

STATE OF NORTH CAROLINA

PERFORMANCE AUDIT

NORTH CAROLINA'S HOMELAND SECURITY
and
BIOTERRORISM EFFORTS

OCTOBER 2004

OFFICE OF THE STATE AUDITOR
RALPH CAMPBELL, JR.
State Auditor

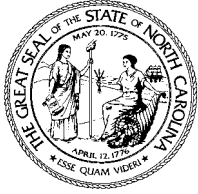
PERFORMANCE AUDIT

of

**North Carolina's
Homeland Security
and
Bioterrorism Efforts**

**OFFICE OF THE STATE AUDITOR
RALPH CAMPBELL, JR.
STATE AUDITOR**

October 2004



Ralph Campbell, Jr.
State Auditor

STATE OF NORTH CAROLINA
Office of the State Auditor

2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-0601
Telephone: (919) 807-7500
Fax: (919) 807-7647
Internet <http://www.ncauditor.net>

October 19, 2004

The Honorable Michael F. Easley, Governor
Members of the North Carolina General Assembly
Secretary Bryan Beatty
Department of Crime Control and Public Safety
Secretary Carmen Hooker Odom
Department of Health and Human Services
Commissioner Britt Cobb
Department of Agriculture and Consumer Services
Mr. Carl J. Stewart, Jr., Chair
North Carolina State Ports Authority
Raleigh, North Carolina

Ladies and Gentlemen:

We are pleased to submit this performance audit of **North Carolina's Homeland Security and Bioterrorism Efforts**. This audit was undertaken at the discretion of the State Auditor to examine homeland security and bioterrorism efforts centered in the Departments of Crime Control and Public Safety and Health and Human Services, respectively. The objectives of the audit were to examine program priorities, identify funding sources for homeland security and bioterrorism, and to determine project status and spending.

The scope of the audit entailed identifying the flow of homeland security and bioterrorism funds and sampling documentation maintained by the agency or group that ultimately was awarded the funds. This report consists of an executive summary and findings and recommendations that contain program overview information. The Secretaries of the Departments of Crime Control and Public Safety, Health and Human Services, and the Commission of Agriculture and Consumer Services, as well as the Chair of the North Carolina State Ports Authority, have reviewed a draft copy of this report. Their written comments are included as Appendices J through M, beginning on page 85.

We wish to express our appreciation to Secretary Beatty, Secretary Odom, Commissioner Britt, and Mr. Stewart and their staffs for the courtesy, cooperation, and assistance provided us during this effort.

Respectfully submitted,

A handwritten signature in black ink that reads "Ralph Campbell, Jr." in a cursive style.

Ralph Campbell, Jr.
State Auditor

Enclosure

[This page left blank intentionally.]

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	1
AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY	5
PROGRAM OVERVIEW	7
□ Background	7
□ Mission and Goals	9
□ Administration	9
□ Budget and Funding	11
□ Accomplishments	14
FINDINGS AND RECOMMENDATIONS	17
□ OBJECTIVE 1: Program Priorities	17
Overview	17
Methodology	18
Conclusions	18
Findings and Recommendations	19
□ OBJECTIVE 2: Homeland Security/Bioterrorism Funding	27
Overview	27
Methodology	28
Conclusions	30
Findings and Recommendations	30
□ OBJECTIVE 3: Status of Project/Spending	35
Overview	35
Methodology	35
Conclusions	36
Findings and Recommendations	36
TABLES:	
1 Local Health Departments for which Health and Human Services Pays Internet Connectivity Charges	21
2 Department of Agriculture and Consumer Services FY2001-02 Rainy Day Funds Allocation	21
3 Department of Agriculture and Consumer Services Cost of Unmet Needs	22
4 Ports Authority Security Improvement Funding--October 2001 – June 2004	22
5 Types of Unmet Needs Identified by Local Entities	24
6 State Entities Involved in Homeland Security and Bioterrorism Efforts	27
7 List of Site Visits to Entities Awarded Homeland Security and Bioterrorism Funds	28
8 List of Sub-recipients of Homeland Security and Bioterrorism Funds Interviewed by Telephone	29
9 Homeland Security and Bioterrorism Actions Making Federal Grant Process Difficult ..	31
10 Homeland Security/Bioterrorism Federal Grants Funds With Few Expenditures: 6/30/04	33
11 Homeland Security and Bioterrorism Funding – Local Pass-Through and State Spending	37
12 Homeland Security and Bioterrorism Funds -- Sub-recipient Grant Programs	43
13 Department of Agriculture and Consumer Services Homeland Security/Bioterrorism Funds by Program: FY2001-02	46

TABLE OF CONTENTS

	<u>Page</u>
EXHIBITS:	
1 North Carolina Emergency Response Commission Goals	7
2 Departments of Crime Control and Public Safety and Health and Human Services Homeland Security/Bioterrorism Grant/Project Management Structures	10
3 Department of Agriculture and Consumer Services Homeland Security/Bioterrorism Grant/Project Management Structure	11
4 North Carolina's Homeland Security and Bioterrorism Funding: FY00-04	12
5 Example of Local Special Response Team	14
6 Examples of State Medical Assistance Team Mobile Units	25
7 Examples of Equipment and Supplies Purchased for Homeland Security and Bioterrorism Programs	26
8 Sources of Homeland Security and Bioterrorism Funding	27
APPENDICES:	
A Homeland Security/Bioterrorism Grants: 10/1/01 – 6/30/04	49
B Selected Homeland Security Legislation	65
C North Carolina Emergency Response Commission Membership	67
D Crime Control and Public Safety Major Accomplishments In Homeland Security	69
E Department of Health and Human Services Accomplishments in Public Health Preparedness and Response	71
F Department of Agriculture and Consumer Services List Of Homeland Security /Bioterrorism Accomplishments	73
G North Carolina State Ports Authority List Of Homeland Security /Bioterrorism Accomplishments	75
H Summary of Local Questionnaire Responses	77
I Homeland Security and Bioterrorism Awards by Jurisdiction	83
J Response from Department of Crime Control and Public Safety	85
K Response from Department of Health and Human Services	93
L Response from Department of Agriculture and Consumer Services	103
M Response from State Ports Authority	105
DISTRIBUTION OF AUDIT REPORT	107

EXECUTIVE SUMMARY

Program Description

Homeland Security – A concerted national effort to prevent terrorist attacks within the United States, reduce America’s vulnerability to terrorism, minimize the damage, and recover from attacks that do occur.

Bioterrorism -- The unlawful release of biologic agents or toxins with the intent to intimidate or coerce a government or civilian population to further political or social objectives. Humans, animals, and plants are often targets.

North Carolina’s homeland security and bioterrorism efforts were begun prior to September 2001. The North Carolina Emergency Response Commission has responsibility for coordinating the state’s efforts and includes members from a number of state agencies as well as the public. The Commission works to link response systems from various agencies: first responders such as fire and emergency medical services personnel, law enforcement, emergency management, public health, and medical and mental health services. The Department of Crime Control and Public Safety is the lead agency for the state’s homeland security efforts, while the Department of Health and Human Services is the lead agency for bioterrorism efforts.

The missions of the homeland security and bioterrorism functions are basically the same: to reduce vulnerabilities, protect citizens, and respond to any terrorist incidents that may occur within the state. In all, North Carolina has been awarded more than \$217 million in homeland security and bioterrorism funding since fiscal year 2000. The majority of the funding, 91.8%, has been through federal grants.

The agencies responsible for homeland security and bioterrorism efforts in North Carolina have achieved considerable progress. Officials have built upon existing response capabilities and developed new capabilities in needed areas. However, given the sensitive nature of this subject, this report does not contain detailed descriptions of the projects underway.

Audit Scope and Methodology

The scope of this audit encompassed all agencies that received either federal or state homeland security and bioterrorism funding. However, since the majority of funds came through the Departments of Crime Control and Public Safety (homeland security funds) and Health and Human Services (bioterrorism funds), our examination concentrated on these agencies. The scope **did not** include any funds that went directly to a city or town from the federal level.

EXECUTIVE SUMMARY

Conclusions in Brief

Objective 1: Program Priorities

North Carolina state-level officials have refined existing structures and systems to develop our state's plan for dealing with both homeland security and bioterrorism. Both state and local officials have been involved in conducting threat assessments, determining priorities, and using that information to develop the state's plan. Much of the emergency response structure was in place prior to September 2001. State leaders have worked to enhance those systems, with the North Carolina Emergency Response Commission promoting coordination and cooperation. State agency personnel have identified a number of unmet needs with one-time costs of approximately \$148 million and annual on-going costs of approximately \$17.7 million. However, state officials have not identified stable sources of funds for on-going maintenance and replenishment of expended supplies and equipment. Additionally, local agency personnel also identified numerous unmet needs for which they were unable to estimate costs.

Objective 2: Homeland Security/ Bioterrorism Funding

North Carolina has been awarded \$199.5 million in federal funds (91.8%) and \$17.9 million in state funds (8.2%) for homeland security and bioterrorism efforts since fiscal year 2000. The Department of Crime Control and Public Safety leads the state's homeland security efforts, and the Department of Health and Human Services leads our bioterrorism efforts. Numerous other state agencies also play an important part in the state's efforts. Appendix A, page 49 contains a listing of all identified programs funded with homeland security and bioterrorism funds. Much of the actual project work is accomplished at the local levels. Both state and local personnel reported that the federal grant process is difficult for a number of reasons. There is a need for specific state standards for terrorism preparedness to assist both state and local entities in their efforts. Another factor that needs to be considered is establishing specific grant development funds to allow state agencies to take advantage of all federal funds for which North Carolina would qualify. We also noted that a number of agencies at both the state and local levels have been slow in spending funds, for a variety of reasons. Lastly, state officials need to develop the capacity to provide more assistance in grant management to the locals. Ten percent of the entities in our samples reported having declined homeland security and bioterrorism grants because they lacked the time or expertise to manage them.

Objective 3: Status of Projects/ Spending

Homeland security and bioterrorism funds from both federal and state sources can be used for any number of purposes. The expenditures from the various federal grants have to meet the specifications contained in the individual grants. There are controls at the local, state, and federal levels that are designed to confirm that funds have been spent as intended. For some grants, there was a mandated pass-through amount to local entities. North Carolina officials have made a concerted effort to pass-through the maximum amount of federal homeland security and bioterrorism funds to local entities, keeping less dollars than have been allowed by the grants at the state level. Through June 30, 2004, the Departments of Crime Control and Public Safety and Health and Human Services have conducted limited monitoring of sub-recipients. We noted a lack of communication between grant and individual project managers that may negatively impact monitoring. We noted only minor errors in posting and payments in the review of a sample of expenditures.

EXECUTIVE SUMMARY

Specific Findings

Page

Objective 1: Program Priorities:

- ❑ The state homeland security strategy and plan combines both homeland security and bioterrorism issues.19
- ❑ North Carolina has a number of unmet homeland security and bioterrorism needs....20
- ❑ Agencies have not addressed the on-going funding needs for maintenance and replenishment of supplies and equipment for homeland security and bioterrorism programs.....22
- ❑ Local entities have unmet homeland security and bioterrorism needs.24

Objective 2: Homeland Security/Bioterrorism Funding:

- ❑ The federal grant process is difficult for state and local officials to manage30
- ❑ Agencies have been slow in spending some federal homeland security and bioterrorism funds.....31
- ❑ Some local agencies have declined homeland security and bioterrorism grants33
- ❑ The Department of Crime Control and Public Safety lacks specific funds for development of grant proposals.....34

Objective 3: Status of Projects/Spending:

- ❑ State agencies have awarded more homeland security and bioterrorism funds to locals than required by grants.36
- ❑ An appearance of conflict of interest related to the contract for the State Medical Assistance Team unit prototypes was not documented.....41
- ❑ The Department of Crime Control and Public Safety’s Homeland Security Branch lacks written policies and procedures for grant management.....41
- ❑ The Departments of Health and Human Services and Crime Control and Public Safety are conducting limited monitoring of sub-recipient grant funds42
- ❑ There is a lack of communication between Crime Control and Public Safety grant and project managers.....44
- ❑ The Department of Crime Control and Public Safety had minor errors in accounting for homeland security grant expenditures45
- ❑ The Department of Agriculture and Consumer Services did not comply with state records retention requirements for fiscal year 200246

EXECUTIVE SUMMARY

[This page left blank intentionally.]

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

North Carolina General Statute 147-64.6 empowers the State Auditor with authority to conduct performance audits of any State agency or program. Performance audits are reviews of activities and operations to determine whether resources are being used economically, efficiently, and effectively and/or whether program goals are being met.

This performance audit of **North Carolina's Homeland Security and Bioterrorism Efforts** was undertaken at the discretion of the State Auditor. Given the heightened security of the country, the State Auditor determined that there was a need to review the status of homeland security and bioterrorism efforts in North Carolina. Questions were raised about whether the promised federal funds were received at the state and local levels¹, how those funds have been used, as well as how priorities were set for North Carolina.

Staff identified the following questions in developing objectives:

1. How has funding been prioritized for homeland security and bioterrorism programs for North Carolina? (see page 19)
2. What state departments/agencies have been awarded and received federal or state homeland security and bioterrorism funds? (see page 27)
3. What spending restrictions are placed on the funds from each source? (see page 35)
4. What homeland security and bioterrorism programs have been implemented in North Carolina? (see page 35)
5. What is the status of the identified programs? (see page 35)

The specific objectives developed from these questions were:

- **Objective 1—Program Priorities:** *To identify how priorities have been assigned to the program funding.*
- **Objective 2—Homeland Security/Bioterrorism Funding:** *To determine the amount of state and federal funds received by state agencies for the purpose of homeland security and bioterrorism efforts.*
- **Objective 3—Status of Projects/Spending:** *To identify the homeland security and bioterrorism programs that have been implemented and the operational status of the programs.*

The scope of the audit included all state agencies that received either federal or state funds, directly or indirectly, for homeland security or bioterrorism efforts. The majority of the homeland security funds were funneled through the Department of Crime Control and Public Safety, with the majority of bioterrorism funding going through the Department of Health and Human Services. Therefore, audit work concentrated on these two agencies but followed the funds to a sample² of other agencies at both the state and local levels. Additional work was also completed at the Department of Agriculture and Consumer Services, the State Ports Authority, as well as other state entities that received

¹ For the purposes of this report, the term "local level" refers to towns, municipalities, villages, and counties, as well as local entities such as fire departments, emergency medical services, hospitals, etc.

² Statistical samples were drawn at the Departments of Crime Control and Public Safety, Health and Human Services, and Agriculture and Consumer Services to test expenditures. Samples were drawn to achieve a 95% confidence level with a +/- 5% upper error limit with an expected error rate of zero. Sample size was based on the total number of homeland security or bioterrorism expenditures at each agency from October 1, 2001 through May 31, 2004. Samples were also selected during local level site visits. These were drawn randomly, selecting five expenditures at each local entity visited.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

direct funding from either federal or state sources. Appendix A, page 49 lists the agencies, funding, and programs identified.

This audit did **NOT** examine any funds that went directly from the federal level to a city or town. For example, we are aware that for fiscal year 2001, the cities of Charlotte, Raleigh, and Greensboro received federal grants of \$300,000 each from the Nunn/Luger/Domenici legislation targeting anti-terrorism equipment, planning, and training funds to the nation's 120 largest cities. Also in fiscal year 2004, Charlotte was awarded \$7,361,266 from the U.S. Department of Homeland Security under the Urban Area Security Initiative program. These grants were awarded to urban areas to help enhance their overall security and preparedness level to prevent, respond, and recover from acts of terrorism. The urban areas were chosen based on a formula that took into account factors including critical infrastructure, population density, and credible threat information.

We conducted the fieldwork during the period February 2004 through August 2004. To achieve the audit objectives, we employed auditing techniques that adhere to generally accepted auditing standards for performance audits as promulgated in *Government Auditing Standards* issued by the Comptroller General of the United States, including:

- Review of *North Carolina General Statutes*, *North Carolina Administrative Code* and *Codes of Federal Regulations* as they related to homeland security and bioterrorism efforts.
- Questionnaires to state agencies to identify federal and state homeland security and bioterrorism funding and programs.
- Review of policies and procedures for the identified homeland security and bioterrorism programs.
- Examination of organizational charts for the units within the Departments of Crime Control and Public Safety; Health and Human Services; and Agriculture and Consumer Services with grant monitoring responsibilities for homeland security and/or bioterrorism funds.
- Interviews with personnel at the various agencies receiving funds either directly or indirectly and other persons with direct knowledge of the programs, including federal monitors.
- Compilation of funding information from federal and state sources.
- Examination of a sample of homeland security and bioterrorism expenditures at the state agency level—Departments of Crime Control and Public Safety, Health and Human Services, Agriculture and Consumer Services, and the State Ports Authority.
- Review of internal and external reports on homeland security and bioterrorism programs.
- Site visits to a sample of local entities receiving homeland security and bioterrorism funds through state agencies to include interviewing entity officials, reviewing funding documentation, examining local homeland security/bioterrorism plans, sampling expenditures, etc.
- Telephone interviews with an additional sample of local agencies receiving funding.

This report contains the results of the audit as well as specific recommendations aimed at improving administration and coordination of homeland security and bioterrorism efforts in terms of economy, efficiency, and effectiveness. Because of the test nature and other inherent limitations of an audit, together with the limitations of any system of internal and management controls, this audit will not necessarily disclose all weaknesses in the systems or lack of compliance. Also, projection of any of the results contained in this report to future periods is subject to the risk that procedures may become inadequate due to changes in conditions and/or personnel, or that the effectiveness of the design and operation of policies and procedures may deteriorate.

PROGRAM OVERVIEW

BACKGROUND: Since the terrorist attacks on September 11, 2001, state and federal governments have devoted many resources to addressing homeland security and bioterrorism issues. Lawmakers at the state and federal levels were quick to respond by passing laws to increase appropriations as well as strengthen criminal penalties relating to terrorism. North Carolina passed legislation to increase criminal penalties for the manufacture, assembly, possession, etc. of weapons of mass destruction. Other legislation addressed immediate bioterrorism funding needs and established a biological agents registry. (See Appendix B, page 65.)

In response to the attacks, Governor Easley asked the Secretary of the Department of Crime Control and Public Safety to bring together the state’s top safety and security experts to form the Governor’s Terrorism Preparedness Task Force. The Task Force included representatives from the Departments of Health and Human Services, Environment and Natural Resources, Agriculture and Consumer Services, Transportation, Justice, Insurance, as well as the Office of Information Technology Services and the School of Public Health of the University of North Carolina at Chapel Hill. To address the terrorism threat, the Task Force established four committees that focused on threat assessment and reduction, emergency response, training, and public information.

In January 2003, the Governor issued Executive Order Number 40 re-establishing and re-defining the role of the North Carolina Emergency Response Commission³. The Commission, which absorbed the activities of the Task Force, includes twelve members from State agencies and six at-large members from local government and private industry with technical expertise in the emergency response field. The Secretary of Crime Control and Public Safety, who serves as the Governor’s Homeland Security Coordinator for the

Exhibit 1 North Carolina Emergency Response Commission Goals	
Goal 1	Provide a forum for federal, state, and local response agencies to coordinate activities as well as facilitate and strengthen the cooperation between federal, state and local governments.
Goal 2	Serve as a policy development/review organization to address the concerns of the response community on issues such as professional standards, training requirements, funding prioritization, and resource allocations.
Goal 3	Serve as an advisory body to the Governor and the Secretary of Crime Control and Public Safety on issues of risk assessment, prevention, preparedness, and mitigation strategies associated with the emergency response function.
Source: Commission Staff	

State, heads this Commission. Appendix C, page 67, shows the membership of the Commission. The Commission set forth three broad goals, as shown in Exhibit 1, encompassing the state’s homeland security and bioterrorism efforts. The Commission works to link response systems from various agencies:

first responders such as fire, emergency medical services, law enforcement, emergency management, public health, and medical and mental health services. Encouraging joint planning, training, and exercises leads to a unified response to a man-made or natural event.

³ The North Carolina Emergency Response Commission was first established in 1987 to meet requirements of the 1986 Superfund Amendments and Reauthorization Act.

PROGRAM OVERVIEW

The Lead Agencies: The *Department of Crime Control and Public Safety* (Crime Control) leads North Carolina's **homeland security strategy**. Crime Control includes many of the state's first responder personnel: Emergency Management, the National Guard, the State Highway Patrol, the Civil Air Patrol, as well as the Governor's Crime Commission, and Alcohol Law Enforcement among other divisions. These divisions provide statewide planning, coordination, and operational capabilities in law enforcement and for man-made and natural disaster

response. Because of the existing Crime Control structure, North Carolina did not have to create new agencies or hire new personnel to take immediate action on homeland security after the September 2001 attacks. However, in the fall of 2003 a new branch was created within the Division of Emergency Management to manage the Homeland Security funds from the federal government. The Department has been awarded in excess of \$121.8 million in federal grants since 2000.

Definition:
Homeland Security – A concerted national effort to prevent terrorist attacks within the United States, reduce America's vulnerability to terrorism, minimize the damage, and recover from attacks that do occur.

The *State Ports Authority* has received direct homeland security funding because the Ports were classified as critical national seaports by the federal government. Funding has come through the United States Department of Homeland Security, Transportation Security Administration's Ports Security Grant Program. These funds can be used for facilities and operations security enhancements that are vital to ensure minimal disruption of trade and the underlying infrastructure within the state. The Ports has been awarded \$7 million from the Ports Security Grant Program during fiscal years 2003 and 2004.

Definition:
Bioterrorism -- The unlawful release of biologic agents or toxins with the intent to intimidate or coerce a government or civilian population to further political or social objectives. Humans, animals, and plants are often targets.

The *Department of Health and Human Services* (Health and Human Services) leads North Carolina's efforts to fight **bioterrorism**. The main difference between biological terrorism and conventional terrorism (i.e. bombs, hijackings, etc.) is the duration from the time of attacks to the presentation of victims of the attacks. Depending on the agent, the incubation period can be up to 60 days. It is highly

probable that hospitals, not traditional first responders, will be the first to recognize a bioterrorism event secondary to the unfolding epidemiology and gradual increase in attack rates of a communicable agent. Health and Human Services has been awarded over \$67 million, mostly from the Centers for Disease Control and Prevention, to fight bioterrorism. The *Public Health Bioterrorism Preparedness Unit* was created to oversee federal grants.

PROGRAM OVERVIEW

The *Department of Agriculture and Consumer Services* received direct funding from the United States Department of Agriculture for ensuring the safety of the food chain in North Carolina. Agriculture inspectors are the first responders to terrorist attacks on agriculture as well as on animals. The Department is responsible for surveillance, response, testing, quarantining, and terminating all food, noxious invasive plants and insects, and animal and plant diseases. The Department has been awarded direct funding of \$2.8 million, both federal and state, during fiscal years 2002-2004.

MISSION AND GOALS: The missions of the *homeland security* function centered within the Department of Crime Control and Public Safety and the *bioterrorism* function centered within the Department of Health and Human Services are basically the same: that is, to reduce vulnerabilities, protect citizens, and respond to any terrorist incidents that may occur within the state. While a number of different divisions within Crime Control have some homeland security responsibilities, the *Division of Emergency Management* takes the lead. The *Homeland Security Branch* is specifically charged with assisting counties in planning for, responding to, recovering from, and mitigating future natural and man-made disasters. The purpose of the state's homeland security program is to improve the capabilities of first responder agencies in reacting to a terrorist or weapon of mass destruction attack. Similarly, the *Office of Public Health Preparedness and Response* within Health and Human Services prepares for and responds to bioterrorism, infectious disease outbreaks, and other public health threats through collaborative planning, education, investigation, and surveillance. As with Crime Control, several divisions within Health and Human Services have some bioterrorism or homeland security responsibilities.

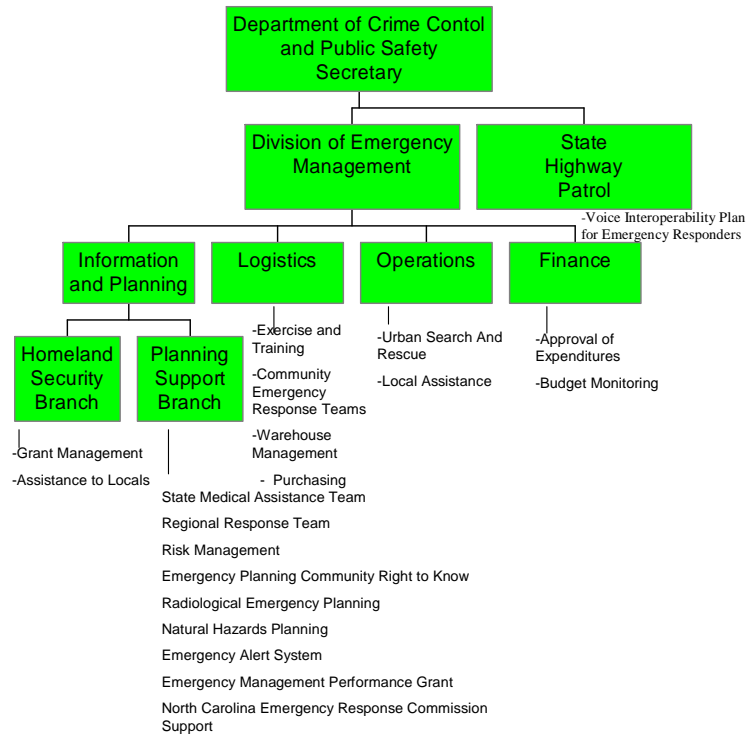
ADMINISTRATION: The administration of the homeland security and bioterrorism functions, while organizationally located within Crime Control and Health and Human Services respectively, must be highly coordinated with a number of other state agencies to be effective. As noted in the "lead agencies" section of this overview, both the State Ports Authority and the Department of Agriculture and Consumer Services have received direct federal funding for projects related to homeland security and bioterrorism efforts in the state, as have several other state entities. Appendix A, page 49 denotes which agencies received direct funding, the amounts, and the purpose for the funding.

Exhibit 2, page 10 depicts the sections within Crime Control that have direct homeland security grant management responsibilities and the sections within Health and Human Services that have direct bioterrorism funding responsibilities. Exhibit 3, page 11 shows the corollary sections with the Department of Agriculture that have similar responsibilities. Coordination of efforts is achieved through the oversight and direction of the North Carolina Emergency Response Commission.

PROGRAM OVERVIEW

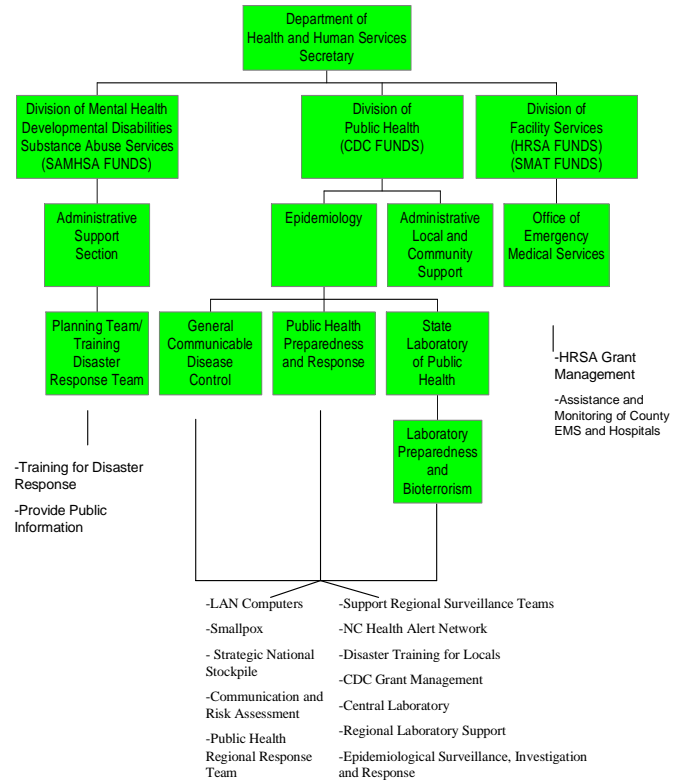
EXHIBIT 2

DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY HOMELAND SECURITY/BIOTERRORISM GRANT/PROJECT MANAGEMENT STRUCTURE



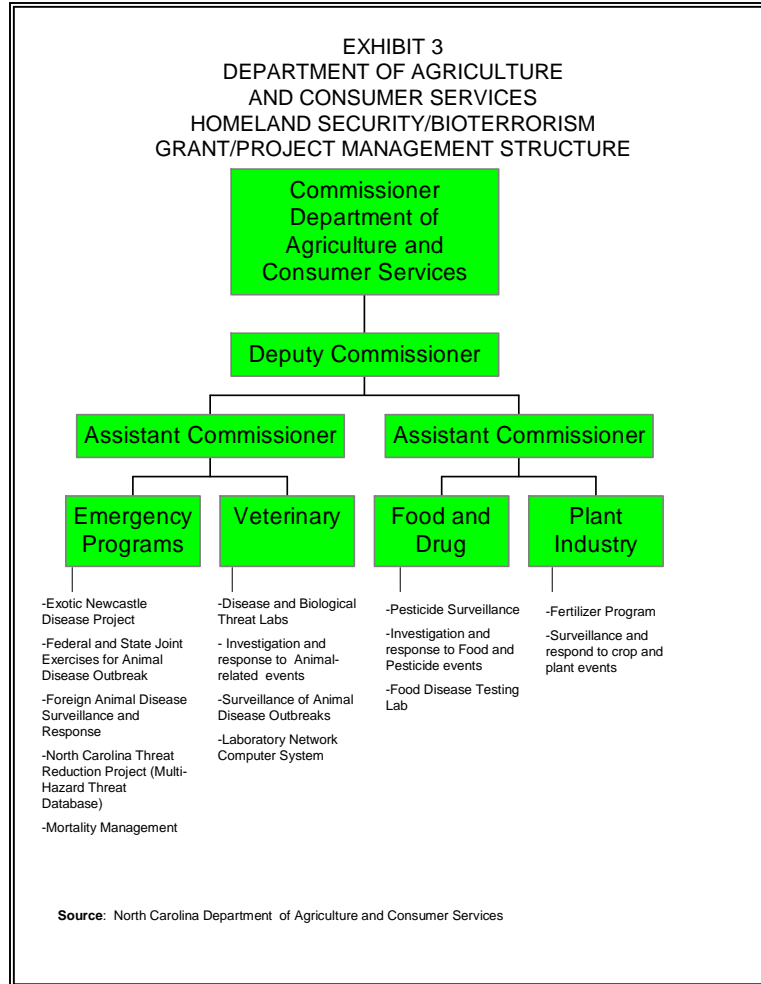
Source: Department of Crime Control and Public Safety

DEPARTMENT OF HEALTH AND HUMAN SERVICES HOMELAND SECURITY/BIOTERRORISM GRANT/PROJECT MANAGEMENT STRUCTURE



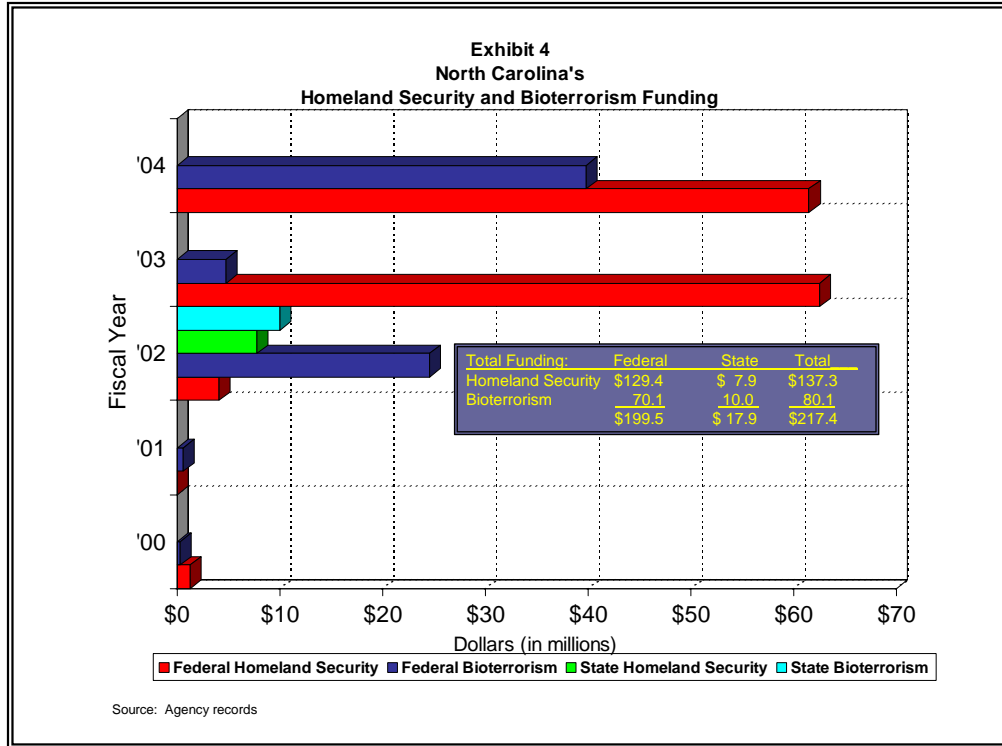
Source: Department of Health and Human Services

PROGRAM OVERVIEW



BUDGET AND FUNDING: North Carolina’s efforts in the area of domestic preparedness actually began prior to the September 2001 attacks. Starting on page 12, we list the state-level funding by source that can be directly related to either homeland security or bioterrorism with a brief description of the allowable usage. Since fiscal year 2000, North Carolina has been awarded \$217 million in federal and state funds to fight terrorism, as shown in Exhibit 4, page 12. The major funding for these efforts has come through the Department of Crime Control and Public Safety (homeland security funds) and the Department of Health and Human Services (bioterrorism funds). Appendix A, page 49, contains a detailed listing of funds received by source, as well as which agency ultimately received the funds.

PROGRAM OVERVIEW



➤ **Homeland Security (and predecessor⁴) Funds**

- **FY 2000 – Federal Funds**--\$1.3 million awarded
 - To buy protective equipment for state response agencies (State Highway Patrol, Special Operations Response Team and Regional Response Teams).

- **FY 2002– Federal Funds**--\$4.1 million awarded
 - Over \$3.8 million going to the State Medical Assistance Teams (SMAT I, II, and III) to improve the ability to respond to mass casualty events;
 - Protective equipment for state and local emergency responders;
 - Assessment of the State Ports; and
 - Specialized training to enhance the capabilities of personnel to respond to terrorism attacks.

- **FY 2003 – Federal Funds**—\$62.5 million awarded
 - For equipment, training, and exercise funds for local and state responders;
 - To provide equipment funds to local governments and complete SMAT II and III teams;
 - To assist local governments with updating multi-hazard plans with an emphasis on weapons of mass destruction;
 - To expand training for Community Emergency Response Teams and fund Citizen Corps education and preparedness activities;
 - To assess the State Emergency Operation Center in accordance with Federal Emergency Management Agency standards;
 - To modify the State Emergency Operation Center to include a secure room;

⁴ The Department of Homeland Security was officially established March 1, 2003. Predecessors to the Department are the Department of Justice, Federal Emergency Management Agency, Transportation Security Administration, and Department of Transportation Maritime Administration.

PROGRAM OVERVIEW

- To improve security at the state ports;
 - Homeland security volunteerism; and
 - Specialized training to enhance the capabilities of personnel to respond to terrorism attacks.
- **FY 2004 – Federal Funds**—\$61.5 million awarded. The funding was approved on March 29, 2004 and counties were advised of the application process. The State Emergency Response Commission determined interoperable communications among emergency responders to be the priority for use of the Department of Homeland Security funds. The breakdown of the 2004 funds is as follows:
- \$41.1 million State Grant Allocation (80% for local emergency responders);
 - \$12.3 million Law Enforcement Terrorism Prevention Program (80% for local police/sheriffs);
 - \$860,000 Citizen Corps;
 - An additional grant of \$461,730 Community Emergency Response Team funding was awarded for this period; and
 - \$6.7 to improve security at the state ports.
- ***Bioterrorism Funds (from the Centers for Disease Control and Prevention, Health Resources and Services Administration, National Defense Fund, and the US Department of Agriculture)***
- **FY 2000 – Federal Funds** – awarded \$0.3 million
- Public health money to help strengthen the capacity to respond to terrorism and other public health emergencies, and to allow states to continue planning and upgrading the public health system and hospitals/health care entities that will be called upon to respond.
- **FY 2001 – Federal Funds** – awarded \$0.6 million
- Public health money to help strengthen the capacity to respond to terrorism and other public health emergencies, and to allow states to continue planning and upgrading the public health system and hospitals/health care entities that will be called upon to respond.
- **FY 2002 – Federal Funds**—awarded \$24.6 million
- Public health and hospital preparedness money to help strengthen the capacity to respond to terrorism and other public health emergencies, and to allow states to continue planning and upgrading the public health system and hospitals/health care entities that will be called upon to respond; and
 - Foreign animal disease exercise, geographic information system and mapping service for the promotion of emergency management in animal health.
- **FY 2003 – Federal Funds**—awarded \$4.8 million
- Public health and hospital preparedness money to help strengthen the capacity to respond to terrorism and other public health emergencies, and to allow states to continue planning and upgrading the public health system and hospitals/health care entities that will be called upon to respond;
 - Foreign animal disease exercises, emergency programs, enhancement of surveillance of and response to animal disease; and
 - Develop the laboratory information management system for Department of Agriculture
 - To enhance the state’s mental health disaster capacity.
- **FY 2004 – Federal Funds**—awarded \$39.8 million
- Public health and hospital preparedness money to help strengthen the capacity to respond to terrorism and other public health emergencies, and to allow states to continue planning and upgrading the public health system and hospitals/health care entities that will be called upon to respond; and
 - Food protection, emergency program, foreign animal disease exercises, test new methods of disposing of dead animals, improve multi-hazard threat database for rapid response to acts of bioterrorism.

PROGRAM OVERVIEW

State Funds-Homeland Security and Bioterrorism

□ FY 2002 - State Funds—

- \$1.9 million appropriated by the General Assembly to Crime Control and Public Safety to continue statewide training for fire and rescue personnel; to establish 11 urban search and rescue teams; and to expand the state's already successful regional hazardous materials response teams from six to seven.
- \$16.0 million – The General Assembly also made available money from the Savings Reserve Account to meet immediate critical shortfalls in the state's terrorism response capabilities. Approved projects included:
 - development of a radiological, chemical, and bioterrorism attacks information system;
 - establishment of seven bioterrorism teams;
 - enhancement of state laboratory capabilities for both public health and veterinary medicine and increased dairy and food supply protection;
 - creation and implementation of terrorism training program for state's veterinary medical community;
 - tracking of pesticide and bulk fertilizer sales;
 - establishment of a rapid response mobile laboratory for chemical incidents;
 - basic chemical protective equipment and training for state law enforcement officers; and
 - hardware, software, and training for state government security professionals to prevent and respond to cyber terrorism incidents on the state's computer network.

Accomplishments

The agencies responsible for North Carolina's homeland security and bioterrorism efforts have achieved considerable progress since the September 2001 terror attacks. Officials have built upon existing response capabilities and developed new capabilities in areas as needed. The state's resources include the Special Operational Response Team, the State Medical Assistance Teams, the Public Health Response Surveillance Teams, the Regional Response Teams, and the State Animal Response Teams, to name a few. These special teams are at both the state and local levels, with an example shown in Exhibit 5. Given the sensitive nature of many homeland security and bioterrorism projects, this report will not contain detailed descriptions of the projects. However, listed on the following page are the major categories of accomplishments for agencies involved in our state's efforts. The lists are not intended to be all inclusive.



EXHIBIT 5
EXAMPLE OF LOCAL SPECIAL RESPONSE TEAM

PROGRAM OVERVIEW

Department of Crime Control and Public Safety—The Department is responsible for the state’s homeland security program. Major accomplishments in the areas of homeland security and bioterrorism are listed below. For more details, see Appendix D, page 69.

- State’s Emergency Response Commission established to integrate all facets of homeland security.
- Development of interoperable communication expansion plan to build a statewide structure to allow communication linkage at every level.
- Urban search and rescue (USAR) teams established to support local communities efforts.
- Regional response teams (RRT) located throughout the state to assist with hazardous material response services.
- State medical assistance teams (SMAT) established in partnership with the Department of Health and Human Services, Office of Emergency Medical Services; three tiered efforts.
- Enhanced homeland security preparedness, better trained personnel through exercises, increased equipment inventories.



CCPS Mailing Address:
4701 Mail Service Center
Raleigh, NC 27699-4701
(919) 733-2126

Department of Health and Human Services— The following list identifies the Department’s top initiatives relating to homeland security and bioterrorism issues. See Appendix E, page 71, for a more detailed listing.

- Established the public health preparedness and response system.
- Established the state level health alert network.
- Expanded the public health disease surveillance capacity.
- Developed the North Carolina laboratory response network.
- Provided funding and guidance to 85 local health departments and the Eastern Band of Cherokee Indians.
- In cooperation with the Department of Agriculture, conducted a three-phase statewide bioterrorism exercise.



DHHS Mailing Address:
2001 Mail Service Center
Raleigh, NC 27699-2001
(919)-733-4534
fax: (919)-715-4645

PROGRAM OVERVIEW

Department of Agriculture and Consumer Services--The following list identifies the Department's top initiatives relating to homeland security and bioterrorism issues. See Appendix F, page 73, for a more detailed listing.

- Created the Emergency Programs Division to provide the Department with concerted prevention, mitigation, response, and recovery efforts in disasters; houses the Crisis Response Center and serves as the source for bioterrorism and agroterrorism training, outreach, exercises, and informational campaigns throughout the state.
- Created the Multi-Hazard Task Force to incorporate interdivisional and interagency cooperation to develop continuity of operation plans, physical security measures, personnel protection and security measures, and other pertinent terrorism security issues and developed the Multi-Hazard Preparedness and Response Plan.
- Diagnostic laboratory capabilities were expanded and partnerships were formed to increase abilities to respond to a disaster event.
- Continued efforts to team with Health and Human Services, Division of Public Health in common goals related to bioterrorism.
- The increase in capabilities of the Multi-Hazard Threat Database.



NCDA&CS Mailing Address:
1001 Mail Service Center,
Raleigh, NC 27699-1001
(919) 733-7125

North Carolina State Ports Authority—Major accomplishments relating to homeland security and bioterrorism are as follows. See Appendix G, page 75 for a more detailed list.

- Transportation Security Administration Seaport Security Grants – Designed to address vulnerability assessment and approved projects.
- Requested \$21,250,000 during rounds 1-3; awarded \$6,850,000 to address various seaport security issues.
- Submitted TSA grant application totaling \$5.2 million for round 4; awards scheduled for September 2004.
- Some identified security vulnerabilities have been funded through the Authority's state budget; i.e., signs, door and window locks, radio equipment, manpower, security plans, security training, etc.
- Meeting the new Maritime Security Act requirements regarding facility security plans and training.



NCSPA Mailing Address:
P.O. Box 9002 (28402)
2202 Burnett Boulevard
Wilmington, NC 28401
Telephone: 910-763-1621
1-800-334-0682
1-800-336-2405
FAX: 910-763-6440

FINDINGS AND RECOMMENDATIONS

This section of the report details the individual findings and recommendations for each of the major objectives of the audit. The relevant questions we sought to answer during the audit are highlighted in the right hand margin next to the text answering the question. Most of the funding, especially from the federal level, has been specifically designated for either homeland security or bioterrorism efforts. The majority of the homeland security funds have come through the Department of Crime Control and Public Safety, while the majority of bioterrorism funds have come through the Department of Health and Human Services. Funds were then awarded to other state and local entities for specific projects that fell within the parameters of each grant. However, in a few cases, the funds were awarded directly from either the federal or state level to another agency. In a number of cases, efforts require cooperation between two or more agencies and groups. Therefore, the reader will find that most of the findings and recommendations contained in this report are applicable to any of the agencies or entities that received funds. In the cases where the finding and recommendation is applicable only to one agency, we have so noted.

Highlighted
questions

Performance audits, by nature, focus on areas where improvements can be made to increase the effectiveness and efficiency of the operation under audit. The identification of areas for improvement should not be taken to mean that the state and local agency staffs have not performed their duties or provided the state with needed services within the existing resource constraints. The findings and recommendations contained in this report should be viewed in this light.

Objective 1—Program Priorities: *To identify how priorities have been assigned to the program funding.*

Overview: North Carolina's homeland security and bioterrorism needs span a variety of areas and functions within the state. State and local officials have spent considerable time identifying and prioritizing those needs. Significant work was underway prior to the September 2001 attacks.

In 1999, the federal Department of Justice, Office of Domestic Preparedness initiated a nationwide assessment of vulnerability, threat, risk, capabilities, and needs. As a condition of receiving 2002 federal homeland security funds, each state completed this assessment and developed a long-range plan, in conjunction with their local jurisdictions, that included federal funding for the purchase of needed equipment. It took North Carolina one and a half years to complete the assessment and the three-year *Domestic Preparedness Strategy*⁵. Using the local level assessments, North Carolina officials

⁵ *Three-Year Statewide Domestic Preparedness Strategy, State of North Carolina.* Department of Crime Control and Public Safety, Division of Emergency Management, November 2001.

FINDINGS AND RECOMMENDATIONS

compiled an initial state strategy that included both homeland security and bioterrorism efforts. The strategy focused on:

- Establishing a comprehensive medical capability for handling a large influx of cases;
- Building State Medical Assistance Teams;
- Adding another team to the six existing Regional Response Teams hazardous materials units; and
- Building statewide Urban Search And Rescue teams.

In 2003, the responsibilities of oversight and coordination for the state's homeland security and bioterrorism efforts was given to the North Carolina Emergency Response Commission. Having made considerable progress on many of these priorities, North Carolina revised its plan, releasing a new three-year *State Homeland Security Strategy*⁶ in January 2004. This plan also addressed a funding requirement for the 2004 State Homeland Security Grant Program. The 2004-2006 Plan builds on previous efforts and addresses several areas for increased efforts. These areas include:

- Interoperable/compatible communications between and among different response entities;
- Protective equipment for first responders, and
- Completing the purchase of response equipment for use in the event of attacks using weapons of mass destruction.

Methodology: To achieve this objective, we first examined the federal funding requirements relative to state plans. Next we interviewed state-level staff at the Department of Crime Control and Public Safety, the Department of Health and Human Services, the State Ports Authority, and the Department of Agriculture and Consumer Services to determine the status of North Carolina's state homeland security and bioterrorism strategy and plan. We also sought to determine whether it included both homeland security issues and bioterrorism issues. We then reviewed both the initial state strategy plan (November 2001- December 2003) and the current plan (2004-2006). Further, we reviewed the documentation for the programs listed in Appendix A, page 49, to confirm that these programs and projects fit into the identified state strategy. Lastly, we discussed the process used to develop and update local plans with officials during visits to local sub-recipients and during the telephone interviews with other local personnel.

Conclusions: North Carolina state-level officials have refined existing structures and systems to develop our state's plan for dealing with both homeland security and bioterrorism. Both state and local officials have been involved in conducting threat assessments, determining priorities, and using that information to develop the state's plan. Much of the emergency response structure was in place prior to September 2001. State leaders have worked to enhance those systems, with the North Carolina Emergency Response Commission promoting cooperation and coordination. State agency personnel have identified a number of unmet needs with

⁶ *State of North Carolina, State Homeland Security Strategy 2004-2006*. Department of Crime Control and Public Safety, Division of Emergency Management, January 30, 2004.

FINDINGS AND RECOMMENDATIONS

one-time costs of approximately \$148 million and annual on-going costs of approximately \$17.7 million. A major category of need not yet addressed is a stable funding source for maintenance and replenishment of expended supplies and equipment. Additionally, local agency personnel also identified numerous unmet needs for which they were unable to estimate costs.

FINDINGS- Program Priorities:

THE STATE HOMELAND SECURITY STRATEGY AND PLAN COMBINES BOTH HOMELAND SECURITY AND BIOTERRORISM ISSUES.

Prior to the September 2001 attacks, North Carolina officials were already working on a *Three-Year Statewide Domestic Preparedness Strategy*⁷. Using this plan as a guide, Governor Easley and other state leaders were quick to take action in response to the September 11 terrorist attacks. The Governor formed a Terrorism Preparedness Task Force headed by the Secretary of the Department of Crime Control and Public Safety. Realizing that many state departments would be required to respond to a terrorism threat, the Task Force included representatives from the Departments of Health and Human Services, Environment and Natural Resources, Agriculture and Consumer Services, Transportation, Justice, Insurance, as well as the Office of Information Technology Services and the School of Public Health of the University of North Carolina at Chapel Hill. To address the terrorism threat, the Task Force established four committees that focused on threat assessment and reduction, emergency response, training, and public information. In 2003, the functions of the Task Force were taken on by the redefined North Carolina Emergency Response Commission (see Appendix C, page 67). The Secretary of Crime Control and Public Safety, who serves as the Governor's Homeland Security Coordinator for the State, heads this Commission.

How has funding been prioritized for homeland security and/or bioterrorism programs for North Carolina?

One of the first tasks undertaken by the original Task Force was to provide a Terrorism Vulnerability Self-Assessment Tool for state and local agencies, as well as business and industry. This was in addition to the assessments conducted during 2001 for the Domestic Preparedness Strategy that focused on capabilities and needs assessments and threat and vulnerability. The assessments included in the strategy were conducted at the state and local levels. Additionally, through the Division of Public Health, the Bioterrorism Task Force assessed health and medical capabilities as part of the state's Emergency Operations Plan. Thus, North Carolina's resulting initial homeland security strategy and plan encompassed many of the elements in the earlier Domestic Preparedness Strategy. The areas identified continued to

⁷ *Three-Year Statewide Domestic Preparedness Strategy, State of North Carolina.* Department of Crime Control and Public Safety, Division of Emergency Management, November 2001. The strategy was developed as a condition of Department of Justice, Office of Domestic Preparedness funding in 2000 to develop a three-year strategy to increase terrorism response capabilities in the state.

FINDINGS AND RECOMMENDATIONS

necessitate considerable coordination and cooperation between the Departments of Crime Control and Public Safety, Health and Human Services, and other state agencies. The updated strategy maintains the state's philosophy of a locally centered, regionally augmented, tiered response to weapons of mass destruction, where all jurisdictions have some capability to respond to mass casualty events.

RECOMMENDATION

The Governor and state leaders are to be commended for their joint efforts in developing and coordinating a combined homeland security and bioterrorism plan. Efforts to include local officials in the identification of strengths and needs should be continued, as should basing the state-level plan on local assessments. To this end, state and local officials should re-assess their respective status each year and update the plan as necessary.

NORTH CAROLINA HAS A NUMBER OF UNMET HOMELAND SECURITY AND BIOTERRORISM NEEDS.

State leaders have accomplished a great many homeland security and bioterrorism tasks since the attacks of September 2001. However, there are a number of tasks that are still to be accomplished. In several instances, programs were begun with state "rainy day" funds, but no continuation funding has been identified. In other areas, federal grant funds have been used to begin programs that will need state funding to be completed. Additionally, there are homeland security and bioterrorism needs that have not been addressed to this point. Below we discuss the areas of unmet need identified by the various agencies as we conducted this audit.

- [Department of Crime Control and Public Safety—VIPER program](#) (One of three priority efforts identified in the 2004-2006 *State Homeland Security Strategy*): Over \$33 million of the 2004 federal homeland security grant has been awarded to communication interoperability projects at the state and local level. These projects will allow law enforcement and other first responders to communicate with each other by radio. This capability does not currently exist. The State Highway Patrol is the lead agency for the State's project, Voice Interoperability Plan for Emergency Responders or VIPER. The estimate to complete the infrastructure needs is \$156,610,460, with \$123,118,000 still to be funded, and estimated annual costs of \$11,503,476 to be addressed. The Governor requested \$10 million in the 2004 state budget for this project, but only \$500,000 was approved for infrastructure.
- [Department of Health and Human Services:](#)
 - The Department has identified a need for a public health preparedness position at each of the 85 local public health departments. The estimated cost for these positions is \$4.3 million (\$50,000 x 85 county health departments).
 - Additionally, the Department is currently using federal grant funds to pay for Internet connectivity for 29 local health departments (Table 1, page 21). The estimate for connectivity is \$600,000 per year.

Without a stable source of funding for these two needs, the local public health departments will not be as prepared as possible to respond to any bioterrorism acts.

FINDINGS AND RECOMMENDATIONS

Anson County	Cumberland County	Iredell County	Surry County
Ashe County	Edgecombe County	Jones County	Swain County
Beaufort County Environmental Health	Edgecombe County Rocky Mount	Madison County	Toe River Health District
Beaufort County	Franklin County	Mecklenburg County	Vance County
Burke County	Granville County	Montgomery County	Warren County
Carteret County	Halifax County	Northampton County	Watauga County
Caswell County	Hertford-Gates	Pamlico County	Wilkes County
Chatham County	Hyde County	Sampson County	

Source: Department of Health and Human Services

- State Medical Assistance Teams (SMAT) need more equipment. For mass casualties or biological incidents, the SMAT II may need to set up Alternate Care Facilities or MASH units. At this time 280 portable cots for hospital beds are needed at a total cost of \$50,000. Western Shelters are also needed to serve as “disposable hospitals” for quarantine. The total cost for 7 of these shelters is \$350,000.
- Burn packs are needed across the state in all hospitals to facilitate burn care until a patient is transferred to one of North Carolina’s 29 burn beds. These are critical if there is an incendiary used and mass casualties present. Florida has placed these kits in all hospitals for \$1.3 million. North Carolina’s cost would be approximately \$1 million.
- **Department of Agriculture and Consumer Services**—
 - The Department established 20 projects or programs relating to homeland security and bioterrorism using federal and state funding. The state “rainy day” funds that were used for five of these projects are exhausted (see Table 2). Without a secure source of funding, the Department will not be able to continue these important homeland security programs and bioterrorism projects.
 - The Department’s other unmet needs include replacing obsolete laboratory equipment⁸ and improving the laboratory computer system in the food and veterinarian laboratories, continuing to improve safeguards for the state’s food chain, fully funding staff and programs in the Emergency Programs Division, including the Hazard Planning and Mitigation Section. Table 3, page 22 shows the costs to fund these needs. Perhaps two of the more important areas are providing contingency funds for first responders to an agricultural event and funding the Emergency Program Division staff.

Program	Award	Annual Funds Needed
Laboratory for Disease and Biological Threats	\$1,125,000	\$ 40,000
Dangerous Bulk Fertilizer Program	75,000	22,377
Pesticide Surveillance Program	50,000	128,337
Food Protection Surveillance and Testing	150,000	
Veterinarian Training	50,000	50,000
Total	\$1,450,000	\$240,714

Source: Department of Agriculture and Consumer Services

⁸ Replacing obsolete laboratory equipment was addressed in the *North Carolina Food Safety Inspection Program Performance Audit* issued by the Office of the State Auditor, November 2002.

FINDINGS AND RECOMMENDATIONS

Program	Cost
Food Safety and Security Project	\$5,749,919
Food and Drug Laboratory Equipment	2,340,000
Fully Staff Emergency Programs Division (annual costs)	993,000
Further Development – Multi-Hazard Threat Database	838,142
Agricultural Hazard Planning and Mitigation	500,000
Veterinary Laboratory Equipment	470,000
Contingency Funds for Response to Noxious Invasive Plants, Insect and Plants Diseases	200,000
Laboratory Information Management System	175,000
Bilingual Educational Program (annual costs)	100,000
Total	\$11,366,061

Source: Department of Agriculture and Consumer Services

- **State Ports Authority**— The Ports are classified as critical national seaports by the federal government making the Authority eligible for the U.S. Department of Homeland Security, Transportation Security Administration’s Ports Security Grant Program. Under this program, the Ports have received several direct federal grants to improve security; however, the amounts awarded have been less than requested. A security vulnerability assessment completed by the Ports in 2003 identified \$20 million in estimated costs to address security needs. Table 4 shows the amounts awarded through June 30, 2004 and the shortfall.

Projects	Estimate Costs	Federal Award (Round 1-3)	Shortfall
Project 1: Physical Security Projects	\$10,565,600	\$5,891,583	\$4,674,017
Project 2: Access Control Security Enhancement Projects	6,280,000	660,000	5,620,000
Project 3: Cargo Security Projects	2,137,500	- 0 -	2,137,500
Project 4: Emergency Preparedness and Equipment Projects	1,003,400	200,000	803,400
GRAND TOTAL FOR ALL PROJECTS	\$19,986,500	\$6,751,583	\$13,234,917

Source: NC Ports Authority

RECOMMENDATION

Agency managements should work with the North Carolina Emergency Response Commission to fully identify and prioritize all unmet needs. The General Assembly and the Governor should work with the Commission and the agencies to identify stable sources of state and federal funds to address these needs.

AGENCIES HAVE NOT ADDRESSED THE ON-GOING FUNDING NEEDS FOR MAINTENANCE AND REPLENISHMENT OF SUPPLIES AND EQUIPMENT FOR HOMELAND SECURITY AND BIOTERRORISM PROGRAMS.

State and local entities have developed numerous programs and purchased significant quantities of supplies and equipment with homeland security and bioterrorism funds. One example of the magnitude of expenditures is the State Medical Assistance Teams, SMATs, developed at three different response levels. Funded through several federal grants, medical assistance can now be provided using mobile units, like those shown in Exhibit 6, page 25.

FINDINGS AND RECOMMENDATIONS

Total cost for the initial purchase of the SMAT units is expected to be approximately \$4 million. This cost includes stocking the units with the necessary supplies and equipment, such as pharmaceuticals that have a limited shelf life. Additionally, many of the supplies and materials are depleted during training activities. However, the state has not identified any on-going funding for the maintenance of supplies and equipment used in these units.

The SMAT I is currently maintained by a non-profit corporation that has a storage and response agreement with the State. The total cost for drugs used to equip the SMAT I alone is in excess of \$14,000. The expiration date for four of those drugs has already passed, with another set to expire in October 2004. The non-profit already has incurred \$10,983 for replacements for which it has not been reimbursed. Jurisdictions and hospitals that have accepted the SMAT II's and III's also have expressed concern about the source of funds for maintenance costs.

While we discuss the issue specifically surrounding the SMATs, the same issue is applicable to other programs at state and local levels. For example, many local entities have purchased gas masks, personal protective equipment, drugs, and medical supplies that have limited shelf life. Other items required for homeland security and bioterrorism efforts that will need to be maintained or replenished include: batteries that last for approximately two years, instruments that require periodic calibration, and protective suits that are expected to last approximately five years. Some examples of the types of items under discussion are shown in Exhibit 7, page 26.

Failure to maintain the SMAT units and other equipment and supplies purchased with homeland security and bioterrorism funds would negatively impact the state's ability to respond to terrorist incidents. Additionally, not re-supplying the SMAT units or replenishing expended materials and supplies for other programs in a timely manner would negate the expenditure of significant amounts of homeland security and bioterrorism funds.

RECOMMENDATION

Each agency receiving homeland security or bioterrorism funds should identify programs that would require on-going maintenance and replenishment funding. Additionally, the North Carolina Emergency Response Commission should include a strategy to maintain equipment and supplies in the state's homeland security plan. The feasibility of using current grant funding for this purpose should be explored. For the SMAT's discussed above, state officials should compile a replacement cost estimate of all supplies and equipment in the units. The Governor and the state's Homeland Security Coordinator should request maintenance funds from the North Carolina General Assembly to supplement any federal homeland security funds that can be used for maintenance.

FINDINGS AND RECOMMENDATIONS

LOCAL ENTITIES HAVE UNMET HOMELAND SECURITY AND BIOTERRORISM NEEDS.

We visited 24 local entities and conducted telephone interviews with an additional 66 receiving bioterrorism or homeland security funds. We specifically asked about identification of unmet needs at the local level. Forty-eight of the 89 local entities responding (54%) reported unmet needs related to homeland security or bioterrorism activities. Table 5 lists the kind of needs that the local entities identified. Entities receiving *bioterrorism funds* (i.e., hospitals, emergency medical services groups, health departments) feel there is not enough training provided on how to adequately respond to an event. Entities receiving *homeland security funds* (i.e., cities, counties, local emergency management) feel more funds are needed for equipment such as personal protective gear for first responders and generators for power outages. Areas such as training, equipment, and communications must continue to be addressed at both the state and local levels to ensure proper response in the event of a terrorist attacks.

Identified Need	Number of Responses		
	Total	Homeland Security	Bioterrorism
Equipment (personal protective, generators, decontamination, laboratory, barriers, climate control storage)	10	7	3
Staff (bioterrorism coordinator, HAZMAT team, Plan developers)	8	1	7
Technology	4	0	4
Communication (interoperability, voice and data equipment, enhanced data sharing, communication center, bilingual aids or staff)	12	4	8
Secondary triage	1	0	1
Decontamination facility	5	2	3
Building security	3	3	0
Training	13	3	10
Pharmaceuticals	1	0	1
Focus on hospital response to bombs as well as bioterrorism incidents	1	0	1
Improved plans (enhanced, compressive, collaborative)	7	1	6
Exercises	4	0	4
More collaboration between local health departments and across state lines	1	0	1
More state guidance	1	0	1
Total	71	21	50

Source: Compiled by Office of State Auditor, Local Telephone Interviews and Site Visits

RECOMMENDATION

State officials should continue to work closely with local officials in identifying and prioritizing homeland security and bioterrorism needs. Efforts at both levels should concentrate on ensuring that awarded funding is used for the highest priority needs. State officials should continue to explore both federal and state funding sources to address needs not currently funded.

FINDINGS AND RECOMENDATIONS

Exhibit 6

Examples of State Medical Assistance Team Mobile Units



One fully, self-contained mobile field hospital, located in Forsyth County, capable of providing full field hospital capabilities across the state. (SMAT I)



Seven mobile units located at regional trauma centers that could provide medical assistance to hospitals on short notice by converting to an alternative 40 bed care facility and a mass immunization/drug distribution center. (SMAT II)



27 mobile units located in counties across the state equipped with personal protective equipment and decontamination and treatment supplies to handle multiple casualties (SMAT III)

FINDINGS AND RECOMENDATIONS

Exhibit 7

Examples of Equipment and Supplies Purchased for Homeland Security and Bioterrorism Programs



Supplies and equipment stocked in the Charlotte Fire Department Urban Search and Rescue mobile unit.



Gas mask purchased with bioterrorism funds for a local emergency medical services unit.



Suits used by the Hazardous Materials Regional Response Teams for chemical spills.



Emergency medical supplies used by first responders to provide life support for trauma patients.

FINDINGS AND RECOMMENDATIONS

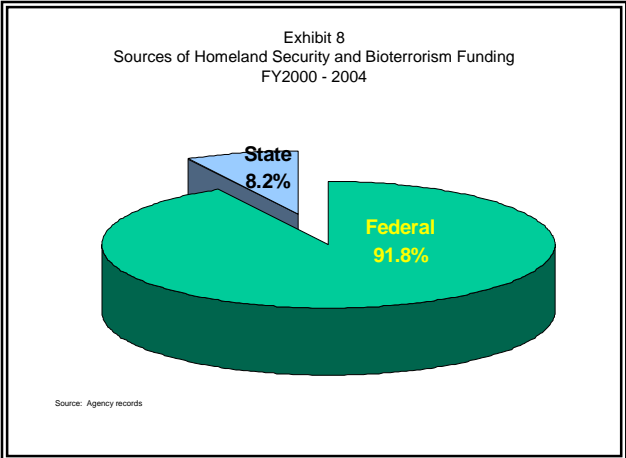
Objective 2—Homeland Security/Bioterrorism Funding: *To determine the amount of state and federal funds received by state agencies for the purpose of homeland security and bioterrorism efforts.*

Overview: North Carolina’s homeland security and bioterrorism efforts are led by the Departments of Crime Control and Public Safety and Health and Human Services, respectively. Numerous other state entities also play important roles in these efforts (Table 6) and have received some portions of the federal and state funds designated for homeland security and bioterrorism. A complete listing of funding by agency is contained in Appendix A, page 49. Through June 30, 2004, North Carolina agencies have been awarded \$199.5 million in federal funds and \$17.9 million in state funds for purposes of homeland security and bioterrorism.

What state departments/agencies have been awarded and received federal or state homeland security and/or bioterrorism funds?

Table 6 State Entities Involved in Homeland Security and Bioterrorism Efforts	
Crime Control & Public Safety	State Ports Authority
Health and Human Services	Information Technology Services
Environment & Natural Resources	Commission on Volunteerism & Community Services (Governor's Office)
Insurance	Governor's Crime Commission
Agriculture	Community College System
Administration	Office of the State Auditor
Source: Compiled by Office of State Auditor from agency records	

Exhibit 8 shows the percentage breakdown of federal and state funds, both direct and pass-through. Homeland security and bioterrorism efforts include such activities as acquiring equipment and training for first responders, improvements to surveillance abilities, and regional response efforts.



FINDINGS AND RECOMMENDATIONS

Methodology: To achieve this objective, we first reviewed budgetary data contained within the North Carolina Accounting System to identify any specific funds dedicated to homeland security and bioterrorism activities. Next we surveyed each state agency, asking each to identify specific funding received for homeland security or bioterrorism. Additional questions related to the source of funding, expenditures, programs established with those funds, and the status of the programs. Once this data had been compiled, we then followed up with interviews and testing of documentation supporting the funding. Site visits were conducted with local officials in eight counties, with 11 of the local entities having received homeland security funds and 13 local entities having been awarded bioterrorism funds (Table 7).

County	HOMELAND SECURITY--Local Entity	BIOTERRORISM --Local Entity
1	BRUNSWICK	Brunswick County Emergency Management Town of Holden Beach
2	BUNCOMBE	Brunswick County Health Department
3	CATAWBA	St. Joseph's Hospital Buncombe County Health Department
4	CUMBERLAND	Catawba County Emergency Management North Carolina State Guard—Conover
5	CURRITUCK	Catawba County Health Department
6	MECKLENBURG	Cumberland County Health Department Cumberland County Emergency Medical Systems
7	ONSLOW	Currituck Emergency Management
8	WAKE	Albemarle Regional Health Services (Chowan/Bertie/Perquimans/Pasquotank/ Camden/Currituck) Currituck County Emergency Medical Systems*
9	WAKE	Charlotte Fire Department Mecklenburg County Emergency Management
10	WAKE	Mecklenburg County Health Department
11	WAKE	Onslow County Memorial Hospital Onslow County Health Department
12	WAKE	Rex Hospital Wake County Health Department

Source: Office of State Auditor * Declined Award

Additionally, we conducted telephone interviews with another 22 local officials awarded homeland security funds and another 44 local officials awarded bioterrorism funds (Table 8, page 29). In all, we interviewed local recipients in 48 of North Carolina's 100 counties.

FINDINGS AND RECOMMENDATIONS

County	HOMELAND SECURITY-Local Entity	BIOTERRORISM-Local Entity
1. Alexander	Alexander County Emergency Management	Frey Regional Medical Center Ashe Memorial Center
2. Ashe		Appalachian District Health Department (Watagua/Ashe/Alleghany)
3. Avery	Avery County Emergency Management	Toe River Health District (Yancey/Mitchell/Avery)
4. Beaufort		Beaufort County Hospital
5. Bertie		Bertie County Emergency Medical Systems
6. Bladen	Bladen County Emergency Management	
7. Caldwell		Caldwell Memorial Hospital
8. Carteret	Carteret County Emergency Management	
9. Caswell	Town of Newport	Caswell County Health Department
10. Chowan	Chowan County Emergency Management	
11. Clay		Clay County Emergency Medical Systems Clay County Health Department
12. Craven	Craven County Emergency Management City of Havelock Police Department Town of Trent Woods	Craven Regional Medical Center
13. Dare		The Outer Banks Hospital Dare County Health Department
14. Davie	Davie County Emergency Management	Davie County Hospital
15. Duplin		Duplin County Health Department
16. Gates		Gates County Emergency Medical Systems
17. Greene		Greene County Emergency Medical Systems Greene County Health Department
18. Halifax	Halifax County Emergency Management	Halifax Regional Medical Center
19. Harnett		Harnett County Health Department
20. Hertford	Hertford County Emergency Management	
21. Hoke	Hoke County Emergency Management	Hoke County Health Department
22. Jackson		Harris Regional Hospital Jackson County Health Department
23. Jones		Jones County Health Department
24. Lee	Lee County Emergency Management	Central Carolina Hospital
25. McDowell	City of Marion	McDowell County Emergency Medical Systems
26. Mitchell		Mitchell County Emergency Medical Systems
27. Montgomery		Montgomery County Emergency Medical Systems Montgomery County Health Department
28. Orange	Orange County Emergency Management	UNC Hospitals
29. Pamlico		Pamlico County Emergency Medical Systems Pamlico County Health Department
30. Pender	Pender County Emergency Management	Pender County Health Department
31. Polk		St. Luke's Hospital Rutherford/McDowell/Polk Health Department
32. Randolph	Randolph County Emergency Management	
33. Richmond		FirstHealth Richmond Memorial Hospital Richmond County Health Department
34. Rockingham	Rockingham County Emergency Management	
35. Rowan		Rowan Regional Medical Center Rowan County Health Department
36. Sampson	Sampson County Emergency Management	Sampson Regional Medical Center
37. Stanly		Stanly Memorial Hospital Stanly County Health Department
38. Surry	Surry County Emergency Management	Northern Hospital of Surry County
39. Transylvania		Transylvania County Health Department
40. Warren	Warren County Emergency Management	

Source: Office of the State Auditor

FINDINGS AND RECOMMENDATIONS

Conclusion: North Carolina has been awarded \$199.5 million in federal funds (91.8%) and \$17.9 million in state funds (8.2%) for homeland security and bioterrorism efforts since fiscal year 2000. The Department of Crime Control and Public Safety leads the state's homeland security efforts, and the Department of Health and Human Services leads our bioterrorism efforts. Numerous other state agencies also play an important part in the state's efforts. Appendix A, page 49 contains a listing of all identified programs funded with homeland security and bioterrorism funds. Much of the actual project work is accomplished at the local levels. Both state and local personnel reported that the federal grant process is difficult for a number of reasons. Thus, there is a need for specific state standards for terrorism preparedness to assist both state and local entities in their efforts. Another factor that needs to be considered is establishing specific grant development funds to allow state agencies to take advantage of all federal funds for which North Carolina would qualify. Lastly, state officials need to develop the capacity to provide more assistance in grant management to the locals. Ten percent of the entities in our samples reported having declined homeland security and bioterrorism grants because they lacked the time or expertise to manage them.

FINDINGS- Homeland Security/Bioterrorism Funding:

THE FEDERAL GRANT PROCESS IS DIFFICULT FOR STATE AND LOCAL OFFICIALS TO MANAGE.

As part of the application process for federal funds, entities must explain how funds will be used. To satisfy this requirement, state and local officials must perform an assessment of needs based on the grant's criteria. Obtaining the needed information takes personnel away from their normal duties. The uncertainty in the continuance of grant funds does not allow entities to hire permanent fulltime staff for grant management responsibilities. Table 9, page 31 shows other actions that make managing grants at the state and local levels difficult. In many cases, these circumstances contribute to the delays in spending funds (see page 31 for discussion) and impact the state's level of readiness for responding to homeland security and bioterrorism events. We should note that the federal Department of Homeland Security has recently received recommendations⁹ for improvements in the process from a task force appointed by the Secretary of Homeland Security. It is interesting to note that, in many cases, we have independently identified very similar items to those identified by this federal Task Force.

⁹ *A Report from the Task Force on State and Local Homeland Security Funding*, US Department of Homeland Security, the Homeland Security Advisory Council, June 2004.

FINDINGS AND RECOMMENDATIONS

RECOMMENDATION

State level officials should continue to work within the federal mandates and request extensions as necessary for state and local entities to ensure that the state maximizes available federal funds. State officials should explore the possibility of developing specific state standards for terrorism preparedness for use by state and local entities. State and local officials should continually assess and update lists of unmet needs to minimize the time required for assessment as funds become available. Both state and local officials should document time requirements for grant preparation and management to support requests for additional personnel.

TABLE 9 Homeland Security And Bioterrorism Actions Making Federal Grant Process Difficult	
Government Level	Action
State	No federal terrorism preparedness standards or goals for guidance
	Grant period begins prior to award date which shortens the performance period <ul style="list-style-type: none"> ▪ 8 grants reviewed had this situation
	Personnel and time required to assess needs at the state and local levels in order to apply for grant
	Limited resources--- <ul style="list-style-type: none"> ▪ Personnel must be hired to manage grant; associated learning curve with new hires ▪ Planning exercises and training requires significant time and commitment from many sections of government
	Time required to develop supplemental instructions for the local entities
	Overlapping grant periods --- <ul style="list-style-type: none"> ▪ Funds are not spent at local and state levels due to lack of resources ▪ Forces application for grant extensions
Local	No federal or state terrorism preparedness standards or goals for guidance
	Time required for meeting(s) of up to 10 representatives from different local entities to decide on expenditures for many of the grants
	Limited resources--- <ul style="list-style-type: none"> ▪ Many county Emergency Management Directors handle responsibilities alone ▪ Planning exercises and training require significant time ▪ Many grants have a short performance period ▪ No fulltime Homeland Security / Bioterrorism Coordinator ▪ Little or no administrative funds to hire temporary assistance
	Limited experience in grant management by many directors
	Over-lapping grant periods--- <ul style="list-style-type: none"> ▪ Cause confusion on specific criteria for each grant and record-keeping
	Time required to obtain funds from local governing body for purchases
	Time involved with the reimbursement process
	Time involved in meeting local purchasing requirements/regulations
Source: Compiled by Office of State Auditor from interviews with State and Local Emergency Personnel	

AGENCIES HAVE BEEN SLOW IN SPENDING SOME FEDERAL HOMELAND SECURITY AND BIOTERRORISM FUNDS.

In response to the attacks of September 11, 2001, the federal government acted to appropriate funds to states to improve homeland security, as did North Carolina's General Assembly. As of June 30, 2004, North Carolina has been awarded \$129.4 million in federal homeland security grants and \$70.1 million in bioterrorism grants. Some of the federal grants mandated local allocation requirements. We noted in

FINDINGS AND RECOMMENDATIONS

examining local expenditures that some local entities have been slow in spending funds from the federal grants. See Table 10, page 33.

For four of the five bioterrorism grants shown in Table 10, the Department of Agriculture experienced delays in getting approval from the General Assembly's Governmental Operations Oversight Committee for hiring of federally funded time-limited positions. These positions were needed to administer the grants.

For a number of the federal grants, there was a considerable lag time between appropriation, receipt of funds at the state and local level, and receipt of instructions on how the funds could be spent. Each of the grants has specific spending regulations. In a number of cases, the state staff has had to develop specific procedures to be used by locals prior to awarding funds. Additional delays have resulted because the local county commissioners must approve spending the federal dollars. The approval cannot be given until a specific plan has been developed for using the funds. In some counties, this has entailed getting up to ten different local entities (such as Emergency Management, Public Health, Fire, Law Enforcement, etc.) to work together to develop the plan. This process has prolonged the time it has taken to use the homeland security funds. We should note that for the locals we visited, we found that officials have incorporated homeland security and bioterrorism efforts into their county emergency response plans. Additionally, with minor exceptions, the expenditure samples reviewed at each site fit into the local plan, as well as the federally approved list of uses. See discussion on page 42 on monitoring.

RECOMMENDATION

Local entities should continue to work to improve the coordination and timely use of homeland security and bioterrorism grant funds. The required local plans should be reviewed annually and, if necessary, updated. All expenditures should continue to support specific programs identified in the local plan. The state agencies that awarded the grants should continue to monitor grant spending for the locals. Should the agency note any locals that seem to be spending funds slowly, it should contact the entities involved to ascertain the reasons for the delay. Specific grant management assistance should be provided to the locals as needed.

FINDINGS AND RECOMMENDATIONS

Table 10				
Homeland Security/Bioterrorism Federal Grants Funds With Few Expenditures as of 6/30/04				
Grant Name/ Responsible Agency	Grant Period	Grant Amount	% Spent as of 6/30/04	Other Comments
Homeland Security				
Department of Justice-2001/ Crime Control	1/21/02 to 1/20/05	\$3,810,000	22.3	State Medical Assistance Team project progressing; Expect to spend 95% by 9/30/04
Dept. of Homeland Security-2003 Part I / Crime Control	4/1/03 to 3/31/05	\$13,908,000	16.7	Few training and exercise expenditures; based on current spending will require extension.
Dept. of Homeland Security-2003 Part II / Crime Control	5/1/03 to 4/30/05	\$36,840,000	5.0	Agency encouraging locals to spend from older grants first; based on current spending will require extension
Department of Homeland Security-Transportation Security Administration round II grant / Ports	7/17/03 to 5/1/05	\$4,870,000	3.0	Selection of engineering design firm was a lengthy process and had to be completed prior to bidding out project for construction.
Department of Homeland Security-Transportation Security Administration round III grant / Ports	12/10/03 to 12/9/04	\$1,881,583	0	
Bioterrorism				
Substance Abuse and Mental Health Services Administration grant / Health and Human Services	3/3/03 to 3/2/05	\$52,678	0	First year training of mutual health professional to begin 9/20/04. Contract approval has been delayed, but staff believes they will spend funds within grant period.
Food Protection / Agriculture	11/1/03 to 8/30/05	\$150,000	7.7	Majority of funds will be spent to purchase system for testing food samples. Extended 12 months from original end date but should be no financial impact from delay.
Exotic Newcastle Disease / Agriculture	11/1/03 to 10/30/04	\$100,000	24.8	Grant on schedule. Majority of activities occurring in latter part of period. No financial impact expected due to low spending thus far.
Composting / Agriculture	8/27/03 to 11/30/04	\$45,000	0	Extended three months. Slowdowns due to getting approval for land use for composting. No financial impact expected from delay.
Surveillance Animal Emergency Management / Agriculture	9/30/03 to 9/29/05	\$188,280	17.8	Extended twelve months. US Department of Agriculture also awarded additional \$20,000 to spend during extension period. No financial impact expected from delay.
Source: Crime Control, Health and Human Services, State Ports, Agriculture				

SOME LOCAL AGENCIES HAVE DECLINED HOMELAND SECURITY AND BIOTERRORISM GRANTS.

The majority of the federal homeland security and bioterrorism grant funds have been designated for use by local personnel. Most of the grants have required the locals to develop a grant proposal and application as a pre-requisite for receiving the funds. In conducting site visits and telephone interviews with local officials, we learned that local personnel may not have the time or expertise to manage multiple homeland security grants. In fact, of local entities visited and surveyed, 10.2% (9 of the 88 entities responding to this question) stated that they had declined grants. The most frequent reasons given were small grant amounts, lack of time or staff to administer the grants or to conduct the exercises, too much paperwork, not enough time to prepare the grant application, or lack of interest in the area covered by a specific grant.

FINDINGS AND RECOMMENDATIONS

RECOMMENDATION

State officials should work with the federal Homeland Security Advisory Council to continue to identify ways to improve the grant process. Working with local officials, Crime Control and Health and Human Services personnel should encourage regional grant proposals and efforts that combine resources of several local entities. Another avenue to explore is providing more direct assistance to locals in grant management.

THE DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY LACKS SPECIFIC FUNDS FOR DEVELOPMENT OF GRANT PROPOSALS.

The Department of Crime Control and Public Safety's (Crime Control) Division of Emergency Management is assigned management responsibilities for the majority of homeland security grants. These responsibilities include tasks required to develop and apply for grants prior to receiving funds, developing supplemental instructions for the local jurisdictions, negotiating agreements with other agencies, and oversight and monitoring of expenditures to assure compliance with grant requirements. However, staff repeatedly identified the need for "up front" funds to develop the grants. Under the current grant funding structure, staff working to develop new grant applications routinely charge their time to on-going grants that already have approved funding, a practice allowed by federal regulations.

Current federal grant requirements do not require state officials to report specific administrative time by grant. Rather, to streamline reporting requirements, federal grants specify a percentage of the total grant funds that may be used for administrative purposes (generally 3-5% of the total award). States are only required to document that the allowed administrative percentage has not been exceeded. Thus, Crime Control's current timesheet structure does not require the input of hours worked by project or grant. While in compliance with federal requirements, this time reporting structure inhibits management's ability to identify the specific amount of resources necessary for the development and administration of grants.

RECOMMENDATION

Crime Control management should explore the feasibility of accounting for grant preparation work hours by project and/or grant. Such a process would allow management to determine the amount of time required to develop grant proposals. Using this information, management should seek specific funding, both federal and state, to be used for grant proposal development. A more formalized grant proposal function would benefit the state in obtaining all available homeland security funds. More detailed time data would benefit Crime Control management by providing better information on which to base staffing requests.

FINDINGS AND RECOMMENDATIONS

Objective 3—Status of Projects/Spending: *To identify the homeland security and bioterrorism programs that have been implemented and the operational status of the programs.*

Overview: Homeland security and bioterrorism funds from both federal and state sources can be used for any number of purposes. State and local agencies identified for us how they used funds from each of the different grants listed in Appendix A, page 49. The expenditures from the various federal grants have to meet the specifications contained in the individual grants. For some grants, there was a mandated pass-through amount to local entities, between 50-80% of the awarded amount. Controls at the local, state, and federal levels are designed to confirm that funds have been spent as intended. Most local grant programs are set up on a reimbursement basis. However, for the period reviewed, there were instances where one program's funds were advanced prior to spending rather than provided on a reimbursement basis. Additionally, limited state funds were provided on a one-time basis to address initial threat assessment, emergency response, training, and public information at the state-level.

Methodology: To determine the status of projects and the amount of spending, we contacted each state agency receiving federal and state homeland security or bioterrorism funds. We reviewed both program and financial data for these grants. We compared the financial data obtained from the agencies to that contained in the state's accounting system. Additionally, we sampled¹⁰ 60 expenditures at the Department of Crime Control and Public Safety for homeland security funds, 60 expenditures at the Department of Agriculture and Consumer Services for the direct homeland security and bioterrorism grants it received, and 60 expenditures at the Department of Health and Human Services for bioterrorism funds. The State Ports Authority only had nine expenditures, of which seven were reviewed. Additionally we randomly sampled¹¹ expenditures at the 24 local entities visited.

What spending restrictions are placed on the funds from each source?

What homeland security and/or bioterrorism programs have been implemented in North Carolina and what is their status?

¹⁰ Statistical samples were drawn at the Departments of Crime Control and Public Safety, Health and Human Services, and Agriculture and Consumer Services to test expenditures. Samples were drawn to achieve a 95% confidence level with a +/- 5% upper error limit with an expected error rate of zero. Sample size was based on the total number of expenditures from October 1, 2001 through May 31, 2004 for each agency.

¹¹ Samples at the local level were drawn randomly selecting five expenditures at each local entity visited.

FINDINGS AND RECOMMENDATIONS

Conclusions: Homeland security and bioterrorism funds from both federal and state sources can be used for any number of purposes. The expenditures from the various federal grants have to meet the specifications contained in the individual grants. For some grants, there was a mandated pass-through amount to local entities. North Carolina officials have made a concerted effort to pass-through the maximum amount of federal homeland security and bioterrorism funds to local entities, keeping less state dollars than have been allowed by the grants. There are controls at the local, state, and federal levels that are designed to confirm that funds have been spent as intended. However, the Departments of Crime Control and Public Safety and Health and Human Services have conducted limited monitoring of sub-recipients. We noted a lack of communication between grant and individual project managers, which may negatively impact the monitoring. Lastly, we noted minor errors in posting and errors in payments in the review of a sample of expenditures. When projected to the entire population, these errors could amount to over \$126,805 in questionable spending.

FINDINGS- Status of Projects/Spending:

STATE AGENCIES HAVE AWARDED MORE HOMELAND SECURITY AND BIOTERRORISM FUNDS TO LOCALS THAN REQUIRED BY GRANTS.

Many of the homeland security grants and some of the bioterrorism grants had a mandate to pass a set percentage of the total funds awarded down to local entities. Generally, the percentage of pass-through was 75-80%. As part of the audit, we examined compliance with required pass-through percentages at each of the agencies receiving direct funding through federal grants. Additionally, we examined the use of state funds for compliance with the grant requirements. Table 11, page 37 shows the required pass-through amounts and the amounts that directly benefited the locals. We found that in total state agencies had retained less funds at the state-level than was allowed by the various grants. Thus, North Carolina officials have made a concerted effort to pass-through the maximum amount of federal funds to local entities. Through June 30, 2004, local entities have been awarded \$117 million, with another \$27.8 million that directly benefited the locals. Appendix I, page 83 shows the amount of homeland security and bioterrorism funds awarded by jurisdiction.

RECOMMENDATION

We commend state officials with federal homeland security and bioterrorism grant administrative responsibilities on the efforts to assure that local entities receive the maximum amount possible of these funds. We strongly urge that this effort continue. However, given the needs that have been identified by these same agencies (see discussion on page 20), we encourage state officials to explore ways of using the federally approved state funds to address grants management needs.

FINDINGS AND RECOMMENDATIONS

**Table 11
Homeland Security and Bioterrorism Funding
Local Pass-Through and State Spending**

Agency	@ = Grant Period Closed Out Grant Name	Award Amount as of 6/30/04	Pass-through Requirement Benefiting Locals	Funds Awarded Benefiting Locals as of June 30, 2004	Percent Awarded Benefiting Locals as of June 30, 2004	Funds spent by State as of 6/30/04	State Projected and Realized Spending for Projects/Programs
Homeland Security							
Crime Control & Public Safety	@ Department of Justice FY 1999 State Domestic Preparedness Equipment Program	\$1,313,000	0%	\$0	0.00%	\$1,294,706	One additional team added to the complement of six existing regional response teams equipped with equipment and supplies; State Highway Patrol Personal Protective Equipment; Special Operations Response Team
	Department of Justice FY 2000-01 State Domestic Preparedness Equipment program	3,810,000	80%	3,066,397	80.48%	848,634	State Medical Assistance Team I and Hazardous Materials Regional Response Team #7
	Department of Justice FY 2002 State Domestic Preparedness Equipment Program	7,706,000	80%	6,165,960	80.02%	1,137,572	State Medical Assistance Team, State Highway Patrol Personal Protective Equipment; 800 MHz radios for State Emergency Management; Regional Response Trailers and Detection Equipment; Advanced Radiological and Air Quality Equipment
	Department of Homeland Security FY 2003 State Domestic Preparedness (Part I)	9,760,000	80%	7,808,000	80.00%	0	State Emergency and Law Enforcement Equipment
		2,440,000	0%	1,952,000	80.00%	0	Training
		732,000	0%	585,600	80.00%	0	Exercises
		976,000	0%	517,500	53.02%	60,293	Planning and Administration
		31,928,000	80%	25,542,400	80.00%	516,529	State Emergency and Law Enforcement Equipment; State Training; Planning and Administration
		4,912,000	50%	2,456,000	50.00%	0	Critical Infrastructure Protection - increased security for heighten alert
	Federal Emergency Management Agency - FY 2002 Supplemental Planning	2,832,358	75%	2,518,297	88.91%	325,522	To enhance State all hazard emergency operations planning efforts. Conduct workshops with local agencies to explain grant. Travel, salaries, printing, associated with workshops and training for locals to develop and/or improve Emergency Operations Plans to include homeland security..
	@ Federal Emergency Management Agency FY 2002 - Supplemental - EOC Phase I	50,000	0%	0	0.00%	2,662	Conducted an All Hazard self-assessment of the State Emergency Operations Center and three local Emergency Operations Centers.

FINDINGS AND RECOMMENDATIONS

Table 11 (continued)

Agency	Grant Name	Award Amount as of 6/30/04	Pass-through Requirement Benefiting Locals	Funds Awarded Benefiting Locals as of June 30, 2004	Percent Awarded Benefiting Locals as of June 30, 2004	Funds spent by State as of 6/30/04	State Projected and Realized Spending for Projects/Programs
Crime Control & Public Safety	Federal Emergency Management Agency FY 2002 Supplemental - EOC Modifications for Secure Communications Room	150,000	0%	0	0.00%	75,305	Constructed a room to house secure communications equipment. The room supports classified operations, conference area for classified discussions and planning.
	Department of Homeland Security FY 2004	54,203,000	80%	43,893,168	80.98%		Homeland Security and Law Enforcement Terrorism Prevention Program portions of Grant -Salaries, travel, Voice Interoperability Plan for Emergency Responders. Citizen Corps portion - Salaries, travel, supplies and materials to develop and implement Citizens Corps and Community Emergency Response Team programs by offering training and coordinating activities.
Crime Control & Public Safety and Office of the Governor-NC Commission on Volunteerism & Community Services	Federal Emergency Management Agency FY 2002 Supplemental - Citizen Corps - Support Citizens Corps & Community Emergency Response Teams	514,377	75%	417,421	81.15%	101,282	Produce brochures and informational video, travel, salaries and administrative costs associated with presentations to local councils conferences, groups as well as conducting training for local Citizen Corps and Community Emergency Response Teams groups.
	@ Federal Emergency Management Agency FY 2002 Supplemental - Citizen Corps	25,000	0%	0	0.00%	25,000	Regional workshop and conferences to promote Citizen Corps
	CERT - FY 2003 Fund Community Emergency Response Teams	461,730	75%	388,691	84.18%	14,180	Travel, salaries, and training materials to conduct Train-the-Trainer courses to prepare instructional teams from communities to initiate or expand local Community Emergency Response Teams
State Ports Authority	Port Security Grant Round 1	250,000	0%	0	0.00%	250,000	To conduct a needs assessment
	Port Security Grant Round II	4,870,000	0%	0	0.00%	142,420	Security improvements and upgrades based on assessment.
	Port Security Grant Round III	1,881,583	0%	0	0.00%	0	Security improvements and upgrades based on assessment.
Office of Governor-NC Commission on Volunteer. & Community Services	* Homeland Security Volunteerism in NC	359,700	0%	55,000	15.29%	86,219	Salaries, public education and awareness, and airtime for public service amounts that focuses on those people and the things they can do locally in the areas of public safety, or disaster preparedness & relief. Geared toward senior citizens.

FINDINGS AND RECOMMENDATIONS

Table 11 (continued)

Agency	Grant Name	Award Amount as of 6/30/04	Pass-through Requirement Benefiting Locals	Funds Awarded Benefiting Locals as of June 30, 2004	Percent Awarded Benefiting Locals as of June 30, 2004	Funds spent by State as of 6/30/04	State Projected and Realized Spending for Projects/Programs
Department of Insurance	Terrorism Preparedness	80,000	0%	0	0.00%	80,000	Developing & delivering specialized training to enhance the capabilities of personnel to respond to terrorism attack.
	Terrorism Preparedness	107,500	0%	0	0.00%	107,500	Developing & delivering specialized training to enhance the capabilities of personnel to respond to terrorism attack.
Homeland Security Totals		129,362,248		95,366,434		5,067,824	
Bioterrorism							
Department of Health & Human Services	** Health Resources Services Administration Bioterrorism Hospital Preparedness Program	16,785,751	80%	14,900,040	88.77%	1,015,052	9 positions, 1 contracted medical director position, travel, training, office furniture, office equipment, computer, and communications
	*** Centers for Disease Control and Prevention Public Health Preparedness & Response for Bioterrorism	50,885,397	0%	34,560,227	67.92%	13,131,720	37 positions, including 1 Public Health Bioterrorism Coordinator position, travel, training, office furniture and equipment, computer, and communications.
	Substance Abuse & Mental Health Service Administration	105,356	0%	0	0.00%		Enhance the State's Mental Health disaster capacity. Training and materials for behavioral health professionals at state and local levels.
Department of Agriculture	@ Silent Prairie	90,000	0%	0	0.00%	86,844	To conduct Foreign Animal Disease exercise
	Exotic Newcastle Disease - Phase II	100,000	0%	0	0.00%	24,818	To continue to reduce the threat posed by Exotic Newcastle Disease by evaluating the potential for Exotic Newcastle Disease introduction into the State's poultry industry.
	Foreign Animal Disease Surveillance & Response	299,053	0%	0	0.00%	253,021	To enhance surveillance and response of animal disease. Establishment of national standard of emergency preparedness, from detection & diagnosis through response.
	@ Crimson Sky	99,528	0%	0	0.00%	92,087	To conduct Foreign Animal Disease exercises to reflect a terrorist use of Foot & Mouth Disease as a biological weapon
	@ Crimson II	110,750	0%	0	0.00%	110,750	To conduct Foreign Animal Disease exercises to reflect a terrorist use of Foot & Mouth Disease and limited Avian Influenza disease infection spread as a biological weapon

FINDINGS AND RECOMMENDATIONS

Table 11 (continued)

Agency	Grant Name	Award Amount as of 6/30/04	Pass-through Requirement Benefiting Locals	Funds Awarded Benefiting Locals as of June 30, 2004	Percent Awarded Benefiting Locals as of June 30, 2004	Funds spent by State as of 6/30/04	State Projected and Realized Spending for Projects/Programs
Department of Agriculture	@ Laboratory Network	\$750,000	0%	\$0	0.00%	\$744,630	To develop the Laboratory Information Management System to establish Rollins Lab as part of the network of diagnostic labs in nations to permit rapid and accurate diagnosis of animal disease threats.
	Composting	45,000	0%	0	0.00%	0	Composting - To identify and test new methods of disposing of dead animals.
	Rapid Response	176,020	0%	0	0.00%	142,902	To improve the Multi-Hazard Threat Database for rapid response to acts of Bioterrorism.
	Foreign Animal Disease Surveillance & Response	188,280	0%	0	0.00%	33,694	To enhance surveillance and response of animal disease. Establishment of national standard of emergency preparedness, from detection & diagnosis through response.
	Foreign Animal Disease Block Grant	500,000	0%	0	0.00%	498,595	To improve the Multi-Hazard Threat Database. To reduce the vulnerability to or the impact from, any disaster, disease or terrorism t attack on the agriculture community of NC.
	@ Geographical Information System	50,000	0%	0	0.00%	42,928	To provide the foundation for disseminating high-end Geographic Information System & mapping service via the Internet for the promotion of emergency management in animal health.
Bioterrorism Totals		\$70,185,135		\$49,460,267		\$16,177,041	
GRAND TOTALS ****		\$199,547,383		\$144,826,701		\$21,244,865	

* Local award of approximate 25 percent were made in the 2nd year of the grant
 ** There was an 80% local, 20% State requirement for the 2004 funds ONLY.
 *** Additional contracts worth \$3,387,155 were established, subsequent to the audit period but within the grant period, increasing the total awarded to locals to \$37,947,382 (75%)
 **** Amount includes sub-recipient grant programs and contracts for services and goods for locals.
 @ = Grant period closed out.

Source: Compiled by Office of State Auditor from agency records

FINDINGS AND RECOMMENDATIONS

AN APPEARANCE OF CONFLICT OF INTEREST RELATED TO THE CONTRACT FOR THE STATE MEDICAL ASSISTANCE TEAM UNIT PROTOTYPES WAS NOT DOCUMENTED.

The Office of Emergency Medical Services, within the Department of Health and Human Services, entered into an agreement with a private contractor to build the prototype SMAT II and SMAT III mobile trailer labs for \$278,300. The state Division of Purchase and Contract approved the award as a sole source contract under North Carolina purchasing regulations that allow waiver of competition in certain situations.

In examining this transaction, we noted that a potential conflict of interest existed between a Health and Human Services employee and management of the selected vendor. The potential conflict was disclosed and resolved with Purchase and Contract officials. Although both Health and Human Services and Purchase and Contract personnel reported verbal communication discussing the potential conflict, there was no formal, written notification between Health and Human Services management and Purchase and Contract personnel. The lack of written documentation to formally address the potential conflict could create the appearance of an unfair process.

RECOMMENDATION

Health and Human Services management should assure that all future sole source negotiations are fully documented by developing procedures to handle such situations. Any potential conflict of interest should be disclosed in writing to agency management as well as the Division of Purchase and Contract and become part of the formal contract record.

THE DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY'S HOMELAND SECURITY BRANCH LACKS WRITTEN POLICIES AND PROCEDURES FOR GRANT MANAGEMENT.

The Homeland Security Branch of the Division of Emergency Management was established in August 2003 to manage the large sums of homeland security funding coming to the state from the federal Department of Homeland Security. The section is currently managing seven grants worth \$119.4 million. In addition to managing these grants, staff also are responsible for allocating funds and monitoring homeland security grant spending by state agencies and local jurisdictions.

Each homeland security grant has specific requirements that are established at the federal level. As the grants are awarded to the state, each is assigned to a branch employee to manage. However, at the time of the audit, there were no written policies and procedures for grant management within the branch. It is essential to have formal written policies

FINDINGS AND RECOMMENDATIONS

and procedures to ensure consistency in the administration of the various grants and to ensure that adequate documentation is maintained.

RECOMMENDATION

The Homeland Security Branch of the Division of Emergency Management should develop written policies and procedures to ensure consistency of grant management within the branch. Once developed, these procedures should be reviewed with all branch personnel responsible for grants management. A system for updating and distributing revised procedures should also be established.

THE DEPARTMENTS OF HEALTH AND HUMAN SERVICES AND CRIME CONTROL AND PUBLIC SAFETY ARE CONDUCTING LIMITED MONITORING OF SUB-RECIPIENT GRANT FUNDS.

The Departments of Crime Control and Health and Human Services have received millions of dollars from the federal government to address homeland security and bioterrorism. Both departments have developed a number of state-level programs and allocated considerable funds to local entities, as shown in Table 12, page 43 in order to achieve federal grant goals. With multiple programs and recipients, it is imperative that adequate monitoring controls be in place to ensure grant compliance and accomplishment of goals.

While both departments have established some monitoring of sub-recipient grant programs, at the time of the audit it was limited and inconsistent. However, Health and Human Services hired an employee to specifically monitor sub-grantees in late June 2004. Health and Human Services is responsible for monitoring the bioterrorism grants, while Crime Control and Public Safety monitors the homeland security funds. Monitoring procedures and inconsistencies identified during site visits and interviews include:

- Health Resources Services Administration participants submit invoices to the bioterrorism specialist for grant compliance review, while Centers for Disease Control and Prevention expenditures are not reviewed for grant compliance.
- Citizen Corp 2002 and Community Emergency Response Team 2002 and 2003 conducted program monitoring activities, have limited financial reporting monitoring, but no on-site financial review of expenditures.
- Only Department of Justice and Department of Homeland Security grant programs approve equipment purchases prior to the purchase.
- Department of Justice and Department of Homeland Security grants have no written procedures for grant monitoring.
- No on-site financial monitoring for either homeland security or bioterrorism grant programs has been performed.

FINDINGS AND RECOMMENDATIONS

	Number Recipients Awarded	Total Funds Awarded
HOMELAND SECURITY FUNDS		
Federal Emergency Management Administration Grants		
Planning 2002	82	\$2,518,297
Community Emergency Response Team 2002	35	357,539
Citizen Corp 2002	24	59,882
Community Emergency Response Team 2003	18	388,691
Department of Justice		
FY2002	101	3,158,602
Department of Homeland Security		
FY2003 Part 1	101	8,595,600
FY2003 Part 2	101	24,776,128
2004 General Distribution	101	16,456,000
2004 Competitive	13	16,985,764
2004 Citizen Corps	241	685,000
2004 Law Enforcement Training and Prevention Program	15	9,766,404
TOTAL HOMELAND SECURITY SUB-RECIPIENT FUNDS		\$83,747,907
BIOTERRORISM FUNDS		
Health Resource Services Administration Grants		
Personal Protection, Quarantine, Decontamination	9	\$406,995
Hospital Bioterrorism Preparedness	120	6,813,151
EMS System Bioterrorism Preparedness	100	2,140,473
Centers for Disease Control and Prevention Grants		
Regional Lab Improvements	3	2,511,773
Public Health Regional Response Teams	8	8,299,205
Preparedness and Response	85	4,432,575
Communication and Risk Assessment	85	786,765
Competitive Projects	85	5,575,182
LAN Computers	85	310,000
Strategic National Stockpile	85	462,610
Smallpox	85	1,490,580
TOTAL BIOTERRORISM SUB-RECIPIENT FUNDS		\$33,229,309

Source: Departments of Crime Control and Public Safety and Health and Human Services

Samples of 56 bioterrorism and 49 homeland security expenditures were tested at the local level. These expenditures were tested for payment accuracy, verification of equipment, purchase supported local and state strategic plan, and local monitoring where funds are passed on to other entities. The results of this review showed minor errors as follows:

- One recipient of Citizen Corp 2002 funds:
 - Could not provide documentation for expenditures (only two expenditures for \$278.20 and \$5.00).
 - Did not complete required financial reports when the grant period ended.
 - Retained \$2,211.80 instead of returning the funds when the grant period ended.

Auditor's Note: Since the completion of the fieldwork, the agency has requested the return of these funds.

- For Centers for Disease Control and Prevention funds:
 - One recipient charged the Strategic National Stockpile grant program for one expenditure (\$593.05) that was not related to bioterrorism.
 - One recipient does not account for the use of funds by grant program.
 - One recipient could not provide documentation for a purchase of \$335.00.

FINDINGS AND RECOMMENDATIONS

RECOMMENDATION

The departments should develop written monitoring procedures for all grant programs that include periodic site visits. Also, the Citizens Corp 2002 grant administrator should require the recipient to immediately return the \$2,211 unused balance of the grant award. Health and Human Services' management should determine a way to recoup the \$593 from the recipient for the unallowable purchase.

THERE IS A LACK OF COMMUNICATION BETWEEN CRIME CONTROL AND PUBLIC SAFETY GRANT AND PROJECT MANAGERS.

Each homeland security grant is assigned to a **grant manager** in the Division of Emergency Management whose responsibility it is to oversee spending guidelines and program status. A single grant could fund numerous projects, some of which the grant manager would oversee directly, some of which could be assigned to another person known as the **project manager**. Project managers could be within Emergency Management and from another agency. Project managers are responsible for administering and managing specific projects funded through grant funds that pertain to their area of expertise. In most cases, the grant managers are not involved in planning, expenditure review, or the reimbursement process for the portion of grant funds that have been assigned to project managers. There are no procedures requiring scheduled updates, written or verbal, between the grant manager and project manager, although the grant manager continues to be responsible for the administration of the total grant.

We interviewed grant and project managers for three homeland security grants to obtain additional information on this potential problem. All three grant managers reported being unaware of program and funds status for many of the individual projects funded through grants for which they had responsibility. The only method grant managers have to track funds for projects not assigned directly to them is to request reimbursement documentation from Crime Control and Public Safety's Fiscal Section. We also learned that two project managers, who have responsibility for multiple grants, were unaware of the specific amounts they had been allocated from each grant. The lack of communication and the uncertainty about allocation amounts could result in funds not being used timely, thereby risking loss of these much needed funds.

RECOMMENDATION

Crime Control management should develop a procedure requiring periodic written updates between grant and project managers. The dates for the progress reports should be determined and communicated prior to allocation of funds and also included in all agreements with other agencies. These updates should include information on each project's status and its funding balance. Since both grant and project managers may have several grants and

FINDINGS AND RECOMMENDATIONS

associated projects along with other duties, it is important that formal communication of the program and funds status occur periodically between the managers. Additionally, a specific format for notifying both grant and project managers of the assignment of a grant or an associated project should be developed.

THE DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY HAD MINOR ERRORS IN ACCOUNTING FOR HOMELAND SECURITY GRANT EXPENDITURES.

Generally accepted financial management practices require that all authorized grant expenditures be documented with verifiable receipts in sufficient detail to demonstrate the nature of the expenditure. In reviewing a sample of 60 expenditures made by Crime Control on homeland security grants, we found only two errors (3.3% error rate). However, one of the errors was an overpayment of \$1,500. The potential financial loss associated with these errors could be \$3,685. Even though the errors were minor, a projection of the potential to the whole population shows \$126,805 could be at risk.

Additionally, we noted two payments totaling \$3,735 funded under the Domestic Equipment Preparedness Program were posted to the incorrect grant allocation account. These payments were posted in March and April of 2004 after a final report for this account had been submitted to the federal government in January 2004. We should note that these errors did not result in the over expenditure of grant funds. Also, our review of the \$1.9 million state appropriated terrorism defense fund disclosed coding errors of two payments totaling \$102. The amounts have now been reversed and the proper accounts charged. Posting charges to incorrect accounts impedes the Department's ability to manage funds in the most efficient manner.

RECOMMENDATION

Management should immediately request reimbursement for the overpayment of \$1,500. Existing procedures regarding requests for payment should be enforced for all payments. Management should explore the possibility of a computer edit that would not allow charges to be posted to accounts after the grant period has expired. Additionally, any change to the status of a grant should be communicated in a timely manner to all personnel involved in the grant process.

FINDINGS AND RECOMMENDATIONS

THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES DID NOT COMPLY WITH STATE RECORDS RETENTION REQUIREMENTS FOR FISCAL YEAR 2002.

We sampled homeland security and bioterrorism expenditures at each state agency receiving funds during fiscal years 2002 through 2004. However, we were unable to sample any Department of Agriculture expenditures for fiscal year 2002. We attempted to test 11 expenditures that occurred in fiscal year 2002 in our original sample¹². The Department inadvertently destroyed all accounts payable files for that year during an in-house clean-up project.

The state's accounts payable retention requirement allows destruction of files after three years¹³. According to this rule, the records for fiscal year 2002 should have been retained until the end of fiscal year 2005. Table 13 shows that the documents to support expenditures of over \$255,000 (13%) of \$2 million in grant funds could not be provided. Therefore, we were unable to reach a conclusion related to compliance with requirements, rules, regulations and policy for fiscal year 2002.

TABLE 13				
Department of Agriculture and Consumer Services				
Homeland Security / Bioterrorism Funds by Program				
FY2001-02				
Type of Funds	Program	Awarded	Spent	Percent
State Rainy-Day	Fertilizer Protection	\$75,000	\$13,539	18%
State Rainy-Day	Pesticide Surveillance	50,000	27,275	55%
State Rainy-Day	Retail Food and Dairy	150,000	77,637	52%
USDA -- APHIS	Foreign Animal Disease Block Grant	500,000	34,391	7%
USDA -- APHIS	Geographical Information System	50,000	12,868	26%
State Rainy-Day	Training Vets	50,000	28,219	56%
State Rainy-Day	Lab for Disease and Biological Threats	1,125,000	61,333	5%
	TOTAL	\$2,000,000	\$255,252	13%

Source: North Carolina Accounting System

RECOMMENDATION

The Department of Agriculture should take steps to ensure the records retention requirements are being followed.

¹² In order to meet the 95% confidence level, +/- 5%, we substituted 11 expenditures from the other fiscal years covered by the sample.

¹³ The General Schedule for State Agency Records, issued by the North Carolina Department of Cultural Resources, Office of Archives and History, denotes requirements for records retention.

APPENDICES

Appendix	Description	Page
A	Homeland Security/Bioterrorism Grants For the Period 10/01/01 – 6/30/04	49
B	Selected Homeland Security Legislation	65
C	North Carolina Emergency Response Commission Membership	67
D	The Department of Crime Control and Public Safety --Major Accomplishments In Homeland Security	69
E	Department of Health and Human Services-- Accomplishments in Public Health Preparedness and Response	71
F	Department of Agriculture and Consumer Services-- List of Homeland Security/Bioterrorism Accomplishments	73
G	North Carolina State Ports Authority--List of Homeland Security/Bioterrorism Accomplishments	75
H	Summary of Local Questionnaire Responses	77
I	Sub-Recipient Amounts By Jurisdiction	83
J	Response from Department of Crime Control and Public Safety	85
K	Response from Department of Health and Human Services	93
L	Response from Department of Agriculture and Consumer Services	103
M	Response from State Ports Authority	105

APPENDICES

[This page left blank intentionally.]

APPENDICES

APPENDIX A Homeland Security/Bioterrorism Grants For the Period 10/01/01 – 6/30/04

Agency	Program/Purpose	Funding Source	Award Amount as of 6/30/04	Amount Rec'd as of 6/30/04	Percent Rec'd	Amount Obligated as of 6/30/04	Amount Spent as 6/30/04	% of Award Amt. Spent	Grant Period	Sub recipients	Status
NC State Ports Authority	Port Security Grant Round 1 - To conduct a needs assessment	Federal - DOT Maritime Administration	\$250,000	\$250,000	100.00%	\$0	\$250,000	100.00%	06/07/02-06/06/03	none	Completed
	Port Security Grant Round II - Security improvements and upgrades based on assessment.	Federal - Homeland Security, Transportation Security Administration	4,870,000	133,492	2.74%	759,609	142,420	2.92%	07/17/03-07/16/04	none	Extended to 05/01/05
	Port Security Grant Round III - Security improvements and upgrades based on assessment.	Federal - Homeland Security, Transportation Security Administration	1,881,583	0	0.00%	0	0	0.00%	12/10/03-12/09/04	none	In progress, funding is for 12 mos. period and project will not be complete, will need to request an extension.
NC State Ports Authority Direct Funds			\$7,001,583	\$383,492	5.48%	\$759,609	\$392,420	5.60%			
NC State Ports Authority Grand Total			\$7,001,583	\$383,492	5.48%	\$759,609	\$392,420	5.60%			
Crime Control & Public Safety	Department of Justice FY 1999 State Domestic Preparedness Equipment Program - Purchase specialized equipment for fire, emergency medical hazardous materials response services, and law enforcement agencies	Federal - Department of Justice-ODP Grant *	\$1,313,000	\$1,290,971	98.33%	\$0	\$1,290,971	98.33%	03/24/00-09/23/03	yes	Completed 01/29/04 did not use \$22,029 due to cost underruns
	Department of Justice FY 2000-01 State Domestic Preparedness Equipment program - Purchase specialized first responder equipment to enhance the capability of state & local agencies to respond.	Federal - Department of Justice-ODP Grant	\$3,810,000	\$848,634	22.27%	\$608	\$848,634	22.27%	01/21/02-01/20/05	yes	SMAT project progressing. Expect to spend 95% of funds by 09/30/04
* Funds for this grant cover period March 24, 2000 through December 31 2003.											

APPENDICES

APPENDIX A (Continued)

Agency	Program/Purpose	Funding Source	Award Amount as of 6/30/04	Amount Rec'd as of 6/30/04	Percent Rec'd	Amount Obligated as of 6/30/04	Amount Spent as 6/30/04	% of Award Amt. Spent	Grant Period	Sub recipients	Status
Crime Control & Public Safety	Department of Justice FY 2002 State Domestic Preparedness Equipment Program - Equipment, training & exercises to improve preparedness for terrorism.	Federal - Department of Justice-ODP Grant	\$7,706,000	\$4,953,058	64.28%	\$260,138	\$4,953,058	64.28%	08/01/02-07/31/05	yes	Expect to spend 80% by 09/30/04 with completion of SMAT project and procurement of chemical detection equipment.
	DHS FY 2003 State Domestic Preparedness (Part I) Equipment, Training & Exercises Program	Federal - DHS-ODP Grant	13,908,000	2,316,695	16.66%	564,992	2,316,695	16.66%	04/01/03-03/31/05	yes	Few expenditures for exercises and training. Based on current spending, will require extension of grant period.
	DHS FY 2003 State Homeland Security Grant Program supplemental (Part II) Critical infrastructure protection, equipment, exercise, training, planning & admin.	Federal - DHS-ODP Grant	36,840,000	1,751,331	4.75%	735,902	1,751,311	4.75%	05/01/03-04/30/05	yes	Agency encouraging locals to spend from older grants first. Based on current spending, will require extension of grant period.
	FEMA - FY 2002 Supplemental planning - Improve Emergency Operations Plans to include homeland security	Federal - FEMA Grant	2,832,358	1,076,607	38.01%	380,130	1,076,607	38.01%	12/17/2002-12/31/03	yes	Extension approved to 12/31/04. As of 8/31/04 90% (\$2,553,742) of grant funds spent.
	FEMA FY 2002 Supplemental - Citizen Corps - Support Citizens Corps & Community Emergency Response Teams	Federal - FEMA Grant	514,377	514,377	100.00%	1,646	417,998	81.26%	12/09/02-12/30/03	yes	Extension approved to 6/30/04 - in process of 90-day closeout.

APPENDICES

APPENDIX A (Continued)

Agency	Program/Purpose	Funding Source	Award Amount as of 6/30/04	Amount Rec'd as of 6/30/04	Percent Rec'd	Amount Obligated as of 6/30/04	Amount Spent as 6/30/04	% of Award Amt. Spent	Grant Period	Sub recipients	Status
Crime Control & Public Safety	FEMA FY 2002 Supplemental - EOC Modifications for Secure Communications Room - Modify State EOC to include a secure communications room.	Federal - FEMA Grant	\$150,000	\$56,479	37.65%	\$879	\$75,305	50.20%	04/10/03-12/31/03	none	Extension approved to 6/30/04, completed project under budget.
	FEMA FY 2002 - Supplemental - Secure Communications Equipment - NC receives and establishes a secret communication system	Federal - FEMA Grant	0	n/a		n/a	n/a		12/16/02-12/31/05	none	Complete - Equipment received
	FEMA FY 2002 Supplemental - Citizen Corps - Regional workshop & conferences to promote Citizen Corps	Federal - FEMA Grant	25,000	25,000	100.00%		25,000	100.00%	04/22/03-07/31/03	yes	Completed
	FEMA FY 2002 - Supplemental - EOC Phase I - Complete State and local EOC Assessments	Federal - FEMA Grant	50,000	2,662	5.32%	0	2,662	5.32%	12/01/02-05/31/03	none	Completed. Excess funds were de-obligated.
	CERT - FY 2003 Fund Community Emergency Response Teams	Federal - FEMA Grant	461,730	263,730	57.12%	4,316	263,730	57.12%	07/01/03-06/30/04	yes	In progress. Extension approved to 12/31/04
	Dept. of Homeland Security FY 2004 - Provide planning, equipment, training, exercise & mgmt & admin funding to emergency prevention, preparedness and response personnel	Federal - Dept. of Homeland Security	54,203,000	0	0.00%	0	0	0.00%	12/2003-11/2005	yes	Received approval to spend funds on March 29, 2004. In process of awarding funds to sub-recipients. Local award process went beyond the 60-day deadline, but no penalty was issued for delay.

APPENDICES

APPENDIX A (Continued)

Agency	Program/Purpose	Funding Source	Award Amount as of 6/30/04	Amount Rec'd as of 6/30/04	Percent Rec'd	Amount Obligated as of 6/30/04	Amount Spent as 6/30/04	% of Award Amt. Spent	Grant Period	Sub recipients	Status
Crime Control & Public Safety	HB 1471 Rainy Day Funds - To implement defense measures against all forms of terrorism and other terrorism issues.	State - NC General Assembly HB1471	\$15,532,372	\$7,809,580	50.28%	\$0	\$7,809,580	50.28%	11/08/01-11/19/03	yes	Completed as of April 30, 2004
	HB 1471 - Direct State Appropriation - To implement terrorism defense measures and to address other terrorism issues	State - NC General Assembly HB1471	1,900,000	1,900,000	100.00%	0	1,638,949	86.26%	11/08/01-11/19/03	yes	Completed. \$261,051 of unspent funds reverted to General Fund.
Crime Control & Public Safety Direct Funds			\$139,245,837	\$22,812,859	16.38%	\$8,308,473	\$22,535,059	16.18%			
Crime Control & Public Safety Grand Total			\$139,245,837	\$22,812,859	16.38%	\$8,308,473	\$22,535,059	16.18%			
Office of Governor-NC Comm. on Volunteerism & Comm. Ser. Direct Funds	Homeland Security Volunteerism in NC - Focus on those people and the things they can do locally in the areas of public safety, or disaster preparedness & relief. Geared toward senior citizens.	Federal - Corporation for National & Community Services	\$359,700	\$141,219	39.26%	\$0	\$141,219	39.26%	8/2002 thru 9-2005	yes	In progress - Currently in 2nd of 3 years
Office of Governor-NC Comm. on Volunteerism & Comm. Ser. Direct Funds			\$359,700	\$141,219	39.26%	\$0	\$141,219	39.26%			
Office of Governor-NC Comm. on Volunteerism & Comm. Ser.	Citizen Corp 2003 - To maintain Citizen Corp program for another year.	Federal - FEMA - pass through Crime Control	\$20,000	\$0	0.00%	\$0	\$0	0.00%	06/19/03-06/30/04	yes	In Progress. Extension through 12/31/04.
	Dept. of Homeland Security FY 2004 - Citizen Corps	Federal - pass through Dept. of Homeland Security	272,350	0	0.00%	0	0	0.00%	12/01/03-12/01/05	yes	Received approval to spend funds on March 29, 2004. In process to awarding funds to sub-recipients.
Office of Governor-NC Comm. on Volunteerism & Comm. Ser. Pass through from other agencies			\$415,327	\$97,977	23.59%	\$0	\$89,235	21.49%			
Office of Governor-NC Comm. on Volunteerism & Comm. Ser. Grand Total			\$775,027	\$239,196	30.86%	\$0	\$230,454	29.73%			

APPENDICES

APPENDIX A (Continued)

Agency	Program/Purpose	Funding Source	Award Amount as of 6/30/04	Amount Rec'd as of 6/30/04	Percent Rec'd	Amount Obligated as of 6/30/04	Amount Spent as 6/30/04	% of Award Amt. Spent	Grant Period	Sub recipients	Status
Dept. of Health & Human Services	Health Resources Services Administration Bioterrorism Hospital Preparedness Program - Improve hospital emergency room capabilities including EMS responses	Federal (US Dept of Health & Human Services-Health Resources Services Administration)	\$16,785,751	\$5,498,363	32.76%	\$10,766,116	\$5,498,363	32.76%	04/01/02-03/31/04	yes	In progress, 87% of fund allocated for local grants, local communication costs or contracts to institutions or others.
	Centers for Disease Control and Prevention Public Health Preparedness & Response for Bioterrorism - Support public health preparedness and response capabilities and activities at the state, regional and local levels.	Federal (US Dept of Health & Human Services - Centers for Disease Control and Prevention)	50,885,397	33,432,114	65.70%	7,635,342	33,510,979**	65.86%	08/31/99-08/30/04	yes	In progress, 75% of funds went to local grants or contracts.
	Substance Abuse & Mental Health Service Administration State Emergency Response Capacity - Enhance the State's Mental Health disaster capacity	Federal (US Dept of Health & Human Services - SAMHSA)	105,356	0	0.00%	0	0	0.00%	06/01/03 - 05/31/05	none	In progress. AHEC contract approved for training state level professionals. Second quarter contract still in progress for local training.
Health and Human Services - Direct funds**			\$67,776,504	\$38,930,477	57.44%	\$18,401,458	\$39,009,342	57.56%			
** Funds for this grant cover period August 31, 1999 through August 31, 2004											
Dept. of Health & Human Services	Facility Services-Emergency Medical Services - State Domestic Preparedness Program State Medical Assistance Team (SMAT) Equipment - Purchase equipment for local and regional medical response teams. SMAT II and SMAT III trailers.	Federal - Department of Justice (Through Crime Control) Contract with NCEM	\$3,812,901	\$0	0.0%	\$3,281,669	\$296,390	7.77%	3/15/03-9/30/04	no	On schedule to meet contract deadline.

APPENDICES

APPENDIX A (Continued)

Agency	Program/Purpose	Funding Source	Award Amount as of 6/30/04	Amount Rec'd as of 6/30/04	Percent Rec'd	Amount Obligated as of 6/30/04	Amount Spent as 6/30/04	% of Award Amt. Spent	Grant Period	Sub recipients	Status
Dept. of Health & Human Services	MH,DD & SAS - Centers for Disease Control and Prevention Public Health Preparedness & Response for Bioterrorism - Enhance the State Mental Health Disaster capability.	Federal - pass through from Health and Human Services Public Health Centers for Disease Control and Prevention Grant	\$58,321	\$0	0.00%	\$0	\$8,205	14.07%	02/26/03-08/30/03	none	Completed. Only need to pay AHEC for their part in developing and providing the training.
	Public Health Bioterrorism Electronic Communications-Radiological, chemical, and bio-terrorism attacks information system.	State - Rainy Day - Pass through from Crime Control	811,675	0	0.00%	0	0	0.00%	11/08/01-11/19/03	n/a	Completed. Health and Human Services was able to use federal funds for project.
	Public Health Local Health Dept Operation Upgrades-required minimum connectivity upgrades for 42 counties.	State - Rainy Day - Pass through from Crime Control	884,465	0	0.00%	0	0	0.00%	11/08/01-11/19/03	n/a	Completed. Health and Human Services was able to use federal funds for project.
	Public Health - Local Area Networks for 12 counties.	State - Rainy Day - Pass through from Crime Control	366,000	0	0.00%	0	0	0.00%	11/08/01-11/19/03	n/a	Completed. Health and Human Services was able to use federal funds for project.
	Public Health - upgrade for Counties with existing IT infrastructure.	State - Rainy Day - Pass through from Crime Control	290,000	0	0.00%	0	0	0.00%	11/08/01-11/19/03	n/a	Completed. Health and Human Services was able to use federal funds for project.
	Public Health - Establish seven regionally based bioterrorism teams in seven local health departments.	State - Rainy Day - Pass through from Crime Control	1,443,050	0	0.00%	0	0	0.00%	11/08/01-11/19/03	n/a	Completed. Health and Human Services was able to use federal funds for project.
	Bioterrorism Surveillance and State Central Operations-Personnel	State - Rainy Day - Pass through from Crime Control	133,894	0	0.00%	0	0	0.00%	11/08/01-11/19/03	n/a	Completed. Health and Human Services was able to use federal funds for project.

APPENDICES

APPENDIX A (Continued)

Agency	Program/Purpose	Funding Source	Award Amount as of 6/30/04	Amount Rec'd as of 6/30/04	Percent Rec'd	Amount Obligated as of 6/30/04	Amount Spent as 6/30/04	% of Award Amt. Spent	Grant Period	Sub recipients	Status
Dept. of Health & Human Services	Public Health - State Central Operations Office	State - Rainy Day - Pass through from Crime Control	\$45,500	\$45,500	100.00%	\$0	\$45,500	100.00%	11/08/01-11/19/03	none	Completed.
	Public Health Central Operations Situation Room	State - Rainy Day - Pass through from Crime Control	19,481	11,100	56.98%	0	11,100	56.98%	11/08/01-11/19/03	none	Completed.
	Public Health Regional State Lab - Enhance State Lab capacity & establish three regional state health labs-Regional State Lab Capacity at LHD Teams	State - Rainy Day - Pass through from Crime Control	553,500	0	0.00%	0	0	0.00%	11/08/01-11/19/03	n/a	Completed. Health and Human Services was able to use federal funds for project.
	Public Health State Bioterrorism Team-Enhance State Lab capacity & establish three regional state health labs.	State - Rainy Day - Pass through from Crime Control	607,755	373,333	61.43%	0	373,333	61.43%	11/08/01-11/19/03	none	Completed.
	Public Health State Lab Upgrades	State - Rainy Day - Pass through from Crime Control	680,600	43,619	6.41%	0	43,619	6.41%	11/08/01-11/19/03	none	Completed.
Health and Human Services Pass-through funds from other agencies			\$9,707,142	\$473,552	4.88%	\$3,281,669	\$778,147	8.02%			
Health and Human Services - Grand Total			\$77,483,646	\$39,404,029	50.85%	\$21,683,127	\$39,787,489	51.35%			
Dept. of Agriculture	Exotic Newcastle Disease - To create & implement a terrorism preparedness training program for the state's veterinary medical community, on foreign animal disease to build veterinary capability at the county level.	State Contingency Emergency	\$430,088	\$427,013	99.29%	\$0	\$427,013	99.29%		none	Completed.
	Silent Prairie - To conduct foreign animal disease exercise	Federal - National Defense Fund	90,000	90,000	100.00%	0	86,844	96.49%		none	Completed

APPENDICES

APPENDIX A (Continued)

Agency	Program/Purpose	Funding Source	Award Amount as of 6/30/04	Amount Rec'd as of 6/30/04	Percent Rec'd	Amount Obligated as of 6/30/04	Amount Spent as 6/30/04	% of Award Amt. Spent	Grant Period	Sub recipients	Status
Dept. of Agriculture	Exotic Newcastle Disease - Phase II - To continue to reduce the threat posed by END by evaluating the potential for END introduction into the State's poultry industry.	Federal - USDA/ APHIS	\$100,000	\$8,805	8.81%	\$447	\$24,818	24.82%	11/1/03-10/30/04	none	In progress
	foreign animal disease Surveillance & Response - To enhance surveillance and response of animal disease. Establishment of national standard of emergency preparedness, from detection & diagnosis through response	Federal - USDA/ APHIS	299,053	192,638	64.42%	0	253,021	84.61%	08/01/02-07/31/03	none	In progress - grant extended to July 2004
	Crimson Sky - To conduct foreign animal disease exercises to reflect a terrorist use of Foot & Mouth Disease as a bio weapon	Federal - USDA/ APHIS	99,528	90,670	91.10%	8,625	92,087	92.52%	08/08/02-08/07/03	none	Complete -grant extended to July 2004
	Crimson II - To conduct foreign animal disease exercises to reflect a terrorist use of Foot & Mouth Disease and limited Avian Influenza disease infection spread as a bio weapon	Federal - USDA/ APHIS	110,750	110,750	100.00%	0	110,750	100.00%	11/20/02-6/30/03	none	Completed. Extended to 11/19/03.

APPENDICES

APPENDIX A (Continued)

Agency	Program/Purpose	Funding Source	Award Amount as of 6/30/04	Amount Rec'd as of 6/30/04	Percent Rec'd	Amount Obligated as of 6/30/04	Amount Spent as 6/30/04	% of Award Amt. Spent	Grant Period	Sub recipients	Status
Dept. of Agriculture	Laboratory Network - To develop the Laboratory Information Management System to establish Rollins Lab as part of the network of diagnostic labs in nations to permit rapid and accurate diagnosis of animal disease threats.	Federal - USDA/CSREES	\$750,000	\$703,536	93.80%	\$0	\$744,630	99.28%	07/01/02-06/30/04	none	Completed
	Composting - To identify and test new methods of disposing of dead animals	Federal - USDA/APHIS	45,000	0	0.00%	0	0	0.00%	08/27/03-08/26/04	none	In progress - grant extended to 11/30/04
	Rapid Response - To improve the Multi-Hazard Threat Database for rapid response to acts of bioterrorism	Federal - USDA/APHIS	176,020	110,431	62.74%	4,875	142,902	81.19%	07/28/03-07/27/04	none	In progress -- Approximately \$264,000 has been awarded for 2004/05 to continue project.
	Surveillance -Animal Emergency Management - To enhance surveillance and response of animal disease. Establishment of national standard of emergency preparedness, from detection & diagnosis through response	Federal - USDA/APHIS	188,280	0	0.00%	537	33,694	17.90%	09/30/03-09/29/04	none	In progress, grant extended to 9/29/05
	Foreign animal disease Block Grant - To improve the Multi-Hazard Threat Database To reduce the vulnerability to or the impact from, any disaster, disease or terrorist attacks on the agriculture community of NC	Federal - USDA	500,000	500,000	100.00%	31	498,595	99.72%	FY 2001-02 through FY 2004-05	none	Completed

APPENDICES

APPENDIX A (Continued)

Agency	Program/Purpose	Funding Source	Award Amount as of 6/30/04	Amount Rec'd as of 6/30/04	Percent Rec'd	Amount Obligated as of 6/30/04	Amount Spent as of 6/30/04	% of Award Amt. Spent	Grant Period	Sub recipients	Status
Dept. of Agriculture	GIS - To provide the foundation for disseminating high-end Geographic Information system & mapping service via the Internet for the promotion of emergency mgmt in animal health	Federal - USDA/ APHIS	\$50,000	\$42,782	85.56%	\$0	\$42,928	85.86%	09/21/01-09/20/02	none	Completed
Dept. of Agriculture - Direct Funds			\$2,838,719	\$2,276,625	80.20%	\$14,515	\$2,457,282	86.56%			
Dept. of Agriculture	Veterinary Service – Laboratory for Disease and Biological Threats - Increase ability to handle, process & identify potential biological agents that might be employed by terrorist to target livestock, or to use animal, bird or rodent population in the state as a vector to spread such an agent.	State Rainy Day	\$1,125,000	\$1,185,669	105.39%	\$0	\$1,185,669	\$105.39%	11/08/01-11/19/03	none	Completed.
	Bulk Dangerous Fertilizer Program - To implement a volunteer dangerous fertilizer reporting program.	State Rainy Day	75,000	24,039	32.05%	0	24,039	32.05%	11/08/01-11/19/03	none	Completed - The funds have been spent & the plant fertilizer section continues to do what it can with its limited resources.
	Pesticide Control and Surveillance Program - To develop a strategic plan and identify critical chemical producers, distributors and users	State Rainy Day	50,000	49,152	98.30%	0	49,152	98.30%	11/08/01-11/19/03	none	Completed - The funds have been spent & the pesticide section continues to do what it can with its limited resources.

APPENDICES

APPENDIX A (Continued)

Agency	Program/Purpose	Funding Source	Award Amount as of 6/30/04	Amount Rec'd as of 6/30/04	Percent Rec'd	Amount Obligated as of 6/30/04	Amount Spent as 6/30/04	% of Award Amt. Spent	Grant Period	Sub recipients	Status
Dept. of Agriculture	Food and Drug Protection - To develop a strategic plan and improve security at the lab and food inspection.	State Rainy Day	\$150,000	\$145,499	97.00%	\$0	\$145,499	97.00%	11/08/01-11/19/03	none	Completed - Funds have been spent and at this point inspections have been reduced due to the lack of resources. Division lost BT coordinator & sample collector due to lack of funds
	Veterinarian Training - To develop and train professionals for foreign animal disease (foreign animal disease) outbreaks.	State Rainy Day	50,000	35,806	71.61%	0	35,806	71.61%	11/08/01-11/19/03	none	Completed.
	Food Protection - To develop and improve terrorist vulnerability	Federal - pass through from NC Health and Human Services/ Centers for Disease Control and Prevention	150,000	0	0.00%	0	11,571	7.71%	11/01/03-08/30/04	none	In progress - grant extended to 8/30/05
	Emergency Programs - To enhance surveillance of animal disease to ensure state & local readiness, interagency collaboration, & preparedness for bioterrorism, other outbreaks of infectious disease and other public health threats & emergencies.	Federal - pass through from NC Health and Human Services/ Centers for Disease Control and Prevention	526,000	198,208	37.68%	402	241,949	46.00%	09/01/02-08/30/04	none	In progress. Grant extended to 12/31/04
	Multi-Hazard Threat Database Project - To enhance the database to include DENR and Health and Human Services-Facility Services data	Federal - pass-through from NC Health and Human Services/Health Resources Services Administration	99,950	0	0.00%	40,831	2,641	2.64%	05/01/04 - 08/31/04	none	In progress
Dept. of Agriculture pass-through funds from other state agencies			2,225,950	1,638,373	73.60%	41,233	1,696,326	76.21%			
Dept. of Agriculture Grand Total			5,064,669	3,914,998	77.30%	55,748	4,153,608	82.01%			

APPENDICES

APPENDIX A (Continued)

Agency	Program/Purpose	Funding Source	Award Amount as of 6/30/04	Amount Rec'd as of 6/30/04	Percent Rec'd	Amount Obligated as of 6/30/04	Amount Spent as 6/30/04	% Of Award Amt. Spent	Grant Period	Sub recipients	Status
Dept. of Community Colleges	Centers for Disease Control and Prevention Public health Preparedness & Response for Bioterrorism Grant - To ensure delivery of appropriate education & training to key public health professionals, infectious disease specialist, emergency personnel, and other health care providers,	Federal - pass through from NC Health and Human Services/ Centers for Disease Control and Prevention	\$400,000	\$71,310	17.83%	\$0	\$39,200	9.80%		yes	First round grant \$200,000 awarded 2/20/03, completed Phase I of project, project began 3/7/03 and was based on a 12 month time frame; extended to 8/30/04. Second round grant \$200,000 awarded 1/1/04, no funds spent as of 6/30/04.
Community College - Pass-through funds transferred from another agency			\$400,000	\$71,310	17.83%	\$0	\$39,200	9.80%			
Dept. of Community Colleges Grand Total			\$400,000	\$71,310	17.83%	\$0	\$39,200	9.80%			
Information Technology Services	Core Network Infrastructure Protection -	State - Rainy Day - Pass through from Crime Control	\$1,500,000	\$1,477,411	98.49%	\$0	\$1,477,411	98.49%	11/08/01-11/19/03	none	completed
	Security Portal	State - Rainy Day - Pass through from Crime Control	160,000	182,623	114.14%	0	182,623	114.14%	11/08/01-11/19/03	none	completed
	Authentication & Authorization	State - Rainy Day - Pass through from Crime Control	632,000	631,965	99.99%	0	631,965	99.99%	11/08/01-11/19/03	none	completed
Information Technology Services - Pass-through funds transferred from another agency			\$2,292,000	\$2,291,999	100.00%	\$0	\$2,291,999	100.00%			
Information Technology Services - Grand Total			\$2,292,000	\$2,291,999	100.00%	\$0	\$2,291,999	100.00%			
Dept. of Administration	Security Service Agreement - Contract Security Guards for State Government Complex	State - Rainy Day - Pass through from Crime Control	\$1,037,400	\$1,037,400	100.00%	\$0	\$1,037,400	100.00%	11/08/01-11/19/03	none	completed
	Mail screening X-Ray System- Two X-ray systems for screening mail for explosives, weapons, and drugs.	State - Rainy Day - Pass through from Crime Control	175,730	159,247	90.62%	0	159,247	90.62%	11/08/01-11/19/03	none	completed

APPENDICES

APPENDIX A (Continued)

Agency	Program/Purpose	Funding Source	Award Amount as of 6/30/04	Amount Rec'd as of 6/30/04	Percent Rec'd	Amount Obligated as of 6/30/04	Amount Spent as 6/30/04	% of Award Amt. Spent	Grant Period	Sub recipients	Status
Dept. of Administration	Mail screening Gas Oxide System - Ethylene Oxide Gas System for Mail Biohazard Decontamination	State - Rainy Day - Pass through from Crime Control	\$43,858	\$52,514	119.74%	\$0	\$52,514	119.74%	11/08/01-11/19/03	none	Completed
Dept. of Administration - Pass through funds transferred from another agency			\$1,256,988	\$1,249,161	99.38%	\$0	\$1,249,161	99.38%			
Dept. of Administration - Grand Total			\$1,256,988	\$1,249,161	99.38%	\$0	\$1,249,161	99.38%			
Dept. of Environmental & Natural Resources	Rapid Response Lab - Mobile chemical analysis equipment; supplies, three analytical chemists (time-limited)	State - Rainy Day - Pass through from Crime Control	\$1,169,848	\$831,756	71.10%	\$0	\$831,756	71.10%	11/8/01-11/19/03	none	Completed, funds reverted to General Fund
	Waste Management Site Cleanup-contract for removal of biological, chemical, nuclear, incendiary or other terrorist event and a time limited position	State - Rainy Day - Pass through from Crime Control	2,030,000	24,028	1.18%	0	24,028	1.18%	11/8/01-11/19/03	none	Completed, access to \$2 million was never provided.
	To procure chemical detection equipment.	Federal - pass through Crime Control	350,470	0	0.00%	0	0	0.00%	2/5/03 - 09/30/04	none	In progress - Project should be completed by 9/30/04
	To procure radiological detection equipment.	Federal - pass through Crime Control	119,000	119,000	100.00%	0	119,000	100.00%	01/09/03 - 09/30/04	none	Completed as of 4/22/04
	Radiation Protection Training to provide training to mountain area and southeastern trauma regional advisory committees	Federal - pass through Health and Human Services	98,000	19,582	19.98%	26,442	24,923	25.43%	04/2004 - 08/2004	none	Scheduled to be completed by Aug. 2004.
Dept of Environment and Natural Resources- Pass through funds transferred from another agency			\$3,767,318	\$994,366	26.39%	\$26,442	\$999,707	26.54%			
Dept of Environment and Natural Resources- Grand Total			\$3,767,318	\$994,366	26.39%	\$26,442	\$999,707	26.54%			

APPENDICES

APPENDIX A (Continued)

Agency	Program/Purpose	Funding Source	Award Amount as of 6/30/04	Amount Rec'd as of 6/30/04	Percent Rec'd	Amount Obligated as of 6/30/04	Amount Spent as 6/30/04	% of Award Amt. Spent	Grant Period	Sub recipients	Status
Office of the State Auditor	Information Systems Vulnerability Tests for key agencies	State - Rainy Day - Pass through from Crime Control	\$500,000	\$499,300	99.86%	\$0	\$499,300	99.86%	11/8/01-11/19/03	none	completed
Office of the State Auditor - Pass through funds transferred from another agency			\$500,000	\$499,300	99.86%	\$0	\$499,300	99.86%			
Office of the State Auditor - Grand Total			\$500,000	\$499,300	99.86%	\$0	\$499,300	99.86%			
Dept. of Insurance	Statewide Awareness Program - Training for 40,000 fire and rescue personnel including student manuals.	State - Appropriation - Pass through from Crime Control	\$325,000	\$325,000	100.00%	\$0	\$325,000	100.00%	11/8/01-11/19/03	none	completed
Dept. of Insurance - Pass through funds transferred from another agency			\$325,000	\$325,000	100.00%	\$0	\$325,000	100.00%			
Dept. of Insurance	Terrorism Preparedness-developing & delivering specialized training to enhance the capabilities of personnel to respond to terrorism attacks.	Federal - FEMA	\$80,000	\$80,000	100.00%	\$0	\$80,000	100.00%	10/01/01-09/30/02	none	Completed
	Terrorism Preparedness-developing & delivering specialized training to enhance the capabilities of personnel to respond to terrorism attacks.	Federal - FEMA	107,500	107,500	100.00%	0	107,500	100.00%	10/01/02-09/30/03	none	Completed
Dept. of Insurance - Direct Funds			\$187,500	\$187,500	100.00%	\$0	\$187,500	100.00%			
Dept. of Insurance- Grand Total			\$512,500	\$512,500	100.00%	\$0	\$512,500	100.00%			

APPENDICES

APPENDIX A (Continued)

Agency	Program/Purpose	Funding Source	Award Amount as of 6/30/04	Amount Rec'd as of 6/30/04	Percent Rec'd	Amount Obligated as of 6/30/04	Amount Spent as 6/30/04	% of Award Amt. Spent	Grant Period	Sub recipients	Status
Governor's Crime Commission	Homeland Security Terrorism Training for Law Enforcement Officers - To development and provide training terrorism training.	Federal - pass through from Crime Control	\$559,648	\$112,465	20.10%	\$0	\$112,465	20.10%	12/15/03 - 04/30/05	none	In progress.
Governor's Crime Commission - Pass through funds transferred from another agency			\$559,648	\$112,465	20.10%	\$0	\$112,465	20.10%			
Governor's Crime Commission - Grand Total			\$559,648	\$112,465	20.10%	\$0	\$112,645	20.10%			
State Direct Funds Grand Total			\$17,862,460	\$10,136,593	56.75%	\$0	\$9,936,366	55.63%			
Federal Direct Funds Grand Total			\$199,547,383	\$54,595,579	27.36%	\$27,484,055	\$54,786,456	27.46%			
All Direct Funds Grand Total			\$217,409,843	\$64,732,172	29.77%	\$27,484,055	\$64,722,822	29.77%			
<p>Note: There is no duplication of funds in the State, Federal and Grant Totals; however totals by agencies do include duplications. * = Funds for this grant cover period of 3/24/00 through 12/31/03 ** = Funds spent for this fund although no funds received because agency has not requested reimbursement yet. Source: Compiled by Office of State Auditor from agency records.</p>											

APPENDICES

[This page left blank intentionally.]

APPENDIX B

Selected Homeland Security Legislation

Federal Legislation

- Homeland Security Act of 2002 - established the Department of Homeland Security (January 22, 2002)
 - Mission
 - Prevent terrorist attacks within the United States;
 - Reduce the vulnerability of the United States to terrorism;
 - Minimize the damage, and assist in the recovery, from terrorist attacks that do occur within the United States;
 - Carry out all functions of entities transferred to the Department, including acting as a focal point regarding natural and manmade crises and emergency planning;
 - Ensure that the functions of the agencies and subdivisions within the Department that are not related directly to securing the homeland are not diminished or neglected except by a specific explicit Act of Congress;
 - Ensure that the overall economic security of the United States is not diminished by efforts, activities, and programs aimed at securing the homeland; and
 - Monitor connections between illegal drug trafficking and terrorism, coordinate efforts to sever such connections, and otherwise contribute to efforts to interdict illegal drug trafficking.

- Passage of the USA Patriot Act – signed into law 10/26/2001
 - Improved law enforcement’s ability to obtain stored voice mail and records from communications and computer-service providers, and amended the pen register/trap and tract statute to apply to Internet communications.
 - Adopted important measures to combat money laundering.
 - Immigration and Naturalization Service was given enhanced ability to detain or remove suspected terrorists at the nation’s borders.
 - Authorized grants that will enhance State and local government’s ability to respond to and prevent terrorism and expand information sharing among law enforcement authorities at different levels of government.

APPENDIX B (continued)

North Carolina Legislation

Article 36B – G.S.14-288.21-24 (HB1468) - Certain Weapons of Mass Destruction (November 27, 2001)

- “An act to provide criminal penalties for the knowing manufacture, assembly, possession, storage, transportation, sale, purchase, delivery, or acquisition of nuclear, biological, or chemical weapons of mass destruction, to provide criminal penalties for the use or attempted use of nuclear, biological, or chemical weapons of mass destruction, to provide criminal penalties for the false reporting of a nuclear, biological, or chemical weapon of mass destruction, to provide criminal penalties for the perpetration of a hoax by the use of a false nuclear, biological, or chemical weapon of mass destruction, and to provide that murder by means of a nuclear, biological, or chemical weapon is first degree murder.”
- Penalties resulting from any violation are categorized as different felony classifications depending on the infraction.

HB 1471 – Bioterrorism Defense Funds - November 8, 2001 (Ch. SL 2001-457)

- An act to appropriate funds from the general fund and to authorize the governor to access funds from the savings reserve account to address terrorism issues.

HB1472 – Biological Agents Registry – November 28, 2001 (Ch. SL 2001-469)

- An act directing the Department of Health and Human Services to establish a biological agents registry, and imposing civil penalties for violation of registry requirements.
- Violations of this section shall result in a civil penalty of up to \$1,000. Each day of a continuing violation shall be a separate offense.

Source: Compiled by Office of the State Auditor

APPENDICES

Appendix C North Carolina Emergency Response Commission Membership As Of August 19, 2004

Name	Organization	City
Bryan Beatty, Chair	NC Department of Crime Control & Public Safety	Raleigh
Kenneth Taylor, Vice-Chair	NC Division of Emergency Management	Raleigh
Susan Haritos,	NC Department of Labor	Raleigh
Bob Andrews	NC Department of Transportation	Raleigh
Drexdal Pratt	NC Office of Emergency Medical Services	Raleigh
William Fletcher Clay, Jr.	State Highway Patrol	Raleigh
Dempsey Benton	NC Department of Environment and Natural Resources	Raleigh
Robin Pendergraft,	State Bureau of Investigation	Raleigh
Leah Devlin,	Division of Public Health	Raleigh
Ray Harrington, (Designee)	NC Community College System	Raleigh
Barry Pittman,	NC Department of Agriculture	Raleigh
Larry Hughes,	NC Office of the State Fire Marshal	Raleigh
Jim Pendergraph,	NC Sheriffs Assoc., Mecklenburg Co. Sheriffs Office	Charlotte
Frank Palombo,	NC Assoc. of Police Chiefs, New Bern Police Department	New Bern
Bryant Woodall,	NC Fire Chiefs Association, Raleigh, Fire Department	Raleigh
S. T. "Tommy" Cook, Jr.	NC EMS Administrators, FirstHealth Richmond EMS	Rockingham
S. Dewayne West	NC EM Association, Johnston Co. EM	Smithfield
Johnny Wayne Teeters	Metro Coalition	Greensboro
Source: Commission Staff		

APPENDICES

[This page left blank intentionally.]

APPENDICES

APPENDIX D Crime Control And Public Safety Major Accomplishments In Homeland Security

State's Emergency Response Commission (SERC)

- Established by the Governor and consisting of an 18-member commission with inclusion of all first responder disciplines, selected state agencies, etc. Its purpose is to integrate all facets of homeland security across North Carolina, to develop strategies, set funding priorities, and to ensure capabilities are optimized.

Development of Interoperable Communications Expansion Plan

- As established by the SERC, interoperable radio communication was determined to be the state's top priority. The goal is to build a statewide infrastructure which will allow communication linkage at every level. Even though it will require many years to fully complete, a plan was developed by the SHP, monies were committed, and progress is underway.

Urban Search and Rescue (USAR)

- A comprehensive USAR capability was built, comprised of eleven (11) proficient teams located strategically across the state. Its purpose is to support local communities by responding swiftly to all types of collapsed structures.

Regional Response Team (RRT)

- NC Hazardous Material Regional Response Teams were strategically located in the state to provide hazardous material response services, when they exceed local capabilities, with technical support, manpower, and specialized equipment.

State Medical Assistance Team (SMAT)

- Three-tiered State Medical Response System (SMRS) Plan; SMAT I , SMAT II, & SMAT III. Partnership with Health and Human Services/OEMS.
- These teams are primarily for medical response capabilities and have individual missions with defined response times. The primary mission is to sustain local medical response while awaiting outside support.

Enhanced Homeland Security Preparedness

Through allocation and administration of over \$130 million in DHS monies by NCEM, preparation and readiness levels across N. C. have increased significantly. Personnel are much better trained, exercises are being conducted, and required equipment inventories have risen at the local and state levels.

Source: Department of Crime Control and Public Safety

APPENDICES

[This page left blank intentionally.]

APPENDICES

APPENDIX E Department of Health and Human Services Accomplishments in Public Health Preparedness and Response

- Established the Public Health Preparedness and Response System, consisting of the North Carolina Office of Public Health Preparedness and Response, the Public Health Command Center (PHCC), seven Public Health Regional Surveillance Teams (PHRSTs) in regions across the state, and bioterrorism planner/coordinators in more than 60 local health departments.
- Provided funding and guidance to 85 local health departments and the Eastern Band of the Cherokee Indians to establish public health preparedness and response programs. Each department has a plan, including a smallpox vaccination and Strategic National Stockpile (SNS) distribution plan. Approximately 60 of 86 departments have an identified BT planner/coordinator.
- Established the state-level Health Alert Network (HAN), a communication system that is fully redundant with e-mail designed to immediately alert key state and county health officials and care providers to acts of bioterrorism as well as naturally occurring disease threats.
- Expanded public health disease surveillance capacity by capturing information from non-traditional sources of "active surveillance systems" such as such as NCEDD (North Carolina Emergency Department Database), and PreMIS – an electronic system for tracking EMS trends.
- The State Laboratory of Public Health (SLPH) developed the NC Laboratory Response Network (LRN), designed to respond to acts of bioterrorism or other public health threats and emergencies. SLPH doubled its Biosafety Level 3 (BSL3) capacity in Raleigh and established three new strategically located BSL-2+ labs.
- In cooperation with the NC Department of Agriculture and Consumer Services, conducted a three-phased statewide bioterrorism exercise "Triple Play" exercising functions of surveillance, epidemiologic investigation, public information, command/control/communications, mass care, Strategic National Stockpile receipt and distribution, quarantine, isolation and community containment measures.
- Activated the Public Health Command Center a total of six times during calendar year 2003. During Hurricane Isabel, conducted Rapid Needs Assessments in affected areas within 12 hours after landfall. Assessments were carried out using 7 Public Health Regional Surveillance Teams with vehicles and radio communications. Data from assessments were used to plan hurricane relief efforts.

APPENDICES

APPENDIX E (continued)

Health Resources and Services Administration Grant Accomplishments

- Implementation of the North Carolina Hospital Status System to track the current resource and inventory capabilities of acute care facilities across the state.
- Hired seven BT Planners to be located at each of the seven trauma hospitals which are designated as Regional Advisory Committee lead agencies. These key personnel have been tasked with specific objectives related to HRSA grant deliverables. Main mission: coordination, collaboration, and consensus building among the healthcare regions.
- State Medical Assistance Team Types II developed. Seven teams will receive training, trailers, and equipment to respond regionally or statewide as called upon. Main Mission: Set up of alternate care facilities and to assist with Mass Immunization and Prophylaxis.
- State Medical Assistance Teams Type III developed. Twenty-seven counties receiving training, trailers, and equipment to respond locally to medical related disasters requiring hazardous materials decontamination. Main Mission: Medical triage and treatment and warm zone decontamination.
- Development of seven regional Disaster Preparedness Committees to write regional disaster response plans.
- Delivered in depth burn treatment course across the state educating over 500 rural healthcare professionals on the triage, treatment, and subsequent care of burn victims until they can be transferred to one of the states 29 burn beds.
- Delivered comprehensive needs assessment to 122 acute care hospitals. Data from this assessment was analyzed and hospital spending guidelines formulated based on identified gaps. This was based on the US Surgeon General's **Healthy People 2010** * access the healthcare initiative.
- Comprehensive needs assessment delivered to 101 EMS Systems. Data is being analyzed for funding guideline in the 2005 grant year.
- Redundant communications put in place by placing UHF radios and control stations in the seven regional trauma hospitals, 86 Public Health vehicles, State Laboratory, State Emergency Operations Center, all State OEMS specialists' vehicles, and multiple rural hospitals across the state.

Source: Department of Health and Human Services

APPENDICES

APPENDIX F Department of Agriculture and Consumer Services List of Homeland Security/Bioterrorism Accomplishments

Since the fateful date of September 11, 2001, we have strengthened our defenses as well as our resolve to protect our vital agricultural infrastructure to ensure safe and secure food and agricultural products for the people of North Carolina and consumers around the world. The following list identifies our top five initiatives as we continue to work toward resolving homeland security issues.

1. NCDA&CS created the Emergency Programs Division to provide the Department with concerted prevention, mitigation, response and recovery efforts in a disaster event.
 - The Division houses the Crisis Response Center (CRC), a stand alone emergency operations center for specific agricultural issues during a disaster event that works in close concert with Emergency Management and other local, state and federal agencies for prevention, mitigation, response and recovery.
 - The Division operates the CRC within the scope of the National Incident Management System using the Incident Command System. EM 2000 tracker software and the Multi-Hazard Threat Database for geospatial technology applications are tools utilized during disasters.
 - The Division also serves as the source for Departmental bioterrorism and agroterrorism training, outreach, exercises and informational campaigns throughout the state. Specific high priority topics for the division include biosecurity, Exotic Newcastle Disease, Avian Influenza, Foot and Mouth Disease and food safety and security.
2. The Department created the Multi-Hazard Task Force as an organization that incorporated interdivisional and interagency cooperation to develop continuity of operation plans, physical security measures, personnel protection and security measures, and other pertinent terrorism security issues.
 - Developed the Multi-Hazard Preparedness and Response Plan.
 - Implemented physical security measures at entrances to the Department Building in Raleigh.
 - Developed Continuity of Operations Plans for divisions within the Department.
 - Developed a vulnerability self assessment tool and threat reduction steps.
3. Diagnostic laboratory capabilities were expanded and partnerships were formed to increase abilities to respond to a disaster event.
 - Management at the Rollins Veterinary Diagnostic Laboratory, the Constable Laboratory for Food and Drug Protection Division, and the State Public Health Laboratory are now holding joint, quarterly meetings to discuss common issues, plan for workload sharing, and explore cross funding opportunities.
 - A Biosecurity Level 3 (BSL-3) Facility was added to the Rollins Veterinary Diagnostic Laboratory to expand its capabilities to test for anthrax and other high consequence pathogens.
 - Rollins was accepted into the National Animal Health Laboratory Network, a network of Federal and State resources to enhance detection, surveillance and response to animal health emergencies (foreign animal diseases). Emphasis has been placed on real-time Polymerase Chain Reaction (PCR) assays for eight diseases [World Organization for Animal Health (OIE) List A diseases].

APPENDICES

APPENDIX F (continued)

- Rollins is also slated to become a member of the Laboratory Response Network, a Centers for Disease Control network of over 120 laboratories that combine resources to most efficiently respond to bioterrorism attacks.
4. The continued efforts of NCDA&CS to team with NC Public Health in common goals related to bioterrorism to synergize our capabilities.
- The Department and NC Public Health collaborated on and produced a draft for Federal Emergency Management Agency (FEMA) through Emergency Management's State Hazard Mitigation Advisory Group (SHMAG) entitled Infectious Disease Hazard Proposal. This proposal, if accepted, will allow North Carolina to be the first state in the nation to recognize infectious disease as a mitigatable hazard eligible for federal mitigation funds along with traditional natural hazards such as hurricanes, floods, and winter storms.
 - The Department and NC Public Health also sponsored and conducted the first National Multi-Hazard Symposium: "One Medicine Approach to Homeland Security" in 2003. This symposium pulled together the human and animal medical communities to discuss and exercise common approaches to homeland security issues. A Second Annual National Multi-Hazard Symposium is well into the planning stages for this year.
 - The Department is collaborating with North Carolina Department of Health and Human Services to staff 7 Public Health Regional Surveillance Teams (PHRSTs) across the state to provide agricultural insight and perspectives in their anti-bioterrorism activities.
 - The Department and NC Public Health are in joint collaboration on numerous geospatial technology projects.
5. The increase in capabilities of the Multi-Hazard Threat Database culminates our list of "Top Five" initiatives.
- The Multi-Hazard Threat Database (MHTD), located in the Information Systems Section of Emergency Programs, has expanded its data overlay capabilities to include Agronomic Services, Aquaculture, Plants and Pesticides and other interdivisional requirements.
 - The MHTD has also emerged as a tool that has incorporated the needs of the State Bureau of Investigation, Emergency Management, Public Health and other interagency requirements and activities.
 - An ongoing effort exists to increase capabilities and data overlays for geographical information systems, global positioning systems, and remote sensor technology for use in a disaster event. We have substantially increased the interoperable connectivity of the field staff to the Emergency Programs Division office through handheld devices and wireless remote access.

These five initiatives are certainly not all inclusive but are representative of our work and diligence to strengthen North Carolina agriculture.

Source: North Carolina Department of Agriculture and Consumer Services

APPENDICES

APPENDIX G North Carolina State Ports Authority List of Homeland Security/Bioterrorism Accomplishments

The North Carolina State Ports Authority's major accomplishments on Homeland Security since the events of 9/11 are as follows:

- Transportation Security Administration Seaport Security Grants:
 - TSA Security Grant Round 1 - Requested \$250,000 to complete a Security Vulnerability Assessment of its two facilities. NCSPA was awarded the \$250,000 request and the Security Vulnerability Assessment is completed.
 - TSA Security Grant Round 2 - Requested \$14 million to complete Four Security Projects (Access Control Security Enhancements, Cargo Security, Emergency Preparedness & Physical Security). NCSPA was awarded \$4.8 million of this request.
 - TSA Security Grant Round 3 - Requested \$7 million to complete Four Security Projects (Security Access to Berth and Vessel, Radiation Detection at Vessel and Security Gates, Perimeter Fencing, Emergency Preparedness and Equipment). NCSPA was awarded \$1.8 million of this request.
 - The Security Vulnerability's funded under Rounds 2 & 3 are scheduled for completion May 2005.

- Submitted TSA Grant application request through the Round 4 Seaport Security Grants Program for nine projects totaling \$5.2 million. Awards are scheduled for awards in September 2004.
 - CCTV Surveillance System for the remaining port facilities
 - Interoperability Communications System
 - Waterside Surveillance
 - Bomb Detection Equipment
 - Emergency Phones
 - Radiation Detection Equipment
 - Intrusion Detection Equipment
 - Vehicle Inspection Equipment
 - Waterside Security Barriers

- There were many security vulnerabilities identified in the 2002 Security Assessment that have been funded and completed by the NCSPA. Examples: Security signage, door and window locks, radio equipment, increase in manpower, Security Plans, Security Training, etc.

- The NCSPA was successful in meeting the new Maritime Security Act requirements by:
 - Having the two Facility Security Plans for the Ports of Morehead City and Wilmington filed on time and approved by the United States Coast Guard before the July 1st, 2004 deadline.
 - Completed the mandated three levels of Seaport Facility Training by the July 1st deadline:
 - Facility Security Officer Training
 - Facility Security Training for Police and Security Officers
 - Facility Security Training for all others

Source: North Carolina State Ports Authority

APPENDICES

[This page left blank intentionally.]

APPENDICES

APPENDIX H Summary of Local Questionnaire Responses

We received a total of 89 responses through site visits and telephone interviews. A number of issues emerged as areas for improvement:

- Managing multiple grants concurrently. 38 (43.2%) recipients (22 bioterrorism, 16 homeland security) surveyed are currently managing 4 or more grants.
 - 25 (28.4%) recipients (15 BT, 10 HS) have no direct personnel to manage grants.
- 9 (10.2%) recipients (2 BT, 7 HS) actually declined grants offered through the Departments of Crime Control and Health and Human Services.
 - Not enough time or staff to perform exercises.
 - Too much paperwork (red tape).
 - Information indicated that the funds were mostly for medication, but they were not certified to administer many of the drugs on the list.
- 29 (32.9%) recipients (18 BT, 11 HS) had less than 1 year of grant administration experience prior to receiving homeland security/bioterrorism funds in 2003.
- The overlapping of grant periods cause various effects within the entity's management process.
 - Creates confusion in keeping track of funds and how funds are spent.
 - Difficulty in keeping track of beginning and ending dates for grants.
 - Agency fiscal years versus grant fiscal years different.
 - Difficulty managing and keeping track of the reporting requirements for the different grants.
- 47 (57.3%) recipients (33 BT, 14 HS) have stated needs in their county that have not been addressed. They include:
 - Decontamination equipment and protective clothing.
 - Equipment and training needs for first responders.
 - Security for courthouse and other public buildings.
 - Training and decontamination facilities.
 - More communication equipment for voice and data.
 - Enhanced communication between agencies.
 - Interoperable communication equipment—fire department uses VHF, EMS uses UHF, and law enforcement uses 800.
 - Inability to hire Bioterrorism coordinator.
 - Continued development and implementation of comprehensive plans

APPENDICES

APPENDIX H (continued)

SUMMARY OF LOCAL QUESTIONNAIRE REPONSES

CURRENT GRANTS:

1. From what agencies have you received homeland security/bioterrorism grants? **87 Responses**

FEDERAL	<input type="checkbox"/> a. DHS 28 (32.2%)	<input type="checkbox"/> b. FEMA 7 (8.0%)	<input type="checkbox"/> c. DOJ 18 (20.7%)	<input type="checkbox"/> d. CDC 5 (5.7%)
	<input type="checkbox"/> e. DHHS 14 (16.1%)	<input type="checkbox"/> f. HRSA 25 (28.7%)	<input type="checkbox"/> g. Other _____ 4 (4.6%)	
STATE	<input type="checkbox"/> h. NC Crime Control and Public Safety 33 (37.9%)		<input type="checkbox"/> i. NC Dept. of Health and Human Services 25 (28.7%)	

2. How many homeland security/bioterrorism grants are you currently managing? **88 Responses**

<input type="checkbox"/> a. 0 - 3 grants 50 (56.8%)	<input type="checkbox"/> b. 4 - 7 grants 31 (35.2%)	<input type="checkbox"/> c. 7-10 grants 4 (4.5%)	<input type="checkbox"/> d. > 10 grants 3 (3.4%)
---	---	--	--

3. Have you declined grants offered through DCCPS or DHHS? **88 Responses**

<input type="checkbox"/> a. Yes (GO TO #4) 9 (10.2%)	<input type="checkbox"/> b. No (GO TO #5) 79 (89.8%)
---	---

- 6
4. What were the reasons for not requesting these funds?
 - Amount of funds too small to help.**
 - Small county and funds would not help.**
 - Not enough time or staff to perform exercises.**
 - Understood funds were mostly for medications and not certified to administer the drugs.**
 - Too much paperwork.**

GRANT ADMINISTRATION:

5. Have you received any administrative funds from federal or state homeland security/bioterrorism grants? **87 Responses**

<input type="checkbox"/> a. Yes (HOW MUCH IN \$) 12 (13.8%)	<input type="checkbox"/> b. No 69 (79.3%)	<input type="checkbox"/> c. Don't Know 6 (6.9%)
--	---	---

6. How many years of experience did you have with grant administration prior to the homeland security/bioterrorism funds of 2003? **88 Responses**

<input type="checkbox"/> a. None 23 (26.1%)	<input type="checkbox"/> b. 1 yr 6 (6.8%)	<input type="checkbox"/> c. 2-3 years 8 (9.1%)	<input type="checkbox"/> d. >3 years 51 (58.0%)
---	---	--	---

7. In addition to your homeland security/bioterrorism grant responsibilities, what are your other areas of responsibility?
 - Oversees all Emergency Management (EM) activities, such as planning, preparation, and mitigation.**
 - Oversees all Emergency Medical Services (EMS) activities and fire prevention operations.**
 - Administer and monitor all grant funds and related activities.**
 - Administer safety and inspection control programs at five hospitals.**
 - Responsible for all programmatic, administrative, and regulatory functions at county health department.**
 - General public health duties**
 - Oversees all management responsibilities for emergency service operations to include EMS, fire and rescue, and communications.**
 - All administrative responsibilities related to managing a municipal police department.**

8. What percentage of your time do you spend in grant administration activities? **89 Responses**

<input type="checkbox"/> a. 10% or less 43 (48.3%)	<input type="checkbox"/> b. 11-20 % 14 (15.7%)	<input type="checkbox"/> c. 21-30% 9 (10.1%)	<input type="checkbox"/> d. > 30% 23 (25.8%)
--	--	--	--

9. How many employees directly assist you with grants? **88 Responses**

<input type="checkbox"/> a. 0 employees 25 (28.4%)	<input type="checkbox"/> b. 1 employee 32 (36.4%)	<input type="checkbox"/> c. 2 employees 7 (8.0%)	<input type="checkbox"/> d. 3 or more employees 24 (27.3%)
--	---	--	--

10. What resources do you have to assist in writing grant proposals? **87 Responses**

<input type="checkbox"/> a. Full-time grant writer 6 (6.9%)	<input type="checkbox"/> b. Part-time grant writer 11 (12.6%)	<input type="checkbox"/> c. Contract grant writer 3 (3.4%)
<input type="checkbox"/> d. Assistance from other agency 1 (1.1%)	<input type="checkbox"/> e. other _____ 19 (21.8%)	<input type="checkbox"/> f. None 49 (56.3%)

APPENDICES

APPENDIX H (continued)

11. Has completion of the grant application and other documentation to receive grants required any assistance from any of the following: **CHECK ALL THAT APPLY**

	Crime Control 43 Responses	DHHS 64 Responses
a. Area Coordinators	20 (46.5%)	20 (31.3%)
b. Branch Coordinators	12 (27.9%)	5 (7.8%)
c. State grants manager	12 (27.9%)	20 (31.3%)
d. Federal grants manager	2 (4.7%)	4 (6.3%)
e. Others	9 (20.9%)	9 (14.1%)
f. None	15 (34.9%)	24 (37.5%)

12. What effect, if any, have overlapping grant periods had for your entity?

- **Overlapping of grants creates confusion in keeping track of funds and what money can be spent of what and when.**
- **Creates time crunch to get things completed within grant periods.**
- **Very confusing when working between grants**
- **Difficult to keep track of beginning and ending dates for grants.**
- **Difficult with agency fiscal year and grant fiscal years being different.**
- **Getting funds late in the grant fiscal year makes it tough to use all of the funds.**
- **Difficult keeping track of the reporting requirements for different grants.**

13. How would you describe your experience in interpreting the homeland security/ bioterrorism grant instructions? **84 Responses**

- a. Not Difficult at all **23 (27.4%)**
 b. Somewhat Difficult **45 (53.6%)**
 c. Difficult **8 (9.5%)**
 d. Very Difficult **8 (9.5%)**

Crime Control GRANTS ONLY

14. Have all 10 first responder disciplines identified by the Dept. of homeland security/ bioterrorism been provided the option to participate in the allocation of funding in your county? **42 Responses**

- a. Yes **(GO TO #15)** **32 (76.2%)**
 b. No **(GO TO #16)** **1 (2.4%)**
 c. Not Applicable **9 (21.4%)**

15. What effect has it had on the process? **34 Responses**

- a. Positive **29 (85.3%)**
 b. Negative **0 (0.0%)**
 c. None **5 (14.7%)**

16. For grants that had a specific amount for exercises, equipment and training, did you receive the exercise instructions at the same time as the others? **37 Responses**

- a. Yes **17 (45.9%)**
 b. No **(GO TO #17)** **13 (35.1%)**
 c. Don't Know **7 (18.9%)**

17. Did it have an affect on your ability to develop and complete exercises? **23 Responses**

- a. Yes **(GO TO #18)** **6 (26.1%)**
 b. No **(GO TO #19)** **12 (52.2%)**
 c. Don't Know **5 (21.7%)**

18. What was the major effect?

- **Provided a good learning experience.**
- **County put in a bind; had to hire a consultant to unscramble and get exercise completed.**
- **Delayed exercise development and increased time necessary to complete the exercise.**
- **Difficult to file for reimbursement because the format keeps changing.**
- **Not knowing what was and was not allowable.**

COUNTY HS PLAN:

19. Does your county have a documented homeland security/bioterrorism strategic plan in place? **84 Responses**

- a. Yes **(GO TO #20)** **62 (73.8%)**
 b. No **(GO TO #21)** **13 (15.5%)**
 c. Don't Know **9 (10.7%)**

20. Does the purchased equipment, exercises and training fit into that plan? **75 Responses**

- a. Yes **61 (81.3%)**
 b. No **2 (2.7%)**
 c. Don't Know **12 (16.0%)**

APPENDICES

APPENDIX H (continued)

21. Other than being listed on the federal official list of approved items, what were the determining factors for your purchases?
- Followed the list.
 - In 2002 and 2003 had no choice other than the list.
 - Performed a needs assessment and selected from the items on the federal and state lists.
 - Items that could be used in day-to-day operations and could not be bought without these funds.
 - Purchased equipment that would be helpful in preparing to respond to bioterrorism and other emergency needs of the county.
 - What would provide the highest level of protection for responders and the community for the amount of funds received.
 - Need and to enhance first responders ability to respond and protect themselves.
22. Was shelf life of equipment and supplies a factor in determining what would be purchased? **82 Responses**
- | | | |
|--|---|---|
| <input type="checkbox"/> a. Yes
45 (54.9%) | <input type="checkbox"/> b. No
34 (41.5%) | <input type="checkbox"/> c. Don't Know
3 (3.7%) |
|--|---|---|
23. Are there homeland security/bioterrorism needs in your county that have not been addressed? **82 Responses**
- | | | |
|---|--|---|
| <input type="checkbox"/> a. Yes (GO TO #24)
47 (57.3%) | <input type="checkbox"/> b. No (GO TO #25)
24 (29.3%) | <input type="checkbox"/> c. Don't Know
11 (13.4%) |
|---|--|---|
24. What are they?
- Decontamination equipment and protective clothing.
 - Equipment and training needs for first responders.
 - Security for courthouse and other public buildings.
 - Training and decontamination facilities.
 - More communication equipment for voice and data.
 - Enhanced communication between agencies.
 - Interoperable communication equipment—fire department uses VHF, EMS uses UHF, and law enforcement uses 800.
 - Inability to hire Bioterrorism coordinator.
 - Continued development and implementation of comprehensive plans.

COUNTY APPROVAL PROCESS FOR SPENDING:

25. How long did it take for you to obtain approval to spend the funds from your county commissioners? **82 Responses**
- | | | | | |
|--|--|--|---|---|
| <input type="checkbox"/> a. < 30 days
44 (53.7%) | <input type="checkbox"/> b. 30 to 60 days
18 (22.0%) | <input type="checkbox"/> c. 61 to 90 days
4 (4.9%) | <input type="checkbox"/> d. Over 90 days
1 (1.2%) | <input type="checkbox"/> e. Not required
15 (18.3%) |
|--|--|--|---|---|
26. How long did it take for you to obtain approval to spend the funds from your county manager? **82 Responses**
- | | | | | |
|--|--|--|---|---|
| <input type="checkbox"/> a. < 30 days
47 (57.3%) | <input type="checkbox"/> b. 30 to 60 days
10 (12.2%) | <input type="checkbox"/> c. 61 to 90 days
5 (6.1%) | <input type="checkbox"/> d. Over 90 days
0 (0.0%) | <input type="checkbox"/> e. Not required
20 (24.4%) |
|--|--|--|---|---|
27. What is the normal time period between the county's expenditure for homeland security/bioterrorism items and the request for reimbursement from the state? **69 Responses**
- | | | | |
|--|---|---|--|
| <input type="checkbox"/> a. < 30 days
31 (44.9%) | <input type="checkbox"/> b. 1-3 months
31 (44.9%) | <input type="checkbox"/> c. 4-5 months
2 (2.9%) | <input type="checkbox"/> d. >5 months
5 (7.2%) |
|--|---|---|--|

GRANT MONITORING AND SUB-RECIPIENTS:

28. What type of monitoring have State Agencies conducted on grants you have received? **CHECK ALL THAT APPLY**

	Crime Control 37 Responses	DHHS 63 Responses
a. Review of equipment requests	33 (89.2%)	48 (76.2%)
b. Approval to purchase equipment	32 (86.5%)	50 (79.4%)
c. Invoice review to obtain payment	30 (81.1%)	29 (46.0%)
d. On-site visits	20 (54.1%)	16 (25.4%)
e. Other _____	2 (5.4%)	11 (17.5%)
f. None	3 (8.1%)	5 (7.9%)

29. How would you rate the support provided to you by the State when applying and administering homeland security/bioterrorism grants? **CHECK ALL THAT APPLY**

	Crime Control 30 Responses	DHHS-Public Health 32 Responses	DHHS-Emergency Medical Services 36 Responses
a. Poor	1 (3.3%)	2 (6.3%)	1 (2.8%)
b. Fair	2 (6.7%)	5 (15.6%)	4 (11.1%)
c. Good	11 (36.7%)	10 (31.3%)	14 (38.9%)
d. Very good	11 (36.7%)	12 (37.5%)	11 (30.6%)
e. Excellent	5 (16.7%)	3 (9.4%)	6 (16.7%)

APPENDICES

APPENDIX H (continued)

30. Have any of the following entities received sub-grants through your division for homeland security/bioterrorism efforts?

20 Responses

- | | | |
|--|--|--|
| <input type="checkbox"/> a. Law Enforcement
3 (15.0%)
<input type="checkbox"/> d. Hazardous Materials
1 (5.0%)
<input type="checkbox"/> g. Public Health
4 (20.0%)
<input type="checkbox"/> j. Health Care
1 (5.0%) | <input type="checkbox"/> b. Emergency Medical Services
1 (5.0%)
<input type="checkbox"/> e. Public Works
1 (5.0%)
<input type="checkbox"/> h. Fire Services
1 (5.0%)
<input type="checkbox"/> k. Hospitals
1 (5.0%) | <input type="checkbox"/> c. Emergency Medical Agencies
2 (10.0%)
<input type="checkbox"/> f. Public Safety Communications
1 (5.0%)
<input type="checkbox"/> i. Emergency Management Division
3 (15.0%)
<input type="checkbox"/> l. Other _____
13 (65.0%) |
|--|--|--|

31. What type of monitoring has your entity conducted on grants you have awarded? **CHECK ALL THAT APPLY 57 Responses**

<input type="checkbox"/>	a. Review of equipment requests	51 (89.5%)
<input type="checkbox"/>	b. Approval to purchase equipment	51 (89.5%)
<input type="checkbox"/>	c. Invoice review to obtain payment	51 (89.5%)
<input type="checkbox"/>	d. On-site visits	37 (64.9%)
<input type="checkbox"/>	e. Other _____	0 (0.0%)
<input type="checkbox"/>	f. None	6 (10.5%)

32. Is there anything you would like to add that has not been discussed?

- **Distribution**
 - Not fair to distribute funds on basis of population; every county is subject to terrorism.
 - Believes that money handed out on basis of population stemmed from federal politics.
 - Funding allocation on the basis of population is inequitable.
 - Need to streamline grant process; too many hoops to get over and too much paperwork.
 - Concern about the short timeframe between the announcement of grants and deadline for submittal.
- **Reimbursement**
 - More timely payment of reimbursement requests.
 - County should get the funds directly rather than on a reimbursement basis.
 - Speed up the reimbursement process.
 - State Office of Emergency Management has not been very responsive in the reimbursement process.
 - There has to be a better way of doing business—documentation and reimbursement issue.
 - Personnel at Crime Control keep changing; get different interpretations.
- **Training**
 - Need more emphasis on training than exercise; exercises are not efficient if not properly trained to operate equipment.
 - Grant process has been beneficial because it has enabled county to obtain homeland equipment and training that otherwise could not have been obtained.
- **Crime ControlGeneral**
 - Funds and support from DHHS and Public Health has been very helpful in preparing county for Bioterrorism.
 - Grateful for Bioterrorism funds which have improved security, communication, data processing, and training.
 - Funds have been extremely important in improving preparedness.

Source: Compiled by Office of the State Auditor from questionnaire responses

APPENDICES

[This page left blank intentionally.]

APPENDICES

APPENDIX I SUB-RECIPIENT AMOUNTS BY JURISDICTION

JURISDICTION	BIOTERRORISM	HOMELAND SECURITY	TOTAL
ALAMANCE	\$ 238,031	\$ 868,790	\$ 1,106,821
ALEXANDER	131,321	244,107	375,428
ALLEGHANY	25,813	99,227	125,040
ANSON	153,033	193,946	346,979
ASHE	41,911	202,707	244,618
AVERY	38,873	138,507	177,380
BEAUFORT	247,666	326,949	574,615
BERTIE	35,297	181,200	216,497
BLADEN	228,621	255,042	483,663
BRUNSWICK	230,489	565,528	796,017
BUNCOMBE	2,677,541	3,400,663	6,078,204
BURKE	277,375	637,150	914,525
CABARRUS	288,432	1,428,361	1,716,793
CALDWELL	194,586	526,802	721,388
CAMDEN	8,567	112,065	120,632
CARTERET	195,286	1,841,108	2,036,394
CASWELL	130,007	212,090	342,097
CATAWBA	340,931	983,328	1,324,259
CHATHAM	177,827	395,837	573,664
CHEROKEE	183,073	2,013,683	2,196,756
CHOWAN	36,360	1,129,483	1,165,843
CLAY	119,439	114,014	233,453
CLEVELAND	268,728	2,012,171	2,280,899
COLUMBUS	230,659	415,968	646,627
CRAVEN	242,568	1,331,004	1,573,572
CUMBERLAND	1,652,925	2,615,402	4,268,327
CURRITUCK	-	178,575	178,575
DARE	186,562	215,479	402,041
DAVIDSON	271,205	949,377	1,220,582
DAVIE	137,995	259,603	397,598
DUPLIN	175,093	2,438,325	2,613,418
DURHAM	1,790,345	1,492,032	3,282,377
Eastern Band C.I.	27,230	138,387	165,617
EDGECOMBE	175,798	407,378	583,176
FORSYTH	588,462	2,011,662	2,600,124
FRANKLIN	163,744	380,524	544,268
GASTON	323,379	1,215,234	1,538,613
GATES	9,832	98,069	107,901
GRAHAM	116,014	105,548	221,562
GRANVILLE	45,944	1,813,075	1,859,019
GREENE	144,501	200,677	345,178
GUILFORD	1,768,358	2,645,043	4,413,401
HALIFAX	250,279	401,190	651,469
HARNETT	226,347	2,863,250	3,089,597
HAYWOOD	173,671	406,504	580,175
HENDERSON	265,099	645,055	910,154
HERTFORD	50,956	211,981	262,937
HOKE	96,886	244,686	341,572
HYDE	130,416	84,301	214,717
IREDELL	342,473	1,399,453	1,741,926
JACKSON	189,791	221,963	411,754
JOHNSTON	247,481	831,703	1,079,184
JONES	90,557	111,794	202,351
LEE	187,035	376,881	563,916
LENOIR	201,843	1,214,981	1,416,824
LINCOLN	196,557	1,290,354	1,486,911
MACON	178,088	255,198	433,286
MADISON	118,543	191,575	310,118
MARTIN	45,863	257,865	303,728
MCDOWELL	53,007	362,702	415,709
MECKLENBURG	3,538,354	4,509,177	8,047,531
MITCHELL	42,313	162,975	205,288
MONTGOMERY	143,976	222,209	366,185
MOORE	304,641	572,143	876,784
NASH	257,753	605,896	863,649

APPENDICES

APPENDIX I (continued)

JURISDICTION	BIOTERRORISM	HOMELAND SECURITY	TOTAL
NEW HANOVER	1,462,550	1,248,985	2,711,535
NORTHAMPTON	118,210	208,514	326,724
ONSLow	289,984	1,009,990	1,299,974
ORANGE	350,369	3,549,986	3,900,355
PAMLICO	106,017	129,548	235,565
PASQUOTANK	66,365	224,556	290,921
PENDER	176,362	335,000	511,362
PERQUIMANS	9,170	110,485	119,655
PERSON	157,078	303,045	460,123
PITT	2,348,758	2,057,821	4,406,579
POLK	33,008	196,491	229,499
RANDOLPH	261,118	872,271	1,133,389
RICHMOND	220,843	346,896	567,739
ROBESON	383,037	835,477	1,218,514
ROCKINGHAM	259,154	610,402	869,556
ROWAN	272,300	866,050	1,138,350
RUTHERFORD	80,462	442,047	522,509
SAMPSON	236,154	1,630,925	1,867,079
SCOTLAND	204,903	287,448	492,351
STANLY	222,729	392,404	615,133
STOKES	179,985	341,141	521,126
SURRY	256,993	2,279,071	2,536,064
SWAIN	161,025	116,109	277,134
TRANSYLVANIA	136,237	260,769	397,006
TYRRELL	9,931	59,573	69,504
UNION	256,445	891,633	1,148,078
VANCE	69,565	346,917	416,482
WAKE	819,503	6,514,077	7,333,580
WARREN	121,831	197,768	319,599
WASHINGTON	29,045	155,792	184,837
WATAUGA	68,159	327,865	396,024
WAYNE	221,642	790,357	1,011,999
WILKES	199,021	544,732	743,753
WILSON	219,704	555,621	775,325
YADKIN	142,052	302,839	444,891
YANCEY	10,739	167,346	178,085
MULTI-COUNTY	1,417,111	-	1,417,111
TOTAL	\$ 33,229,309	\$ 83,747,907	\$ 116,977,216

Source: Agency records—Crime Control, Health and Human Services, Office of the Governor

APPENDICES

APPENDIX J

Response From The Department of Crime Control and Public Safety



North Carolina Department of Crime Control and Public Safety

Michael F. Easley, Governor
Secretary

Bryan E. Beatty,

October 13, 2004

The Honorable Ralph Campbell, Jr.
State Auditor
20601 Mail Service Center
Raleigh, NC 27699-0601

Dear Mr. Campbell:

Thank you for this opportunity to make comments on your draft audit entitled *North Carolina's Homeland Security and Bioterrorism Efforts, October 2004*. I am pleased to respond on behalf of the Division of Emergency Management and our Department. Our response is enclosed.

Since our state began receiving homeland security funding, excellent progress has been achieved toward the goal of making North Carolina a safer place for its citizens. This progress has resulted from the diligent and committed efforts of many individuals at the city, county, and state levels. I believe that the assessments, findings, and recommendations outlined in your audit report will be instrumental in enhancing and advancing our Homeland Security Grants Program.

I thank you and your very capable staff for the superb comprehensive work completed during the audit process. Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Bryan E. Beatty".

Bryan E. Beatty
Secretary

BEB:gar

Enclosure

MAILING ADDRESS:
4701 Mail Service Center
Raleigh, NC 27699-4701
Telephone: (919) 733-2126



www.NCCrimeControl.org

An Equal Opportunity/Affirmative Action Employer

OFFICE LOCATION:
512 N. Salisbury Street
Raleigh, NC 27604-1159
Fax: (919) 715-8477



APPENDICES

Department of Crime Control and Public Safety Response to Audit Report on North Carolina's Homeland Security and Bioterrorism Efforts

The Division of Emergency Management and the N. C. Department of Crime Control and Public Safety response to the specific findings and recommendations in the October 2004 Performance Audit of North Carolina's Homeland Security and Bioterrorism Efforts is outlined below.

THE STATE HOMELAND SECURITY STRATEGY AND PLAN COMBINES BOTH HOMELAND SECURITY AND BIOTERRORISM ISSUES.

We concur with the finding. The accomplishments to date were truly a team effort and we thank you for acknowledging that effort. To ensure that we maintain that high standard and continue to strive for added success, the State Emergency Response Commission (SERC) through its quarterly meetings and established subcommittees will be the focal point for identifying, assessing and reassessing state and local government efforts.

NORTH CAROLINA HAS A NUMBER OF UNMET HOMELAND SECURITY AND BIOTERRORISM NEEDS.

We concur with the finding that there are unmet needs within homeland security. Although tremendous efforts have been undertaken, accomplished, and continue to be taken, there will continue to be unmet needs as entities identify and address shortcomings. The SERC, through its subcommittees for Homeland Security Funding Priorities and Professional Standards and Interoperability, is the focal point for identifying, assessing and reassessing state and local needs and requirements; and will continue to work with all eligible entities in identifying, prioritizing and addressing those needs.

This is an ongoing process, with quarterly meetings of the SERC as the forum for addressing unmet needs. Additionally, the SERC, through the subcommittees, will continue to maximize, to its fullest extent, any funding source made available.

The SERC would welcome any additional assistance from the General Assembly and the Governor in identifying stable state funds to augment the federal funds being provided.

AGENCIES HAVE NOT ADDRESSED THE ON-GOING FUNDING NEED FOR MAINTENANCE AND REPLACEMENT OF SUPPLIES AND EQUIPMENT FOR HOMELAND SECURITY AND BIOTERRORISM PROGRAMS.

With the FY 2003 Grant, sustainment costs became an eligible expense for equipment purchased under any Department of Homeland Security (DHS) Office of Domestic Preparedness (ODP) state equipment grant. "Allocated Equipment Acquisition Funds for FY 2003 may also be used for sustainment of first responder equipment that would be used in a jurisdiction's response to a terrorist threat or event. This would include repair and replacement parts, equipment warranties and maintenance contracts for equipment purchased under any ODP state equipment grant."

APPENDICES

Funding for maintenance of first responder equipment and supplies was not an authorized program expense prior to the FY 2003 grant award. Previous grant awards through the Department of Justice did not allow for maintenance or replenishment of supplies or materials.

All pre-2003 Memorandums of Agreement included verbiage, and the federal guidance, that any maintenance, repair, replacement or other recurring fees would be the responsibility of the state agency, county or tribe, and acknowledged by signature of all parties to the agreement.

A request to the North Carolina General Assembly for maintenance funds will be considered along with other priorities.

LOCAL ENTITIES HAVE UNMET HOMELAND SECURITY AND BIOTERRORISM NEEDS.

We believe that this finding is a continuation of the finding entitled, "North Carolina has a number of unmet homeland security and bioterrorism needs" and, as such, was addressed by the narrative provided under that finding.

THE FEDERAL GRANT PROCESS IS DIFFICULT FOR STATE AND LOCALS TO MANAGE.

We concur that there are challenges in the management of the nearly seven hundred (700) grants under the various DHS/ODP Grant Programs. Process improvement is an ongoing effort with input from local government and state agencies being an invaluable source for effective enhancement.

The difficulty in grants management relates to a number of issues within the programs discussed below, many of which are beyond the control of the state.

Grant notification of award from DHS is normally received by the state 1-3 months into the two-year performance period. A recent example is the September 17, 2004 approval letter of the Fiscal Year 2004 Homeland Security Information Technology and Evaluation Program for the performance period of August 1, 2004 to July 31, 2005. A month and a half lost, leaving just ten and a half months to review federal guidance documents, prepare the state guidance, draft MOA, staff the MOA for signature, and then approve spending the \$470,000 in grant funds.

Each successive federal grant presented challenges with new and modified rules and or guidelines for execution of the grant. Prior to 2003, Part II grants were allocated by specific categories, e.g., equipment and exercises and then equipment, exercise, training and planning. This resulted in up to four (4) grants per county, per grant year, if they elected to request all funding.

Under the FY 2003 Part II grant, each county received one allocated grant amount for their first responders to be used for exercises, training, equipment, and planning. It is the responsibility of the county to use the grant fund as it sees fit to improve domestic terrorism preparedness under DHS and North Carolina Emergency Management guidelines. By following this strategy, the total number of grants should be significantly reduced following closeout of 2002 and 2003, Part I. Extensions are, and have been, requested as needed to ensure adequate time is available to maximize available funds.

APPENDICES

In our continuing effort to improve the process of grant management, Grant Support Coordinators have been assigned under operational control of the three (3) NCEM Branch Managers, with two (2) Grant Support Coordinators per branch. Their primary function is to assist local entities with their grants and be a source of information along with the NCEM Area Coordinators, Branch Managers, and Homeland Security Branch Staff.

AGENCIES HAVE BEEN SLOW IN SPENDING SOME FEDERAL HOMELAND SECURITY AND BIOTERRORISM FUNDS.

We concur that all entities should continue to improve the coordination and timely use of homeland security funds.

Many subgrantees work from oldest grant forward, attempting to close out the oldest first, before executing the most recent grant. Others spend local funds entirely and then request reimbursement. Both of these procedures are permissible under the grants.

The federal guidance, which the state has reflected in its guidance, has no requirement to spend incrementally over the course of the grant period.

SOME LOCAL AGENCIES HAVE DECLINED HOMELAND SECURITY AND BIOTERRORISM GRANTS.

We concur with the finding. As an example, under the 2002 Grant Program there are two categories of authorized expenditures: equipment and exercise. Nine counties chose not to request exercise funds, but all counties requested equipment funds under the grant. The exercise funds that were declined were made available to those counties who had requested exercise funds.

There is no federal or state mandate that requires any entity to accept all funding being made available under the grant.

Regionalization is always supported, but requires local coordination. An example is Surry County which took the lead for a proposed three-county exercise. Regionalization is encouraged, but is not a requirement for acceptance of funds.

Prior to 2003, Part II grant amounts were allocated for specific categories such as equipment, exercises, planning, training, etc. Some counties did, in fact, elect not to accept the monies.

With the 2003 Part II, each county received one allocated grant amount for their first responders to be used for exercise, training, equipment, and or planning. It is the responsibility of the county to use the grant funds as it sees fit to improve domestic terrorism preparedness.

As stated previously, with each successive grant year the guidance has been changed to better meet the needs and requirements of the subgrantees.

APPENDICES

CRIME CONTROL AND PUBLIC SAFETY LACKS SPECIFIC FUNDS FOR DEVELOPMENT OF GRANT PROPOSALS.

As you noted in the finding, funds are available for work performed in preparing grants. Under the current grant structure, staff working to develop new grant applications routinely charge their time to on-going grants already having approved funding, a practice allowed by federal regulations.

We do agree that the Department timesheet structure does not require the input of hours worked by project or grant. Federal grants specify a percentage of the total grant funds that may be used for administrative purposes and do not require state officials to report specific administrative time by grant. The Homeland Security Branch staff is 100% federally funded, and 100% of all work is directed at preparing applications, developing state guidance, and implementing each grant.

As these grants are 100% reimbursable (for eligible expenses), funds must be expended for the Department to draw down funds from a new grant. Until such time as the Department of Homeland Security provides administrative funds with the notification of grant award, there will remain a need to charge costs against existing grants for development of a new grant application.

CCPS has explored the feasibility of accounting for hours worked by project or grant. Our review concluded that there is no cost-effective benefit for adopting that procedure.

STATE AGENCIES HAVE AWARDED MORE HOMELAND SECURITY AND BIOTERRORISM FUNDS TO LOCALS THAN REQUIRED BY GRANTS.

CCPS will continue this practice whenever it is feasible and cost-effective.

In our continuing effort to improve the process of grant management, Grant Support Coordinators have been assigned under operation control of the NCEM Branch Manager, two (2) per branch. Their primary function is to assist local entities with their grants and be a source of information along with the NCEM Area Coordinators, Branch Managers, and Homeland Security Branch Staff.

CC&PS'S HOMELAND SECURITY BRANCH LACKS WRITTEN POLICIES AND PROCEDURES FOR GRANT MANAGEMENT.

While federal guidelines and procedures are provided to all subgrantees, and followed by CCPS/NCEM grants managers, we concur with the finding that written internal grants management guidance is lacking.

Action has been initiated to have written guidance and procedures at the grants managers' level within the Homeland Security Branch.

The target date for completion and approval is 1 April 2005.

APPENDICES

THE DEPARTMENTS OF HEALTH AND HUMAN SERVICES AND CRIME CONTROL AND PUBLIC SAFETY ARE CONDUCTING LIMITED MONITORING OF SUB-RECIPIENT GRANT FUNDS.

We do not concur with this finding. With the FY 2002 grants to local governments, CCPS MOA's required submission of monthly cost reports and progress reports, which were agreed to by the grantor and subgrantee signatures. These documents serve to monitor the performance of the entity as they relate to schedule and expenditures against available funds. As the number of grants increased for each county, the monthly requirement was modified to quarterly reports.

Citizen Emergency Response Teams (CERT) have been required to provide quarterly reports, which include information concerning financial status, and continue to be received from every grant recipient. Limited face-to-face monitoring (including financial) was conducted; CERT volunteers have no established office, or other facility, to visit. The CERT Program Manager ensures that continuous electronic correspondence and frequent telephonic contact is also made with teams.

CCPS and NCEM will review current practices and procedures to ensure adequate monitoring is taking place.

THERE IS A LACK OF COMMUNICATION BETWEEN CRIME CONTROL AND PUBLIC SAFETY GRANT AND PROJECT MANAGERS.

We do not agree that overall communication is lacking. We do agree that, in some specific cases, communication needs to be improved.

With the 2002 grant year, monthly submission of cost reports and progress reports are identified in the MOA, and agreed to by the grantor and subgrantee by their signing of the MOA. These documents serve to monitor the performance of the entity as they relate to schedule and expenditures against available funds. As more grants were executed with local governments, the monthly submission became burdensome and was modified to reflect quarterly report requirements.

In our continuing effort to improve the process of grant management, Grant Support Coordinators have been assigned under operation control of the NCEM Branch Manager, two (2) per branch. Their primary function is to assist local entities with their grants and to be a source of information along with the NCEM Area Coordinators, Branch Managers, and Homeland Security Branch Staff.

We will review our coordination procedures to ensure that effective communication is maintained between project managers and grants managers.

APPENDICES

CRIME CONTROL & PUBLIC SAFETY HAD MINOR ERRORS IN ACCOUNTING FOR HOMELAND SECURITY GRANT EXPENDITURES.

CCPS agrees that the two (2) errors noted in this finding did occur. The \$1,500 overpayment will be collected from the respective local unit of government.

Exceptions regarding the four payments totaling \$3,837 resulted from clerical errors in coding the applicable federal fiscal year on open programs. Existing departmental reconciliation procedures are designed to detect and correct the federal fiscal year designations prior to the closing of programs. Increased efforts will be made to detect potential coding errors before transactions are processed.

APPENDICES

[This page left blank intentionally.]

APPENDICES

APPENDIX K Response From The Department of Health and Human Resources



North Carolina Department of Health and Human Services
2001 Mail Service Center • Raleigh, North Carolina 27699-2001
Tel 919-733-4534 • Fax 919-715-4645

Michael F. Easley, Governor

Carmen Hooker Odom, Secretary

October 6, 2004

Honorable Ralph Campbell, Jr.
State Auditor
2 S. Salisbury Street
20601 Mail Service Center
Raleigh, 27699-0601

Dear Mr. Campbell:

Thank you for the opportunity to review the draft of the performance audit entitled, North Carolina's Homeland Security and Bioterrorism Efforts and provide our written comments and responses to your office. We have carefully reviewed the entire report and the recommendations made by your office. We are in general agreement with the findings in the report; however, there are several areas where we feel that additional information would be helpful to clarify program operations.

DHHS Response to the Performance Audit of Homeland Security and Bioterrorism Efforts

The North Carolina Department of Health and Human Services manages the following grants referenced in the report:

- Division of Facility Services' (DFS) Office of Emergency Medical Services manages the Health Resources Services Administration (HRSA) Bioterrorism grant. The two grant programs involved are the HRSA Hospital Preparedness Program (in conjunction with the Division of Public Health) and the State Medical Assistance Team (SMAT) Grant Agreement with the Department of Crime Control and Public Safety, Division of Emergency Management.
- Division of Public Health's (DPH) Epidemiology Section manages the Centers for Disease Control (CDC) Bioterrorism grant.



Location: 101 Blair Drive • Adams Building • Dorothea Dix Hospital Campus • Raleigh, N.C. 27603
An Equal Opportunity / Affirmative Action Employer

APPENDICES

Honorable Ralph Campbell, Jr.
Response dated September 30, 2004
Page 94 of 114

The comments represent acknowledgement of agreement in some areas and clarification of efforts in other areas from the perspective of the DFS Office of Emergency Medical Services and the DPH Epidemiology Section.

OFFICE OF THE STATE AUDITOR (OSA) RECOMMENDATION - Page 23 of the Report:

Each agency receiving homeland security or bioterrorism funds should identify programs that would require ongoing maintenance and replenishment funding. Additionally, the North Carolina Emergency Response Commission should include a strategy to maintain equipment and supplies in the state's homeland security plan. The feasibility of using current grant funding for this purpose should be explored. For the SMAT's discussed above, state officials should compile a replacement cost estimate of all supplies and equipment in the units. The Governor and the state's Homeland Security Coordinator should request maintenance funds from the North Carolina General Assembly.

DHHS RESPONSE:

The Department of Health and Human Services concurs with this recommendation regarding the need for ongoing maintenance and replenishment funding to sustain these programs over the long-term. Recognizing that ongoing funding would be necessary, the Office of Emergency Medical Services budgeted \$125,000 in the "North Carolina Hospital Bioterrorism Preparedness Grant FY 2004-2005" for agencies with a SMAT program to purchase additional pharmaceutical caches. An additional \$24,500 was budgeted for SMAT II recipients to purchase a portable HEPA filtration system.

Similarly, the Division of Public Health is committed to budgeting Aid-To-County funds for ongoing local health department needs in subsequent Centers for Disease Control grant applications.

This approach for ongoing funding is a short-term solution and the Department of Health and Human Services is currently planning to seek legislative support to fund these programs for the long-term success of these programs.

OSA RECOMMENDATION - Page 24 of Report:

State Officials should continue to work closely with local officials in identifying and prioritizing homeland security and bioterrorism needs. Efforts at both levels should concentrate on ensuring that awarded funding is used for the highest priority needs. State officials should explore both federal and state funding sources to address needs not currently funded.

DHHS RESPONSE:

The Department of Health and Human Services agrees with this recommendation. The Office of Emergency Medical Services based the 2003 HRSA funding to hospitals on the data obtained from a comprehensive needs assessment delivered to all acute care facilities. The 2004 HRSA grant funding

APPENDICES

Honorable Ralph Campbell, Jr.
Response dated September 30, 2004
Page 3 of 114

will fund a reassessment of the hospitals to compare and contrast levels of readiness and continue to focus funding in areas of higher need. EMS systems have also been surveyed and their needs will be prioritized based on this data and funding priorities set for the 2004 funding cycle. The Office of Emergency Medical Services plans to assess Community Health Centers and Hospital laboratories this grant year to identify critical areas of need and further focus funds in these specialty care areas in future years.

The Division of Public Health has included its local partners in planning efforts for both program and financial aspects of the Centers for Disease Control Bioterrorism grant. This is accomplished through local health department representation on various Bioterrorism Grant Focus Area Subcommittees. These workgroups function to execute the grant deliverables and to identify and prioritize state, regional and local bioterrorism needs. DPH also commissioned the University of NC at Greensboro (UNC-G) to complete an assessment of local health department readiness. A preliminary report is guiding the efforts of its Office of Public Health Preparedness and Response (PHP&R) to prioritize local program needs based on subrecipient self assessment of readiness. The final report of this assessment will be available January 2005 and will similarly be used for prioritization of program needs at the local level. The Division of Public Health is also exploring the potential for risk-based funding to local health departments and has defined a set of local risk factors for prioritizing local needs in Budget Year 5, with concomitant funding budgeted.

OSA RECOMMENDATION - Page 31 of the Report:

State level officials should continue to work within the federal mandates and request extensions as necessary for state and local entities to ensure that the state maximizes available federal funds. State officials should explore the possibility of developing specific state standards for terrorism preparedness for use by state and local entities. State and local officials should continually assess and update lists of unmet needs to minimize the time required for assessment as funds become available. Both state and local officials should document time requirements for grant preparation and management to support requests for additional personnel.

DHHS RESPONSE:

The Department of Health and Human Services concurs with this recommendation regarding the need for specific state standards for terrorism preparedness for use by state and local entities. We must also continue to work within the federal mandates to ensure that the state maximizes available federal funds.

During the last grant cycle the Office of Emergency Medical Services requested a one-year extension on the HRSA grant to provide additional time for hospitals and EMS agencies to spend their allocated funds. All funds have been encumbered and these agencies will have until March 31, 2005 to complete their grant activities. This extension allowed several hundred thousands of federal dollars to remain in North Carolina. The Office of Emergency Medical Services is also requesting an extension

APPENDICES

Honorable Ralph Campbell, Jr.
Response dated September 30, 2004
Page 4 of 114

of 60 days to the SMAT grant agreement (approximately \$250,000) to complete the purchase of pharmaceuticals.

The Division of Public Health requested and received approval for carryover funds from the Centers for Disease Control at every opportunity made available by the CDC. Carryover requests, however, have been minimal, as the majority of the CDC Bioterrorism funds have been expended or encumbered by the State during the budget year for which they were designated in the grant. The Division of Public Health has also effectively requested and received approval from CDC for funds redirection requests during the grant cycle to ensure positioning of grant funds for disbursement to meet the needs of local health departments.

In regards to specific guidelines, the Office of Emergency Medical Services created a grant guidelines document for use by hospitals and EMS agencies. These guidelines are very specific and relate to every critical benchmark referenced in the HRSA grant. Local agencies were able to use the guidelines to develop their grant application. In addition, through repeated needs assessments, we are able to update lists of unmet needs in the event additional funding sources become available. Standardized memorandums of understandings (MOUs) were also developed for recipients of the SMAT equipment. The MOUs clearly stipulate the responsibilities of the state agency and local agencies.

Similarly, the DPH Office of Public Health Preparedness and Response (PHP&R) provided specific grant guidance to local health departments consistent with the Centers for Disease Control Bioterrorism grant critical benchmarks. This guidance has been in the form of written documents defining local preparedness outcomes, Aid-To-County Agreement Addenda outlining similar outcomes, and standardized templates for developing local and regional Strategic National Stockpile (SNS) plans. All expenditures are tracked by CDC Bioterrorism grant Focus Area outcomes.

In addition to these measures, PHP&R initiated Bioterrorism Planner/Coordinator Regional Training meetings. This training targets local health department Bioterrorism Planners and Coordinators and provides guidance regarding both program and financial grant obligations. To date, four regional training sessions have been completed, with 98 local health department attendees. Training is ongoing.

The Centers for Disease Control (in cooperation with the Association for State and Territorial Health Officials and with input from state grantees) is currently refining its local public health preparedness and response indicators. When the final version of this national standards project is available, PHP&R will communicate these guidelines to its local health department subrecipients.

APPENDICES

Honorable Ralph Campbell, Jr.
Response dated September 30, 2004
Page 5 of 114

OSA RECOMMENDATION - Page 32 of Report:

Local entities should continue to work to improve the coordination and timely use of homeland security and bioterrorism grant funds. The required local plans should be reviewed annually and, if necessary, updated. All expenditures should continue to support specific programs identified in the local plan. The state agencies that awarded the grants should continue to monitor grant spending for the locals. Should the agency note any locals that seem to be spending funds slowly, it should contact the entities involved to ascertain the reasons for the delay. Specific grant management assistance should be provided to the locals as needed.

DHHS RESPONSE:

The Department of Health and Human Services agrees with this recommendation and will continue to employ three Regional Specialists and seven specialty staff to assist with noted delays and facilitate spending of HRSA grant funds. The Office of Emergency Medical Services is currently entertaining the idea of contracting with additional area grants management specialists as a secondary means of grant proposal development, implementation, and invoicing assistance.

The DPH Office of Public Health Preparedness and Response hired a full-time Subrecipient Grant Monitoring Specialist on June 28, 2004. The Specialist immediately submitted a written Subrecipient Monitoring Plan to the State's Bioterrorism Coordinator, reviewed local health department preparedness and response plans, targeted local plans requiring update, completed an analysis of grant spending patterns of local health departments, and identified local health departments with slower spending patterns. Planned follow-up activities include facilitating local plan updates and site visits to determine barriers to local spending to affect improvement in grant spending patterns. The Specialist will be working with the Division of Public Health's five regional Administrative Consultants to provide additional financial and administrative guidance to improve local health department execution of CDC grant deliverables.

OSA RECOMMENDATION - Page 34 of the Report:

State Officials should work with the federal Homeland Security Advisory Council to continue to identify ways to improve the grant process. Working with local officials, Crime Control & Public Safety and Health and Human Services personnel should encourage regional grant proposals and efforts that combine resources of several local entities. Another avenue to explore is providing more direct assistance to locals in grant management.

DHHS RESPONSE:

The Department of Health and Human Services concurs with this recommendation regarding the need to explore simplifying the grant process for the local recipients. The first two years of the HRSA

APPENDICES

Honorable Ralph Campbell, Jr.
Response dated September 30, 2004
Page 6 of 114

bioterrorism funding was specifically targeted at building the critical infrastructure for all medical providers. The Office of Emergency Medical Services is considering the possibility of contracting with individuals to provide more direct assistance with grant management to local grant recipients.

Early in the Centers for Disease Control funding cycle for bioterrorism, the Division of Public Health made the decision to use a regional approach to public health preparedness and response for bioterrorism and other public health emergencies. Seven Public Health Regional Surveillance Teams (PHRST) were established to coordinate this regional approach. While all North Carolina local health departments receive CDC Bioterrorism funding, the 7 PHRST host counties receive additional funding to coordinate this regional effort and to provide technical assistance to all counties in their regions.

The PHRSTs serve a valuable role in training and education for their assigned counties to promote a coordinated public health response to potential bioterrorist events. They also assist their assigned local health departments in grants management issues, with direction from the Office of Public Health Preparedness and Response. PHP&R provided these teams with regional training for Bioterrorism Coordinators, Expenditure Monitoring Report training, and quarterly PHRST training. All training provided components of bioterrorism program development and execution of the Bioterrorism grant process at the local level. Training is ongoing.

OSA RECOMMENDATION - Page 36 of the Report:

We commend state officials with federal homeland security and bioterrorism grant administrative responsibilities on the efforts to assure that local entities receive the maximum amount possible of these funds. We strongly urge that this effort continue. However, given the needs that have been identified by these same agencies (see discussion on page 20), we encourage state officials to explore ways of using the federally approved state funds to address grants management needs.

DHHS RESPONSE:

The Department of Health and Human Services agrees with this recommendation and will continue with the formal assessment process as well as continue the community feedback sessions that are being done in six sites across the state. These sessions allow for local input on grant funding and needs as well as building closer working relationships between the agency and local providers.

The Office of Public Health Preparedness and Response provided local health departments with grants management assistance. This included regional training for Bioterrorism Coordinators, for financial staff (for completion of monthly Expenditure Monitoring Reports), and for quarterly PHRST training. All training provided components of bioterrorism program development and execution of the Bioterrorism grant process at the local level. Training is ongoing.

APPENDICES

Honorable Ralph Campbell, Jr.
Response dated September 30, 2004
Page 7 of 114

OSA RECOMMENDATION - Page 41 of the Report:

Health and Human Services management should assure that all future sole source negotiations are fully documented by developing procedures to handle such situations. Any potential conflict of interest should be disclosed in writing to agency management as well as the Division of Purchase and Contract and become part of the formal contract record.

DHHS RESPONSE:

The Department of Health and Human Services agrees with the recommendation that all sole source negotiations should be fully documented and that any potential conflict of interest should be disclosed in writing to the Division of Purchase and Contract. There was full disclosure verbally between the Office of Emergency Medical Services and the Division of Purchase and Contract of the possible conflict of interest prior to the award of the sole source contract for the SMAT II and SMAT III prototype trailers; however, no written communication was generated. If a possible conflict of interest should occur in the future, all communications will be documented in writing. The situation noted is now documented in writing and we are totally confident that there is no conflict of interest.

OSA RECOMMENDATION - Page 44 of the Report

The Departments should develop written monitoring procedures for all grant programs that include periodic site visits. Also, Citizens Corp 2002 grant administrator should require the recipient to immediately return the \$2,211 unused balance of the grant award. Health and Human Services management should determine a way to recoup collect \$593 from the recipient for the unallowable purchase.

DHHS RESPONSE:

The Department of Health and Human Services, Division of Facility Services has a subrecipient monitoring plan that addresses much of the monitoring process required for the HRSA and SMAT grants. In addition to this monitoring process, the Office of Emergency Medical Services is enhancing the process by developing a monitoring procedure document that includes a monitoring checklist to be used by agency staff. Although monitoring takes place in a number of areas off-site such as desk reviews, phone calls, report reviews, plans are to perform on-site audits of up to 25 percent of the grant recipients. In order to have a non-bias audit, the on-site audits will be performed by agency staff who have not been directly involved with the grant program. The Office of Emergency Medical Services is currently “desk auditing” 100 percent of all requests for reimbursement to ensure that the requests comply with the HRSA grant guidance.

APPENDICES

Honorable Ralph Campbell, Jr.
Response dated September 30, 2004
Page 8 of 114

The Division of Public Health has a written subrecipient monitoring plan. In addition to the DPH plan, the Office of Public Health Preparedness and Response (PHP&R) hired a full-time Subrecipient Grant Monitoring Specialist on June 28, 2004. The Specialist immediately submitted a more detailed written PHP&R Subrecipient Monitoring Plan to the State's Bioterrorism Coordinator. The plan is consistent with the subrecipient monitoring plans for both DHHS and DPH, and includes provisions for both desktop and on-site audits. To date, the Specialist has completed multiple site visits to local health departments, including review of bioterrorism expenditures. Working with DPH administrative staff, the Specialist has also initiated local health department training on an Expenditures Monitoring Report (EMR). The EMR will provide detailed bioterrorism expenditure information from the local health departments to the Specialist on a monthly basis. To date, four regional training sessions have been completed, with training ongoing.

Regarding the audit findings from testing of a sample of expenditures (page 43), the Division of Public Health will complete the following actions:

- For the \$593.05 for which the recipient charged the Strategic National Stockpile grant program for an expenditure not related to bioterrorism, the local health department will complete a bioterrorism related activity and use the equivalent in local funds (rather than grant funds) to support the activity. The inappropriate use of bioterrorism funds for this expenditure appears to have been an isolated error in coding the expenditure rather than a systemic problem. The Office of Public Health Preparedness and Response Subrecipient Grant Monitoring Specialist will complete follow-up reviews of expenditures from the local health department to ensure accuracy. The combined administrative expenses and efforts of the county, State and Federal governments to amend reports and recover such an amount is counter-productive. The solution suggested by the Department will avoid such administrative costs and improve the program at the local level.

The Federal government recognizes the importance of materiality in their questioned cost thresholds. Federal Circular No. A-133 (revised June 27, 2003) entitled **Audits of States, Local Governments, and Non-Profit Organizations** commonly known as the Single Audit Act states in §__.510 Audit findings (a)(3) that auditors should report "known" or identified questioned costs only when these are "*Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program.*"

- For the findings regarding a recipient not accounting for use of funds by grant program, the Subrecipient Grant Monitoring Specialist will provide additional training to the affected local health department. Training will focus on proper accounting of funds by grant program, in this case by Aid-To-County Agreement Addendum. Furthermore, this topic is included in the previously noted regional and local training on use of the monthly Expenditure Monitoring Report (EMR).
- For the findings regarding a recipient not providing documentation for a purchase of \$335.00, this has been discussed with the local health department financial representative and appears to be an anomaly, rather than a systemic problem. The expenditure was judged to be an appropriate use of bioterrorism funds, in spite of the local health department's failure to maintain adequate records (invoice) to support the expense. The Subrecipient Grant Monitoring Specialist will nevertheless

APPENDICES

Honorable Ralph Campbell, Jr.
Response dated September 30, 2004
Page 9 of 114

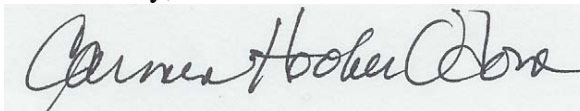
monitor this local health department based on the Office of Public Health Preparedness and Response Subrecipient Monitoring Plan procedures.

OTHER COMMENTS REGARDING AUDIT CONCLUSIONS & APPENDICES

Though not addressed as a formal recommendation, the audit report concludes (page 30 and 33) that “ten percent of the entities in our samples reported having declined homeland security and bioterrorism grants because they lacked the time or expertise to manage them.” To date, no local health departments have declined CDC Bioterrorism grant funds from the Division of Public Health. Only three entities have declined HRSA grant funds from the Division of Facility Services’ Office of Emergency Medical Services. Of these three, OEMS encouraged participation through the County Boards of Commissioners and offered to provide staff assistance to write the grant application for the entity. Funding was nevertheless declined, in spite of OEMS efforts to provide support and assistance.

We trust that the foregoing responses address the various report recommendations. If additional information is needed, please contact Dan Stewart, Director of the Office of Internal Audit at (919) 715-4791. Lastly, we would like to compliment the audit staff that worked on this project and the quality of this comprehensive report. They were very professional in defining/gathering information, listening to our comments and objective in writing the report and did an exceptional job in report presentation.

Sincerely,



Carmen Hooker Odom

CHO:ds

Cc: Lanier Cansler
Dan Stewart
Laketha Miller
Leah Devlin
Steve Cline
Bob Fitzgerald
Mike Moseley
Allyn Guffey
Leza Wainwright

APPENDICES

[This page left blank intentionally.]

APPENDICES

APPENDIX L Response From The Department of Agriculture and Consumer Services



Britt Cobb
Commissioner

North Carolina Department of Agriculture and Consumer Services

October 11, 2004

Mr. Ralph Campbell, Jr., State Auditor
Office of the State Auditor
2 South Salisbury Street
20601 Mail Service Center
Raleigh, North Carolina 27699-0601

Dear Mr. Campbell:

We are pleased to respond to the audit finding in connection with the performance audit of the Department's Homeland Security and Bioterrorism Efforts for the fiscal years 2002-2004.

Finding: The Department of Agriculture did not comply with State records retention requirements.

The auditors sampled homeland security and bioterrorism expenditures at each state agency receiving funds during fiscal years 2002 through 2004. However, they were unable to sample any Department of Agriculture expenditures for fiscal year 2002. The auditors attempted to test 11 expenditures that occurred in fiscal year 2002 in their original sample. The Department inadvertently destroyed all accounts payable files for that year during an in-house clean-up project.

The state's accounts payable retention requirement allows destruction of files after three years. According to this rule, the records for fiscal year 2002 should have been retained until the end of fiscal year 2005. The documents that support the expenditure of over \$255,000 (13%) of \$2 million in grant funds could not be provided. Therefore the auditors were unable to reach a conclusion related to compliance with requirements, rules, regulations and policy for fiscal year 2002.

Recommendation: The Department of Agriculture should take steps to ensure the records retention requirements are being followed.

1001 Mail Service Center, Raleigh, North Carolina 27699-1001
(919) 733-4216 ● Fax (919) 733-5047 ● www.ncagr.com
An Equal Opportunity Affirmative Action Employer

APPENDICES

Mr. Ralph Campbell, Jr., State Auditor
Office of the State Auditor

October 11, 2004
Page 2

Response: We concur with the audit finding. We were aware of the requirement to maintain accounts payable for three years, but during an in-house cleaning project, we inadvertently destroyed the 2002 fiscal year records. We will implement a procedure for a secondary validation and approval process before records are destroyed.

Please contact me if you have any questions concerning our response. We would like to express our gratitude to you and your staff for the professionalism displayed during the audit.

Sincerely,



Britt Cobb
Commissioner

BC:dhd

APPENDICES

APPENDIX M Response From The North Carolina State Ports Authority



Carl J. Stewart, Jr.
Chairman

October 15, 2004

Honorable Ralph Campbell, Jr.
Office of the State Auditor
2. South Salisbury Street
20610 Raleigh, NC 27699-0601

Dear Mr. Campbell:

We have reviewed the program overview, findings and recommendations that resulted from your audit of **North Carolina's Homeland Security and Bioterrorism Efforts**. The NC State Ports Authority places great value on the opinions of our stakeholders and customers and to that end, our management team carefully reviewed the draft report. We commend the efforts of the audit team to articulate the myriad and complex nature of our state's homeland security and bioterrorism efforts. The purpose of our response is not to take exception with any specific finding or recommendation in the report; however we are honored to offer further explanation and observations as we believe such may only serve to improve our collective efforts to protect North Carolinians from acts of terrorism.

Finding: [North Carolina has a number of unmet homeland security and bioterrorism needs](#)

Recommendation: Agency managements should work with the North Carolina Emergency Response Commission to fully identify and prioritize all unmet needs. The General Assembly and the Governor should work with the Commission and the agencies to identify stable sources of state and federal funds to address these needs.

Authority Response: The North Carolina State Ports Authority stands ready to assist the General Assembly, Governor and the North Carolina Emergency Response Commission in the integration, prioritization and associated funding of identified Ports related security needs into the overall needs assessment of the State. In fact, at the appropriate time, the Authority requests consideration for membership on the North Carolina Emergency Response Commission.

Finding: [The federal grant process is difficult for state and local officials to manage](#)

Recommendation: State level officials should continue to work within the federal mandates and request extensions as necessary for state and local entities to ensure that the state maximizes available federal funds. State officials should explore the possibility of developing specific state standards for terrorism preparedness for use by state and local entities. State and local officials should continually assess and update lists of unmet needs to minimize the time required for assessment as funds become available. Both state and local officials should

APPENDICES

Page two
October 15, 2004

document time requirements for grant preparation and management to support requests for additional personnel.

Authority Response: The North Carolina State Ports Authority has initiated proceedings with appropriate officials of the Transportation Security Administration to request an extension of time to better match an efficient state level design, construction and procurement process.

Finding: [Agencies have been slow in spending some federal homeland security and bioterrorism funds.](#)

Recommendation: Local entities should continue to work to improve the coordination and timely use of homeland security and bioterrorism grant funds. The required local plans should be reviewed annually and, if necessary, updated. All expenditures should continue to support specific programs identified in the local plan. The state agencies that awarded the grants should continue to monitor grant spending for the locals. Should the agency note any locals that seem to be spending funds slowly, it should contact the entities involved to ascertain the reasons for the delay. Specific grant management assistance should be provided to the locals as needed.

Authority Response: While the recommendation associated with this finding is primarily targeted to issues at the local level, the Authority does acknowledge that the spending of its awarded federal funding has been slow during the initial phases. A number of factors have delayed the Authority's ability to draw down the federal allocations. Since the Authority is working under a cost reimbursement process the total amount of federal funding awarded to the Authority is not secured until the projects have met certain milestones in their completion. For example, there was a need to consolidate individual projects funded under different Port Security grant rounds. This consolidation was necessary in order to achieve construction and financial efficiencies associated with a single project approach. The Authority has worked with the Transportation Security Administration regarding this adjustment and now is confident that the consolidated project can be completed within federally allowable extensions of time. Another factor in the delay in receipt of federal funds by the Authority is the difficulty we face in trying to reconcile incongruent federal and state timelines.

Again, I commend the audit team for a comprehensive report and thank you for the opportunity to provide our comments for your consideration.

Sincerely yours,



Carl Stewart, Jr., Chairman
North Carolina State Ports Authority

North Carolina State Ports Authority

P.O. Box 9002

Wilmington, NC 28402

Tel: (910) 343-6232

Fax: (910) 343-6237

Office: (704) 864-2715

Fax: (704) 861-0523

E-mail: carl_stewart@ncports.com

<http://www.ncports.com>

DISTRIBUTION OF AUDIT REPORT

In accordance with General Statutes 147-64.5 and 147-64.6(c)(14), copies of this report have been distributed to the public officials listed below. Additional copies are provided to other legislators, state officials, the press, and the general public upon request.

EXECUTIVE BRANCH

The Honorable Michael F. Easley	Governor of North Carolina
The Honorable Beverly M. Perdue	Lieutenant Governor of North Carolina
The Honorable Richard H. Moore	State Treasurer
The Honorable Roy A. Cooper, III	Attorney General
The Honorable Britt Cobb	Secretary, Department of Agriculture and Consumer Services
Mr. David T. McCoy	State Budget Officer
Mr. Robert L. Powell	State Controller
Ms. Carmen Hooker-Odom	Secretary, Department of Health and Human Services
Mr. Bryan E. Beatty	Secretary, Department of Crime Control and Public Safety
Mr. Carl J. Stewart, Jr.	Chair, North Carolina Ports Authority

LEGISLATIVE BRANCH

Appointees to the Joint Legislative Commission on Governmental Operations

President Pro Tempore	Speaker of the House
Senator Marc Basnight, Co-Chair	Representative James B. Black, Co-Chair
Senator Charles W. Albertson	Representative Richard T. Morgan, Co-Chair
Senator Daniel G. Clodfelter	Representative Martha B. Alexander
Senator Walter H. Dalton	Representative Rex L. Baker
Senator Charlie S. Dannelly	Representative Bobby H. Barbee, Sr.
Senator James Forrester	Representative Harold J. Brubaker
Senator Linda Garrou	Representative Debbie A. Clary
Senator Fletcher L. Hartsell, Jr.	Representative E. Nelson Cole
Senator David W. Hoyle	Representative James W. Crawford, Jr.
Senator Ellie Kinnaird	Representative William T. Culpepper, III
Senator Jeanne H. Lucas	Representative W. Pete Cunningham
Senator Anthony E. Rand	Representative W. Robert Grady
Senator Eric M. Reeves	Representative Joe Hackney
Senator Robert A. Rucho	Representative Julia C. Howard
Senator R. C. Soles, Jr.	Representative Joe L. Kiser
Senator Scott Thomas	Representative Edd Nye
	Representative William C. Owens, Jr.
	Representative Wilma M. Sherrill
	Representative Thomas E. Wright

Other Legislative Officials

Mr. James D. Johnson

Director, Fiscal Research Division

October 19, 2004

ORDERING INFORMATION

Copies of this report may be obtained by contacting the:

Office of the State Auditor
State of North Carolina
2 South Salisbury Street
20601 Mail Service Center
Raleigh, North Carolina 27699-0601

Internet: <http://www.ncauditor.net>

Telephone: 919/807-7500

Facsimile: 919/807-7647