

One of the 10 grants we examined had more specific requirements. A component of the Cooperative Agreement for Public Health Preparedness and Response for Bioterrorism requires periodic on-site assessments of local planning efforts to receive, distribute, and dispense medicine and medical supplies in the event of large public health emergencies for 15 participating counties. Reviewers use an 11-page standardized assessment tool.

The State uses four methods to monitor subrecipients' use of federal grant funds for homeland security and bioterrorism preparedness: (1) providing technical assistance to subrecipients; (2) performing desk reviews of documents submitted by subrecipients; (3) requiring subrecipients to submit independent audit reports, as required by OMB Circular A-133; and (4) conducting on-site monitoring.

For each of the 10 grants in our review, the State used at least three of the four suggested methods of monitoring subrecipients.

For each of the 10 grants included in our review, the State performed the four types of monitoring—technical assistance, desk reviews, on-site reviews, and independent audits. However, only State Homeland Security performed on-site reviews that examined subrecipient's use of federal grant funds. From January 2006, when it started performing these on-site visits, to early July 2006, State Homeland Security had issued site visit reports for 13 of 128 subrecipients. During those visits State Homeland Security reviewed subrecipients' use of funds from the 2001 and 2002 State Domestic Preparedness Equipment Support Programs, the 2003 State Homeland Security Program, and the 2004 Homeland Security Grant Program. As noted in Appendix C, these four grants have either already closed or will close by November 30, 2006. When performing the on-site monitoring State Homeland Security used a 14-page review document to assess the subrecipients' performance.

Based on the results achieved by State Homeland Security during its reviews, we believe that on-site monitoring of subrecipients' use of federal grant funds has value. Of the 13 reviews issued as of early July 2006, 12 resulted in findings that required the subrecipients to submit corrective action plans to State Homeland Security. Among the findings reported by State Homeland Security, the following are the most significant:

- More than \$427,000 in equipment not listed in property records.
- About \$276,000 in unreconciled payroll costs.

- Nearly \$116,000 in reimbursements for which no documentation was available.
- Nearly \$77,600 in reimbursements for expenses that had not occurred.
- Approximately \$33,900 in double-billed reimbursements.
- Nearly \$14,500 in reimbursements for unauthorized equipment.
- \$7,500 for unauthorized exercise activities.

State Homeland Security's on-site monitoring has identified instances of noncompliance.

Findings such as these show that some subrecipients did not always comply with applicable federal requirements and that on-site monitoring of subrecipients' use of federal funds can identify instances of noncompliance.

Subrecipients of bioterrorism preparedness funds can be subject to two types of on-site reviews. These reviews focus on programmatic rather than fiscal aspects of a subrecipient's operations. Since 2004 Health Services' staff has participated with the CDC in periodic site visits to 15 counties that receive funds from a component of the Cooperative Agreement for Public Health Preparedness and Response for Bioterrorism. These 15 counties were determined based on CDC's selection of major California cities that would receive these funds. During these visits, the review team examined local planning efforts to receive, distribute, and dispense medicine and medical supplies in the event of large public health emergencies. These reviews resulted in site visit reports, which in some cases included recommendations for improvement. As of August 2006 all 15 counties had been reviewed at least once and three had received at least one follow-up visit. According to the chief of Health Services' Emergency Pharmaceutical Services Unit, the department plans to follow up on each county's recommendations during the next periodic visit.

In April 2005 Health Services contracted with a vendor to assess local health departments' preparedness to respond to bioterrorism and other public health emergencies in which the local health department has the primary response role using a standardized 92-page review tool. These assessments were to examine progress by local health departments in achieving preparedness goals based on guidance for the Cooperative Agreement for Public Health Preparedness and Response for Bioterrorism and the Cooperative Agreement for the National Bioterrorism Hospital Preparedness Program. As of