funds within a critical benchmark of an amount of a cumulative threshold of 25% requires prior approval by CDHS.
2. Redirection of funds less than the prior approval threshold within a critical benchmark requires that local entity inform CDHS of the details of the redirection to ensure proper documentation and accountability.
3. Redirection of funds from one critical benchmark to another requires prior approval by CDHS regardless of the amount.

The County met the grant requirement to obtain prior approval from EPO for the redirection of funds from critical benchmarks to other critical benchmarks. A budget revision dated October 3, 2006 was granted by EPO. The County's principal explanation for redirection of funds was due to the San Mateo County Hospital Working Group (Group), comprised of HPP participating hospitals and one clinic, choosing to postpone the purchase of the EMTrack system in order to monitor its success with neighboring counties who have recently implemented

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the system. This decision freed up a sizable amount of money, which the group decided to use for the purchase of additional equipment to further strengthen each facility's ability to meet and exceed HPP critical benchmarks. (See Schedule 1B for redirection of funds by critical benchmarks.)

D. SUPLANTING OF FUNDS

Grant agreement, Exhibit A.7.A – Scope of Work, Expenditure and Program Requirement, states "In accordance with the signed conditions of funding form submitted by all recipients of HRSA funds as part of the funding application, plan, and budget, funds shall not be used to supplant funding for existing levels of services and will be only be used for the purposes designated herein."

EPO performed a review 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. REPORTING REQUIREMENTS

Grant agreement, Exhibit A.6 – Scope of Work, Reporting Requirements, states "Written progress reports and expenditure reports must be submitted as shown below. The purpose of the progress and expenditure reports is to document activities and expenditures of funds.

The grant agreement stated the submission of the data for the Surge Data Survey was substituted for the interim progress report. Our review disclosed the County submitted the Surge Data Survey and final progress report as required under the grant agreement by due dates set by EPO.

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 Macias Gini & O'Connell, LLP, whose report was dated October 20, 2006. The independent auditor's opinion was that the County complied, in all

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material respects, with OMB A-133 compliance requirements to each of the major federal programs. However, the results of their auditing procedures disclosed an instance of noncompliance with those requirements applicable to the Medical Assistance Program (CFDA 93.778). No exceptions were disclosed in the Single Audit Reports regarding the Public Health Emergency Preparedness Program (CFDA 93.283).

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V. LINE ITEM BUDGET EXPENDITURES

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

A. Subcontractor (Contractual) - \$77,398

The County's revised budget requested a total of \$77,398 associated with Critical Benchmark (CBM) # 2: Surge Capacity and CBM #5: Education and Preparedness Training for emergency resources tracking services and hazardous material (Hazmat) training. The County claimed \$77,398 in subcontractor expenditures. Our review of all subcontractor expenditures claimed did not disclose any material exceptions. The County's expenditures were consistent with items on their revised budget justification.

B. CDPH-Purchased Equipment and Supplies - \$304,708

The County's revised budget requested \$304,708 for equipment and supplies that are available via CDPH's prime vendor contract. These equipment and supplies were to be directly purchased by CDPH and delivered to the entities named in the County's approved plan.

Of the total expenditures of \$304,708, \$252,182 were for equipment and supplies purchased from the State selected vendor (Grainger). The Grainger expenditures were associated with CBM # 2: Surge Capacity for equipment and supplies and communication systems to manage a surge care in need of patient care.

The remaining part of CDPH direct purchased equipment and supplies expenditures were for pharmaceutical cache. The County budget requested \$52,452 for pharmaceutical cache. Our review did not disclose any material exceptions.

C. Non-CDPH-Purchased Equipment and Supplies - \$42,222

The County's revised budget requested a total of \$42,222 for non-CDPH-purchased (direct County purchased) equipment and supplies associated with CBM # 2: Surge Capacity for a mobile field kitchen for disaster response and short-wave radio equipment. The County claimed \$42,222 in Non-CDPH-Purchased Equipment and Supplies expenditures. Our review of all the claimed equipment and supplies expenditures did not disclose any material exceptions. The County's expenditures were consistent with items on their revised budget justification.

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D. Personnel (Implementation) Costs - \$52,800

The County's revised budget requested a total of \$52,800 for a Local HPP Coordinator to aid in the implementation of the HPP grant requirements. The County claimed salaries and benefits expenses for the Local HPP Coordinator up to the grant budget amount of \$52,800. Our review of the County's payroll records and general ledger did not disclose any material exceptions.

E. Administrative Costs - \$47,225

Grant agreement, Exhibit B.6 – Budget Detail and Payment Provisions, Amounts Payable, states in part that “In addition, this Agreement awards an administrative fee to the local entity, based on “Local Entity Purchases”. The approved budget for the administrative fees is identified as “Local Entity Administrative Fees”. The grant agreement budgeted up to 15% as the Local Entity Administrative Fee. The County's revised budget requested \$47,225 for the administrative fees. The County claimed \$39,913 (or 11% of their HPP expenditures) as the Local Entity administrative fee.

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 the County of San Mateo 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 San Mateo's overall internal control structure. We limited our internal control review to the County's procedures to account for Emergency Preparedness Program funds, and the County's preparation of the required filing of the program financial status reports.

Further, the CPA's Comprehensive Annual Financial Report (CAFR) of the County of San Mateo 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 October 13, 2010. A copy of the Contractor's response letter is included as Attachment A. The Contractor did not include any response related to the HPP audit findings.

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IX. PROGRAM'S RESPONSE TO AUDIT FINDINGS

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

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SUMMARY OF AUDITED PROGRAM EXPENDITURES

Budget Categories	Audit Adjustment No.	2005/2007 Expenditures		
		As Reported	Audit Adjustments	As Audited
1. Contractual				
A. Critical Benchmark 2-1, Bed Capacity		\$0		\$0
B. Critical Benchmark 2-2, Isolation Capacity		\$0		\$0
C. Critical Benchmark 2-5, Pharmaceutical Caches		\$0		\$0
D. Critical Benchmark 2-6, Personal Protective Equipment		\$0		\$0
E. Critical Benchmark 2-7, Decontamination		\$0		\$0
F. Critical Benchmark 2-10, Communication and Information Technology		\$27,898		\$27,898
G. Critical Benchmark 5, Education and Preparedness Training		\$49,500		\$49,500
H. Critical Benchmark 6, Terrorism Preparedness Exercises		\$0		\$0
Total Contractual		\$77,398		\$77,398
2. CDPH-Purchased Equipment and Supplies				
A. Critical Benchmark 2-1, Bed Capacity		\$134,079		\$134,079
B. Critical Benchmark 2-2, Isolation Capacity		\$50,459		\$50,459
C. Critical Benchmark 2-5, Pharmaceutical Caches		\$52,452		\$52,452
D. Critical Benchmark 2-6, Personal Protective Equipment		\$15,674		\$15,674
E. Critical Benchmark 2-7, Decontamination		\$21,696		\$21,696
F. Critical Benchmark 2-10, Communication and Information Technology		\$30,347		\$30,347
G. Critical Benchmark 5, Education and Preparedness Training		\$0		\$0
H. Critical Benchmark 6, Terrorism Preparedness Exercises		\$0		\$0
Total CDPH-Purchased Equipment and Supplies		\$304,708		\$304,708
3. Non-CDPH Purchased Equipment And Supplies				
A. Critical Benchmark 2-1, Bed Capacity		\$39,877		\$39,877
B. Critical Benchmark 2-2, Isolation Capacity		\$0		\$0
C. Critical Benchmark 2-5, Pharmaceutical Caches		\$0		\$0
D. Critical Benchmark 2-6, Personal Protective Equipment		\$0		\$0
E. Critical Benchmark 2-7, Decontamination		\$0		\$0
F. Critical Benchmark 2-10, Communication and Information Technology		\$2,345		\$2,345
G. Critical Benchmark 5, Education and Preparedness Training		\$0		\$0
H. Critical Benchmark 6, Terrorism Preparedness Exercises		\$0		\$0
Total Non-CDPH Purchased Equipment And Supplies		\$42,222		\$42,222

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SUMMARY OF AUDITED PROGRAM EXPENDITURES

Budget Categories	Audit Adjustment No.	2005/2007 Expenditures		
		As Reported	Audit Adjustments	As Audited
4. Personnel (Implementation)				
A. Critical Benchmark 2-1, Bed Capacity		\$12,572		\$12,572
B. Critical Benchmark 2-2, Isolation Capacity		\$0		\$0
C. Critical Benchmark 2-5, Pharmaceutical Caches		\$6,286		\$6,286
D. Critical Benchmark 2-6, Personal Protective Equipment		\$0		\$0
E. Critical Benchmark 2-7, Decontamination		\$0		\$0
F. Critical Benchmark 2-10, Communication and Information Technology		\$6,286		\$6,286
G. Critical Benchmark 5, Education and Preparedness Training		\$12,572		\$12,572
H. Critical Benchmark 6, Terrorism Preparedness Exercises		\$12,572		\$12,572
Total Personnel (Implementation)		\$50,288		\$50,288
5. Administrative Costs (Not To Exceed 15%)				
A. Critical Benchmark 2-1, Bed Capacity		\$19,623		\$19,623
B. Critical Benchmark 2-2, Isolation Capacity		\$5,308		\$5,308
C. Critical Benchmark 2-5, Pharmaceutical Caches		\$6,179		\$6,179
D. Critical Benchmark 2-6, Personal Protective Equipment		\$1,649		\$1,649
E. Critical Benchmark 2-7, Decontamination		\$2,282		\$2,282
F. Critical Benchmark 2-10, Communication and Information Technology		\$7,035		\$7,035
G. Critical Benchmark 5, Education and Preparedness Training		\$6,530		\$6,530
H. Critical Benchmark 6, Terrorism Preparedness Exercises		\$1,323		\$1,323
Total Administrative Costs		\$49,930		\$49,930
GRAND TOTAL		\$524,545		\$524,545

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SUMMARY OF PROGRAM EXPENDITURES

Budget Categories	Approved Original Budget	Approved Revised Budget*	2005/2007 Expenditures	Total Unspent Funds
1. Contractual				
A. Critical Benchmark 2-1, Bed Capacity	\$0	\$0	\$0	\$0
B. Critical Benchmark 2-2, Isolation Capacity	\$0	\$0	\$0	\$0
C. Critical Benchmark 2-5, Pharmaceutical Caches	\$0	\$0	\$0	\$0
D. Critical Benchmark 2-6, Personal Protective Equipment	\$0	\$0	\$0	\$0
E. Critical Benchmark 2-7, Decontamination	\$0	\$0	\$0	\$0
F. Critical Benchmark 2-10, Communication and Information Technology	\$97,899	\$27,898	\$27,898	\$0
G. Critical Benchmark 5, Education and Preparedness Training	\$60,290	\$49,500	\$49,500	\$0
H. Critical Benchmark 6, Terrorism Preparedness Exercises	\$25,000	\$0	\$0	\$0
Total Contractual	\$183,189	\$77,398	\$77,398	\$0
2. CDPH-Purchased Equipment and Supplies				
A. Critical Benchmark 2-1, Bed Capacity	\$76,346	\$134,079	\$134,079	\$0
B. Critical Benchmark 2-2, Isolation Capacity	\$0	\$50,459	\$50,459	\$0
C. Critical Benchmark 2-5, Pharmaceutical Caches	\$52,457	\$52,452	\$52,452	\$0
D. Critical Benchmark 2-6, Personal Protective Equipment	\$0	\$15,674	\$15,674	\$0
E. Critical Benchmark 2-7, Decontamination	\$5,112	\$21,696	\$21,696	\$0
F. Critical Benchmark 2-10, Communication and Information Technology	\$20,538	\$30,347	\$30,347	\$0
G. Critical Benchmark 5, Education and Preparedness Training	\$0	\$0	\$0	\$0
H. Critical Benchmark 6, Terrorism Preparedness Exercises	\$0	\$0	\$0	\$0
Total CDPH-Purchased Equipment and Supplies	\$154,453	\$304,708	\$304,708	\$0
3. Non-CDPH Purchased Equipment And Supplies				
A. Critical Benchmark 2-1, Bed Capacity	\$0	\$39,877	\$39,877	\$0
B. Critical Benchmark 2-2, Isolation Capacity	\$0	\$0	\$0	\$0
C. Critical Benchmark 2-5, Pharmaceutical Caches	\$0	\$0	\$0	\$0
D. Critical Benchmark 2-6, Personal Protective Equipment	\$0	\$0	\$0	\$0
E. Critical Benchmark 2-7, Decontamination	\$0	\$0	\$0	\$0
F. Critical Benchmark 2-10, Communication and Information Technology	\$83,150	\$2,345	\$2,345	\$0
G. Critical Benchmark 5, Education and Preparedness Training	\$0	\$0	\$0	\$0
H. Critical Benchmark 6, Terrorism Preparedness Exercises	\$0	\$0	\$0	\$0
Total Non-CDPH Purchased Equipment And Supplies	\$83,150	\$42,222	\$42,222	\$0

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SUMMARY OF PROGRAM EXPENDITURES

Budget Categories	Approved Original Budget	Approved Revised Budget*	2005/2007 Expenditures	Total Unspent Funds
4. Personnel (Implementation)				
A. Critical Benchmark 2-1, Bed Capacity	\$14,022	\$12,572	\$12,572	\$0
B. Critical Benchmark 2-2, Isolation Capacity	\$0	\$0	\$0	\$0
C. Critical Benchmark 2-5, Pharmaceutical Caches	\$7,011	\$6,286	\$6,286	\$0
D. Critical Benchmark 2-6, Personal Protective Equipment	\$0	\$0	\$0	\$0
E. Critical Benchmark 2-7, Decontamination	\$0	\$0	\$0	\$0
F. Critical Benchmark 2-10, Communication and Information Technology	\$7,011	\$6,286	\$6,286	\$0
G. Critical Benchmark 5, Education and Preparedness Training	\$14,022	\$12,572	\$12,572	\$0
H. Critical Benchmark 6, Terrorism Preparedness Exercises	\$14,022	\$12,572	\$12,572	\$0
Total Personnel (Implementation)	\$56,088	\$50,288	\$50,288	\$0
5. Administrative Costs (Not To Exceed 15%)				
A. Critical Benchmark 2-1, Bed Capacity	\$9,037	\$19,623	\$19,623	\$0
B. Critical Benchmark 2-2, Isolation Capacity	\$0	\$5,308	\$5,308	\$0
C. Critical Benchmark 2-5, Pharmaceutical Caches	\$5,947	\$6,179	\$6,179	\$0
D. Critical Benchmark 2-6, Personal Protective Equipment	\$0	\$1,649	\$1,649	\$0
E. Critical Benchmark 2-7, Decontamination	\$511	\$2,282	\$2,282	\$0
F. Critical Benchmark 2-10, Communication and Information Technology	\$20,860	\$7,035	\$7,035	\$0
G. Critical Benchmark 5, Education and Preparedness Training	\$7,431	\$6,530	\$6,530	\$0
H. Critical Benchmark 6, Terrorism Preparedness Exercises	\$3,902	\$1,323	\$1,323	\$0
Total Administrative Costs	\$47,688	\$49,930	\$49,930	\$0
GRAND TOTAL	\$524,568	\$524,545	\$524,545	\$0

* Budget redirection request on October 3, 2006 approved by EPO.

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REDIRECTION OF FUNDS BY CRITICAL BENCHMARKS

Critical Benchmark 2-1, Bed Capacity	Approved Original Budget	Approved Revised Budget*	Difference
Contractual	\$0	\$0	\$0
CDPH-Purchased Equipment and Supplies	\$76,346	\$134,079	\$57,733
Non-CDPH Purchased Equipment And Supplies	\$0	\$39,877	\$39,877
Personnel (Implementation)	\$14,022	\$12,572	(\$1,450)
Administrative Fee (Not To Exceed 15%)	\$9,037	\$19,623	\$10,586
TOTAL	\$99,405	\$206,150	\$106,745
25% cumulative threshold	\$24,851		

Critical Benchmark 2-2, Isolation Capacity	Approved Original Budget	Approved Revised Budget*	Difference
Contractual	\$0	\$0	\$0
CDPH-Purchased Equipment and Supplies	\$0	\$50,459	\$50,459
Non-CDPH Purchased Equipment And Supplies	\$0	\$0	\$0
Personnel (Implementation)	\$0	\$0	\$0
Administrative Fee (Not To Exceed 15%)	\$0	\$5,308	\$5,308
TOTAL	\$0	\$55,768	\$55,768
25% cumulative threshold	\$0		

Critical Benchmark 2-5, Pharmaceutical Caches	Approved Original Budget	Approved Revised Budget*	Difference
Contractual	\$0	\$0	\$0
CDPH-Purchased Equipment and Supplies	\$52,457	\$52,452	(\$5)
Non-CDPH Purchased Equipment And Supplies	\$0	\$0	\$0
Personnel (Implementation)	\$7,011	\$6,286	(\$725)
Administrative Fee (Not To Exceed 15%)	\$5,947	\$6,179	\$232
TOTAL	\$65,415	\$64,918	(\$497)
25% cumulative threshold	\$16,354		

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REDIRECTION OF FUNDS BY CRITICAL BENCHMARKS

	Approved Original Budget	Approved Revised Budget*	Difference
Critical Benchmark 2-6, Personal Protective Equipment			
Contractual	\$0	\$0	\$0
CDPH-Purchased Equipment and Supplies	\$0	\$15,674	\$15,674
Non-CDPH Purchased Equipment And Supplies	\$0	\$0	\$0
Personnel (Implementation)	\$0	\$0	\$0
Administrative Fee (Not To Exceed 15%)	\$0	\$1,649	\$1,649
TOTAL	\$0	\$17,323	\$17,323
25% cumulative threshold	\$0		

	Approved Original Budget	Approved Revised Budget*	Difference
Critical Benchmark 2-7, Decontamination			
Contractual	\$0	\$0	\$0
CDPH-Purchased Equipment and Supplies	\$5,112	\$21,696	\$16,584
Non-CDPH Purchased Equipment And Supplies	\$0	\$0	\$0
Personnel (Implementation)	\$0	\$0	\$0
Administrative Fee (Not To Exceed 15%)	\$511	\$2,282	\$1,771
TOTAL	\$5,623	\$23,978	\$18,355
25% cumulative threshold	\$1,406		

	Approved Original Budget	Approved Revised Budget*	Difference
Critical Benchmark 2-10, Communication and Information Technology			
Contractual	\$97,899	\$27,898	(\$70,001)
CDPH-Purchased Equipment and Supplies	\$20,538	\$30,347	\$9,809
Non-CDPH Purchased Equipment And Supplies	\$83,150	\$2,345	(\$80,805)
Personnel (Implementation)	\$7,011	\$6,286	(\$725)
Administrative Fee (Not To Exceed 15%)	\$20,860	\$7,035	(\$13,824)
TOTAL	\$229,458	\$73,912	(\$155,546)
25% cumulative threshold	\$57,365		

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REDIRECTION OF FUNDS BY CRITICAL BENCHMARKS

Critical Benchmark 5, Education and Preparedness Training	Approved Original Budget	Approved Revised Budget*	Difference
Contractual	\$60,290	\$49,500	(\$10,790)
CDPH-Purchased Equipment and Supplies	\$0	\$0	\$0
Non-CDPH Purchased Equipment And Supplies	\$0	\$0	\$0
Personnel (Implementation)	\$14,022	\$12,572	(\$1,450)
Administrative Fee (Not To Exceed 15%)	\$7,431	\$6,530	(\$901)
TOTAL	\$81,743	\$68,602	(\$13,141)
25% cumulative threshold	\$20,436		

Critical Benchmark 6, Terrorism Preparedness Exercises	Approved Original Budget	Approved Revised Budget*	Difference
Contractual	\$25,000	\$0	(\$25,000)
CDPH-Purchased Equipment and Supplies	\$0	\$0	\$0
Non-CDPH Purchased Equipment And Supplies	\$0	\$0	\$0
Personnel (Implementation)	\$14,022	\$12,572	(\$1,450)
Administrative Fee (Not To Exceed 15%)	\$3,902	\$1,323	(\$2,580)
TOTAL	\$42,924	\$13,895	(\$29,030)
25% cumulative threshold	\$10,731		

Budget Categories	Approved Original Budget	Approved Revised Budget*	Difference
Contractual	\$183,189	\$77,398	(\$105,791)
CDPH-Purchased Equipment and Supplies	\$154,453	\$304,708	\$150,255
Non-CDPH Purchased Equipment And Supplies	\$83,150	\$42,222	(\$40,928)
Personnel (Implementation)	\$56,088	\$50,288	(\$5,800)
Administrative Fee (Not To Exceed 15%)	\$47,688	\$49,930	\$2,242
TOTAL	\$524,568	\$524,545	(\$23)

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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: Beds

Establish systems that, at a minimum, can provide triage treatment and initial stabilization, above the current daily staffed 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 for 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 suspect 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

This benchmark has been incorporated into Critical Benchmark #2-4.

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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 Hazards Vulnerability Analysis (HVA), and the level of decontamination that is being designed in CBM #2-7.

Critical Benchmark #2-7: Surge Capacity: Decontamination

Insure that adequate portable or fixed decontamination systems exist for managing adult & 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 CBM #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

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agencies, public safety agencies, neighboring jurisdictions and federal public health officials.

PRIORITY AREA #3: EMERGENCY MEDICAL SERVICES (EMS)

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 capability 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 services 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.

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GLOSSARY OF HPP PRIORITY AREAS AND CRITICAL BENCHMARKS

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 2006 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.



SAN MATEO COUNTY
HEALTH SYSTEM

ATTACHMENT A

October 14, 2010

Edmund Yee
Health Program Auditor
State of California
Department of Health Services, Audit Section – Richmond
850 Marina Bay Parkway, MS 2104
Richmond, CA 94804-6403



RE: Response to the Fiscal Findings Item #2, as reported in the Executive Summary of Findings for the CDC Funding Grant Agreement, Fiscal Period: August 31, 2005 through August 30, 2006

Dear Mr. Yee:

Thank you for your time yesterday to conduct an exit interview for the audit of the CDC Funding Grant Agreement, Fiscal Period: August 31, 2005 through August 30, 2006, and the Hospital Preparedness Program (HPP) Funding Grant Agreement for the Fiscal Period September 1, 2005 through August 31, 2006.

Please accept this letter as San Mateo County's Response to your audit findings to the CDC Funding Grant Agreement, and confirmation that both reports reviewed today marked "draft" are considered the final reports.

The Executive Summary Item #2 of the CDC Funding Grant Agreement, states the following:

"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.S)."

The County submits the following response:

The County sponsors an investment pool that is managed by the County Treasurer. The County Treasurer acts like a fiscal agent (or a banker) for each individual fund set up in the County's accounting system (commonly known as IFAS). Each fund in IFAS is separately accounted for and participates in the County's Investment Pool to obtain higher yield. Grant monies restricted for the Local Public Health Preparedness are deposited directly into trust fund 04314 and are NOT commingled with monies from other sources. Participants' equity in the Investment Pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment/interest income. Investment/Interest income is apportioned to pool participants every quarter based on each fund's (or participant's) average daily cash

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balance at quarter. The monies in trust fund 04314 will eventually be transferred to an appropriate fund to pay for specific program expenses as permitted under the grant agreement. As such, this trust fund in a way acts like a "clearing fund" to hold the grant monies until they are completely drawn down.

All grant trust fund requirements are handled in this manner and this is the first audit finding that we have received indicating that this practice was insufficient. As mentioned during the meeting, we hope that we can work with the Emergency Preparedness Office (EPO) to draft CDC Funding Grant Agreement language that is agreeable to both parties.

Please feel free to contact me at elkawk@co.sanmateo.ca.us or 650-573-2750 if you would like to discuss this further.

Sincerely,



Elizabeth Kauk
Financial Services Manager II
Community Health/Public Health

Cc: Gina Wilson, CFO, Health System
Carl Hess, Management Analyst III, Public Health
Mel Baumgard, Financial Services Manager I, Community Health/Public Health