

**REPORT
ON THE
LIMITED AUDIT**

**COUNTY OF TULARE
TULARE COUNTY HEALTH AND HUMAN SERVICES AGENCY
TULARE, 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**



SANDRA SHEWRY
Director

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



ARNOLD SCHWARZENEGGER
Governor

May 15, 2009

Raymond Bullick, Director
County of Tulare
Tulare County Health and Human Services Agency
Health Services Department
Government Plaza
5957 South Mooney Boulevard
Visalia, CA 93277

Dear Mr. Bullick:

The claims for expenditures for services provided by Tulare County Health and Human Services Agency, under the Public Health Emergency Preparedness Program, Center for Disease Control and Prevention grant 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 Tulare County for the fiscal year ended June 30, 2006, were examined by other auditors whose report dated December 6, 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 July through November, 2008. The exit conference was held on January 7, 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 \$70,914 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:

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

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

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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:

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.

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

Original Signed By

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

Certified

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

Susan Fanelli
Assistant Deputy Director
Emergency Preparedness Office
California Department of Public Health
1615 Capitol Avenue, Suite 73.373
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Sacramento, CA 95899-7413

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cc: Patty Call
Contract Manager
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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:

GRANT COMPLIANCE

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

FISCAL FINDINGS

1. The County requested a total of \$871,258 of federal funds for the period and had expenditures totaling \$548,198. The unexpended federal program funds totaled \$323,060 as of August 30, 2006, representing 37% of the federal funds awarded. (See Section V. A)
2. The County requested a carryover for \$267,849 of the \$323,060 unexpended funds to the next fiscal period 2006-2007. The carryover request was approved by the EPO on July 23, 2007. Funds of \$55,211 remained unspent for fiscal period 2005-2006 for which a recovery is proposed of \$55,211 amount due state. Additionally, recovery of \$7,379 amount due state is proposed for carryover expenditures that were found to be related to 2007-2008 fiscal period. (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 detected situations in which funds from this agreement were used to fund other programs. Travel expenditures of \$1,036 for other programs were charged to the CDC programs. (See Section V. D).
5. The County did not have prior written approval from EPO for lodging, meal, and mileage rates that exceeded Department of Personnel Administration (DPA) rates or for the out-state lab trip to Richmond, Virginia. (See Section V. F2)
6. The County claimed grant expenses from the prior fiscal period 2004-2005 for which a recovery is proposed of \$1,139 amount due state. (See Section V. F4)

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7. The County claimed expenses related to the next fiscal period 2006-2007 for which a recovery is proposed of \$6,149 amount due state. (See Section V. F5)
8. The County reported expenses on the incorrect budget line item from the approved budget justification for which reclassifications were necessary to properly reflect the expenditures. (See Section V.B, V.F4 and V.F5)

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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 Tulare County Health and Human Services Agency is a local governmental agency, which is a part of the County of Tulare government.

The mission of the Tulare County Health and Human Services Agency is to develop, implement, and promote public policies that improve the well being of the people of Tulare through programs provided in a caring, collaborative, and culturally respectful manner.

The Tulare Health and Human Services Agency, 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 Tulare Health and Human Services Agency administrative offices located at 5957 South Mooney Boulevard, Visalia, CA 93227 consist of the following divisions:

- Health Care Department
- Environmental Health Services
- Public Health Division
- Maternal and Child Health Care
- Office of Emergency Services

The following Clinics are located at various locations throughout the County:
Tulare County Health Care Centers

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Tulare County Adult Mental Health Centers
Tulare County Child Mental Health Centers
Tulare County Women, Infant and Children

D. FUNDING SOURCES

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

	Expenditures
U.S. Department of Health and Human Services	\$ 96,695,727
U.S. Department of Agriculture	\$ 73,679,726
U.S. Department of Labor	\$ 14,778,405
U.S. Department of Justice	\$ 3,083,184
U.S. Department of Homeland Security	\$ 1,944,138
U.S. Department of Transportation	\$ 1,712,972
Elections Assistance Commission	\$ 1,612,434
U.S. Department of Interior, Bureau of Land Mgmt	\$ 1,489,279
U.S. Department of Housing and Urban Development	\$ 670,229
U.S. Department of Education	\$ 201,894
Total Expenditures of Federal Awards	\$195,867,988

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 \$871,258.

- Federal CDC Emergency Preparedness Allocation

Center for Disease Control Base Allocation	\$ 509,732
Reference Laboratory and Trainee Allocation	<u>361,526</u>
Total	<u>\$ 871,258</u>

E. GRANT 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

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cooperative agreement is to fund the active participation in and awareness of the immediate establishment, use, and continuous improvement of a national system using the CDC Preparedness Goals to measure public health system response performance.

The CDC Preparedness Goals the County of Tulare is granted 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

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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
DPA	Department of Personnel Administration
EPO	Emergency Preparedness Office (California Department of Public Health Program Office)
LHD	Local Health Department (Tulare County Public Health Department)
OMB	U.S. Office of Management and Budget

III. SCOPE OF AUDIT

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The Financial Audits Section's review of the County of Tulare (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. This 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

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 \$871,258 of federal funds and had expenditures totaling \$548,198. 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 agreement requires the County to return unexpended funds. The County had a total of \$323,060 in unexpended funds for fiscal period 2005-2006. The County submitted a carryover budget request to the Program to carry the funds to the 2006-2007 period instead of returning the funds. The request for \$267,849 with a re-distribution of funds among line items was submitted on June 6, 2007 and approved by EPO on July 23, 2007. The County had remaining unspent funds of \$55,211 which were not carried forward to the next fiscal period nor returned to the State.

The carryover funds of \$267,849 to the 2006-2007 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. Our review of the carryover expenses disclosed the carryover amounts were fully expended. Lab equipment service agreement expenditures of \$19,739 were claimed on the "Contractual" line item instead of "Equipment and Supplies" line item as approved in the budget. Lab expenditures of \$7,379 were found to be used for the next the fiscal period 2007-2008 which was not approved use of funds per the carryover request.

Recommendation:

The County should comply with the grant requirements. The remaining unexpended funds from 2005-2006 and carryover funds that were used for

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non-allowable purposes shall be returned to the State. The expenses claimed should be reported on the proper line item in accordance with the approved budget and all expenditures claimed must be for grant period.

- A recovery is proposed for \$62,590 amount due State for unexpended funds of \$55,211 and non-allowable carryover expenditures funds of \$7,379. See Schedule 1A and Schedule 1B.
- The CDC lab carryover equipment service agreement expenditures of \$19,739 will be reclassified from the “Contractual” to “Equipment” line item category to properly state the expenditures in accordance with the approved budget. See Schedule 1B.

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 grant does not fulfill requirements of this grant provision.

Recommendation:

The County shall establish a Local Public Health Preparedness Trust Fund to comply with the grant 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 78% 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 detected situations where funds from this agreement were used to fund other programs.

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The review of grant expenditures identified \$1,036 in travel expenses for other programs that were charged to the CDC grant. (See Section V.F2).

Recommendation:

The County shall have procedures in place to prevent supplanting of CDC funds to comply with the grant requirements. The funds used to supplant other programs shall be returned to the State. A recovery is proposed for \$1,036 amount due State.

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 M. Green and Company, whose report was dated December 6, 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 71% of the total emergency preparedness federal allocation of funds awarded for the 2005-2006 period. The County requested \$466,946 for personnel expenditures and \$154,412 for fringe benefits. The County did not fully expend the personnel and fringe benefits funds awarded.
- b. Personnel expenditures for the 2005-06 period were \$429,516. We reviewed payroll summary records, labor distribution reports and personnel job descriptions noted that salaries and benefits pertained to personnel approved under the agreement and for the grant period. The fringe benefits costs were based on actual

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amounts from the payroll records.

2) Travel Reimbursement Requirements

The total travel budget for 2005-2006 funds awards was \$19,067 or two percent. The total reported travel expenditures for the period were \$7,426. Our review of the travel expenditures disclosed the following exceptions:

- a. Out-of-state travel to Richmond, Virginia in May and June 2006 by a Lab Emergency Preparedness Coordinator was not approved in the budget justification nor was there written approval from EPO.
- b. The County claimed meal, lodging and mileage rates exceeded the DPA maximum rates without prior written approval or exemption from EPO.
- c. Travel expenses totaling \$1,036 for other programs were charged to the CDC grant, \$23 to CDC base and \$1,013 to CDC lab. (See Section V.D)

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 grant requirements. Written approval and/or waiver should be obtained from EPO prior to travel for out-state travel and exceptions to DPA rates. The claimed expenses should only be for the program.

3) Supplies Expenditures

The total laboratory supplies budget for 2005-2006 funds awarded was \$86,012 or ten percent. The County expended \$19,204 for laboratory supplies during the period in accordance with the budget justification. Our review of supplies expenditures did not disclose any material exceptions.

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4) Contractual Expenditures

The County requested \$75,009 for contractual expenditures and expended \$7,782 during the 2005-2006 grant period. Our review disclosed that \$1,139 of the expenditures were for the prior fiscal periods 2004-2005. Lab Contractual expenditures of \$8,666 were claimed incorrectly on the "Equipment" line item when the expenses were budgeted under the "Contractual" line item on the budget justification.

Recommendation:

All CDC program expenses should be monitored to ensure compliance with program and grant requirements. The funds that were used for non-allowable purposes shall be returned to the State. The expenses claimed should be reported on the proper line item in accordance with the approved budget and all expenditures claimed must be for the grant period.

- A recovery is proposed for \$1,139 amount due state for funds used for prior fiscal period. See Schedule 1.
- The CDC lab expenditures of \$8,666 will be reclassified from "Equipment" to "Contractual" line item to properly state the expenditures in accordance with the approved budget. See Schedule 1.

5) Other Expenditures

The County requested \$51,320 for other expenditures and expended \$57,562 during the 2005-2006 grant period. The review of the expenditures noted the following exceptions:

- a. Expenses of \$4,025 charged to bioterrorism grant for construction of medical director's office incurred on 9/21/06 related to the next fiscal period 2006-2007.
- b. An expense of \$2,124 incurred on October 4, 2006 for installation of Winegard Satellite System related to the next fiscal year 2006-2007.
- c. Telephone repair expenditures of \$214 found to be related to the lab were not budgeted according to the budget justification.

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- d. Training travel of \$7,706 expenses for lab trainees were reported incorrectly on the "Other" budget line-item in the CDC lab category. However, the expense was approved on the "Personnel" line item in the budget justification.

Recommendation:

All CDC program expenses should be monitored to ensure compliance with program and grant requirements. The funds that were used for non-allowable purposes shall be returned to the State. The expenses claimed should be reported on the proper line item in accordance with the approved budget and all expenditures claimed must be for the grant period.

- A recovery is proposed for \$6,149 amount due state for funds used for the next fiscal period. See Schedule 1.
- CDC base expenditures of \$214 will be reclassified from CDC Base "Other" to CDC lab "Other" line item to properly state the expenditures. See Schedule 1.
- CDC lab expenditures of \$7,706 will be reclassified from CDC lab "Other" to "Personnel" line item category to properly state the expenditures in accordance with the approved budget. See Schedule 1.

6) Indirect Costs

In total the indirect costs claimed by the County were within the approved budget justification. However the indirect costs for the CDC Base line item exceeded the budgeted amount and indirect costs for CDC Lab line item were below the budgeted amount.

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 Tulare 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 Tulare'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 Tulare 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, 1A and IB. The audit adjustments are presented on Schedule 2.

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VIII. CONTRACTOR'S RESPONSE TO AUDIT FINDINGS

The audit findings were discussed with the Tulare County Health and Human Services Agency staff at the exit held on January 7, 2009. 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.

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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. A response received on April 17, 2009 indicated that EPO will work with the County to resolve the issues. No revisions were made to this report as a result of EPO's response.

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
1.	CDC Base				
	Financial Assistance				
	A. Personnel		\$257,624		\$257,624
	B. Fringe		\$75,784		\$75,784
	C. Travel	4	\$3,894	(\$23)	\$3,871
	D. Equipment		\$0		\$0
	E. Supplies		\$0		\$0
	F. Contractual		\$6,646		\$6,646
	G. Other	3, 6	\$49,856	(\$6,363)	\$43,493
	Total Direct FA		\$393,804		\$387,418
	H. Indirect		\$9,394		\$9,394
	Total Financial Assistance		\$403,198	(\$6,386)	\$396,812
	I. Personnel				
	J. Federal Contract				
	K. Other				
	Total Direct Assistance		\$0		\$0
	Grand Total		\$403,198	(\$6,386)	\$396,812
2.	LABS Only				
	Financial Assistance				
	A. Personnel	1	\$74,263	\$7,706	\$81,969
	B. Fringe		\$21,845		\$21,845
	C. Travel	4	\$3,532	(\$1,013)	\$2,519
	D. Equipment	2	\$8,666	(\$8,666)	\$0
	E. Supplies		\$19,204		\$19,204
	F. Contractual	2, 5	\$1,139	\$7,527	\$8,666
	G. Other	1,3	\$7,706	(\$7,492)	\$214
	Total Direct FA		\$136,355	(\$1,938)	\$134,417

SCHEDULE 1

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

SUMMARY OF AUDITED PROGRAM EXPENDITURES – CDC GRANT FUNDS

	Budget Category		Audit Adjustment No.	2005/2006 Expenditures		
				As Reported	Audit Adjustments	As Audited
	H.	Indirect		\$8,645		\$8,645
	Total Financial Assistance			\$145,000	(\$1,938)	\$143,062
	I.	Personnel				
	J.	Federal Contract				
	K.	Other				
	Total Direct Assistance			\$0		\$0
	GRAND TOTAL			\$548,198	(\$8,324)	\$539,874

SCHEDULE 1A

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

SUMMARY OF PROGRAM EXPENDITURES – CDC GRANT FUNDS

	Budget Category	Base Funding Source	05/06 Expenditures	Total Unspent Funds	Carryover To 2006-2007	Unspent Funds Remaining*
1.	CDC Base					
	Financial Assistance					
	A. Personnel	\$326,817	\$257,624	\$69,192	\$0	
	B. Fringe	\$107,418	\$75,784	\$31,634	\$0	
	C. Travel	\$11,955	\$3,894	\$8,061	\$0	
	D. Equipment	\$0	\$0	\$0	\$0	
	E. Supplies	\$0	\$0	\$0	\$0	
	F. Contractual	\$9,442	\$6,646	\$2,796	\$83,582	
	G. Other	\$51,320	\$49,856	\$1,464	\$22,952	
	Total Direct FA	\$506,952	\$393,804	\$113,148	\$106,534	\$6,614
	H. Indirect	\$2,780	\$9,394	(\$6,614)	\$0	(\$6,614)
	Total Financial Assistance	\$509,732	\$403,198	\$106,534	\$106,534	\$0
	I. Personnel					
	J. Federal Contract					
	K. Other					
	Total Direct Assistance	\$0	\$0	\$0		\$0
	Grand Total	\$509,732	\$403,198	\$106,534	\$106,534	\$0
2.	LABS Only					
	Financial Assistance					
	A. Personnel	\$140,129	\$74,263	\$65,866	\$0	
	B. Fringe	\$46,994	\$21,845	25,149	\$0	
	C. Travel	\$7,112	\$3,532	\$3,580	\$0	
	D. Equipment	\$0	\$8,666	(\$8,666)	\$136,315	
	E. Supplies	\$86,012	\$19,204	\$66,808	\$25,000	
	F. Contractual	\$65,567	\$1,139	\$64,428	\$0	
	G. Other	\$0	\$7,706	(\$7,706)	\$0	
	Total Direct FA	\$345,814	\$136,355	\$209,459	\$161,315	\$48,144

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

SUMMARY OF PROGRAM EXPENDITURES – CDC GRANT FUNDS

Budget Category		Base Funding Source	05/06 Expenditures	Total Unspent Funds	Carryover To 2006-2007	Unspent Funds Remaining*
H.	Indirect	\$15,712	\$8,645	\$7,067	\$0	\$7,067
Total Financial Assistance		\$361,526	\$145,000	\$216,526	\$161,315	\$55,211
I.	Personnel					
J.	Federal Contract					
K.	Other					
Total Direct Assistance		\$0	\$0	\$0		\$0
Grand Total		\$361,526	\$145,000	\$216,526	\$161,315	\$55,211
GRAND TOTAL		\$871,258	\$548,198	\$323,060	\$267,849	\$55,211

(Adj 7)

*Recovery proposed for Unspent Funds.

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

**SUMMARY OF CARRYOVER FROM FY 2005-2006 TO FY 2006-2007
AUDITED PROGRAM EXPENDITURES – CDC GRANT FUNDS**

	Budget Category	Audit Adjustment No.	2006/2007 Expenditures		
			As Reported	Audit Adjustments	As Audited
1.	CDC Base				
	Financial Assistance				
	A. Personnel		\$0		\$0
	B. Fringe		\$0		\$0
	C. Travel		\$0		\$0
	D. Equipment		\$0		\$0
	E. Supplies		\$0		\$0
	F. Contractual		\$83,582		\$83,582
	G. Other		\$22,952		\$22,952
	Total Direct FA		\$106,534		\$106,534
	H. Indirect		0		0
	Total Financial Assistance		\$106,534		\$106,534
	I. Personnel				
	J. Federal Contract				
	K. Other				
	Total Direct Assistance		\$0		\$0
	Grand Total		\$106,534		\$106,534
2.	LABS Only				
	Financial Assistance				
	A. Personnel		\$0		\$0
	B. Fringe		\$0		\$0
	C. Travel		\$0		\$0
	D. Equipment	8,9	\$131,117	\$12,360	\$143,477
	E. Supplies		\$10,459		\$10,459
	F. Contractual	8	\$19,739	(\$19,739)	\$0
	G. Other		\$0		\$0
	Total Direct FA		\$161,315	(\$7,379)	\$153,936

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

**SUMMARY OF CARRYOVER FROM FY 2005-2006 TO FY 2006-2007
AUDITED PROGRAM EXPENDITURES – CDC GRANT FUNDS**

	Budget Category		Audit Adjustment No.	2005/2006 Expenditures		
				As Reported	Audit Adjustments	As Audited
	H.	Indirect		\$0		\$8,645
	Total Financial Assistance			\$161,315	(\$7,379)	\$153,936
	I.	Personnel				
	J.	Federal Contract				
	K.	Other				
	Total Direct Assistance			\$0		\$0
	GRAND TOTAL			\$267,849	(\$7,379)	\$260,470

Contractor Name				Fiscal Period		Contract Number		Adjustments	
COUNTY OF TULARE				AUGUST 31, 2005 THROUGH AUGUST 30, 2006		CDC FUNDING GRANT		9	
Report References				Explanation of Audit Adjustments		As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Audit Report		Invoice or Claim						
	Schedule	Line	Column						Line
<u>CDC - RECLASSIFICATIONS TO REPORTED COSTS</u>									
1	1	2A	3	2A	CDC Lab - Personnel	\$74,263	\$7,706	\$81,969	
	1	2G	3	2G	CDC Lab - Other	7,706	(7,706)	0 *	
To reclassify training travel expenses for lab trainees to the proper budget line item in accordance with the approved grant budget. 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									
2	1	2F	3	2F	CDC Lab - Contractual	\$1,139	\$8,666	\$9,805 *	
	1	2D	3	2D	CDC Lab - Equipment	8,666	(8,666)	0	
To reclassify contractual equipment expenses to the proper budget line item in accordance with the approved grant budget. 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									

Contractor Name					Fiscal Period		Contract Number		Adjustments
COUNTY OF TULARE					AUGUST 31, 2005 THROUGH AUGUST 30, 2006		CDC FUNDING GRANT		9
Report References					Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Audit Report		Invoice or Claim						
	Schedule	Line	Column	Line					
CDC - RECLASSIFICATIONS TO REPORTED COSTS									
3	1	2G	3	2G	CDC Lab - Other *	\$0	\$214	\$214	
	1	1G	3	1G	CDC Base - Other	49,856	(214)	49,642 *	
<p>To reclassify telephone expenditures related to the lab for proper cost reporting.</p> <p>Public Health Emergency Preparedness Funding Agreement FY 2005-2006</p> <p>Budget Period: August 31, 2005 through August 30, 2006</p> <p>Local Guidance Cooperative Agreement FY 2005-2006</p> <p>Public Health Service Act, Section 319C (42 USC 247 d-3)</p> <p>45 CFR Part 92 (Under the Public Welfare section) (Under the Grant requirements for State, Local and Tribal Governments)</p> <p>OMB Circular A-133 (Audits of States, Local Governments, and Non-Profit Organizations)</p> <p>California Health and Safety Code, Sections 101315 to 101320</p>									

Contractor Name					Fiscal Period	Contract Number	Adjustments	
COUNTY OF TULARE					AUGUST 31, 2005 THROUGH AUGUST 30, 2006	CDC FUNDING GRANT	9	
Report References					Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report		Invoice or Claim					
	Schedule	Line	Column	Line				
<u>CDC - ADJUSTMENTS TO REPORTED COSTS</u>								
4	1	1C	3	1C	CDC Base - Travel	\$3,894	(\$23)	\$3,871
	1	2C	3	2C	CDC Lab - Travel	3,532	(1,013)	2,519
To recover \$1,036 of travel expenditures that were used for other programs. 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								
5	1	2F	3	2F	CDC Lab - Contractual *	\$9,805	(\$1,139)	\$8,666
To recover \$1,139 of lab equipment contract expenditures that were used for prior period 2004-2005. 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								

Contractor Name					Fiscal Period	Contract Number	Adjustments		
COUNTY OF TULARE					AUGUST 31, 2005 THROUGH AUGUST 30, 2006	CDC FUNDING GRANT	9		
Report References					Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Audit Report		Invoice or Claim						
	Schedule	Line	Column	Line					
<u>CDC - ADJUSTMENTS TO REPORTED COSTS</u>									
6	1	1G	3	1G	CDC Base - Other * To recover \$6,149 of other expenditures that were used for next fiscal period 2006-2007. 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	\$49,642	(\$6,149)	\$43,493	

Contractor Name				Fiscal Period		Contract Number		Adjustments		
COUNTY OF TULARE				AUGUST 31, 2005 THROUGH AUGUST 30, 2006		CDC FUNDING GRANT		9		
Report References				Explanation of Audit Adjustments				As Reported	Increase (Decrease)	As Adjusted
Adj. No.	Audit Report		Invoice or Claim							
Schedule	Line	Column	Line							
<u>ADJUSTMENTS TO OTHER MATTERS</u>										
7	1A	Not Reported		Unspent Funds To recover \$55,211 in unspent funds for fiscal period 2005-2006 that were not carried over to the next fiscal period 2006-2007. 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				\$0	(\$55,211)	(\$55,211)

Contractor Name					Fiscal Period	Contract Number	Adjustments		
COUNTY OF TULARE					AUGUST 31, 2005 THROUGH AUGUST 30, 2006	CDC FUNDING GRANT	9		
Report References					Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted	
Adj. No.	Audit Report		Invoice or Claim						
	Schedule	Line	Column	Line					
<u>CARRYOVER - RECLASSIFICATIONS TO REPORTED COSTS</u>									
8	1B	2D	3	2D	Carryover - CDC Lab - Equipment	\$131,117	\$19,739	\$150,856 *	
	1B	2F	3	2F	Carryover - CDC Lab - Contractual	19,739	(19,739)	0	
To reclassify lab equipment service agreement expenditures to the proper budget line item in accordance with the approved grant budget. 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									

Contractor Name				Fiscal Period		Contract Number		Adjustments
COUNTY OF TULARE				AUGUST 31, 2005 THROUGH AUGUST 30, 2006		CDC FUNDING GRANT		9
Report References					Explanation of Audit Adjustments			
Adj. No.	Audit Report		Invoice or Claim					
	Schedule	Line	Column	Line				
<u>CARRYOVER - ADJUSTMENTS TO REPORTED COSTS</u>								
9	1B	2D	3	2D	Carryover - CDC Lab - Equipment * To recover \$7,379 of lab equipment contracts expenditures that were used for fiscal period 2007-2008 which was not the designated use of fiscal period 2005-2006 carryover funds to fiscal period 2006-2007. 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	\$150,856	(\$7,379)	\$143,477

ATTACHMENT A



**Tulare County
Health & Human Services Agency**

John Davis, Agency Director

Health Services Department ■ Ray Bullick, Director

January 30, 2009

RECEIVED

FEB 09 2009

Department of Health Services
Audits and Investigations
Financial Audits Branch
Audits Section—Fresno

Jaskaranjit K. Bal, Auditor
State of California
Department of Health Care Services
Audits Section – Fresno
1782 East Bullard Avenue, Suite 101
Fresno, CA 93710-5856

SUBJECT: FY2005-2006 CDC & HPP AUDIT

Dear Jas,

First and foremost, let me take this opportunity to thank you for meeting with our staff over the past several months. Your insights at the exit meeting were invaluable as we strive to efficiently deliver these vital services in Tulare County.

In reply to your findings, attached is a summary of the County's response to each point. Also attached are exhibits supporting our response.

Again, working with you, as well as Michael Harrold, has been a pleasure. If you have any questions or need further information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Judy Richmond".

Judy Richmond, Unit Mgr. I
Public Health Emergency Preparedness Coordinator

Attachments (2)

cc: Ray Bullick, Health Director
Kevin Marks, Assistant Agency Director
Dianthe Hoffman, Public Health Division Manager
Kevin Mikesell, Fiscal Manager
Peggy O'Conner, Accountant

ATTACHMENT A

County of Tulare
 FY05/06 PUBLIC HEALTH EMERGENCY PREPAREDNESS (6034)/CDC
 LAB(6039)/HOSPITAL PREPAREDNESS (6105)AUDIT

RESPONSE SUMMARY BY FINDING

Exhibit #	Item	State Finding	County Response
	Recovery of \$55,211	Unspent	Agree
	Recovery of \$7,379	Found to be used for the next fiscal period (07-08) which was not approved.	Disagree-LHD Staff was following previous guidance from state program staff to charge contracts in this manner so long as the same contract was not charged twice during the same grant period.
	Reclassify \$19,739	from "contractual" to "equipment"	No Recovery requested--Document accordingly.
A	Trust Fund	No written procedures for trust fund management. Separate Trust Fund required. No "com-mingled pool".	Disagree. See Auditor's response in Exhibit A.
	Recovery of \$1,036	Travel expenses charged to CDC grant.	Waiver Request: These employees no longer work for the county further back-up to support is unavailable. Respectfully request this recovery amount be waived and \$55,211 be accepted as payment in full.
B	Recovery of \$2,124.	Funds used for next fiscal period. Incurred on 10/4/06 for Winegard Satellite System related to FY06/07.	Disagree: Copy of Supply & Service showing this expense requisitioned during grant period attached.
C	Recovery of \$4,025	Insufficiently supported expenditures	Disagree: Copy of Invoice and state approval for this expense attached.
	Reclassify \$214	from CDC Base to Lab.	No Recovery requested--Document accordingly.
	Reclassify \$7,706	From "other" to "personnel"	No Recovery requested--Document accordingly.
	Total Recovery Request: \$69,775		Request you accept \$55,211 as payment in full.