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SCIENCE, TECHNOLOGY, ENGINEERING
AND MATH

July 20, 2020

Members
Joint Legislative Audit Committee
1020 N Street, Room 107
Sacramento, CA 95814

Re: Proposed Audit Related to Personal Protective Equipment

Dear Members of the Committee:

Personal protective equipment (PPE) such as face masks, face shields and gloves are critical to California being able to safely and effectively reopen its businesses, schools, government offices, public places and economy. As we are all painfully aware, the COVID-19 pandemic has brought much of life as we knew it to a standstill. Throughout California schools are closed, businesses are suffering, workers are worried about their jobs and health, the unemployed worried about their job prospects, and parents are worried about the impacts of all this on their children. Unemployment in California is now at 16.3 percent, much higher than the 12.3 percent peak experienced during the Great Recession. If we are going to be able to reopen the economy in a meaningful way, reopen state and local government offices to provide much-needed services, and help Californians feel safe and secure as we do so, we need a plentiful supply of PPE for healthcare professionals and Californians alike. Unfortunately, we too often read newspaper articles questioning the sufficiency of the State's PPE supplies. My request for an audit is aimed at ensuring that the State is doing all it can to ensure a plentiful supply so we can protect public health and stop the spread of COVID-19.

Masks and other PPE are critical to preventing the transmission of COVID-19. Experts believe the COVID-19 virus is mainly spreading from person to person through respiratory droplets produced when an infected person coughs, sneezes or talks. The best way to avoid the virus is to avoid being exposed to these droplets. When one has to be exposed to others—such as is the case for many at work—masks and other PPE are the main means by which transmission can be stopped.



We all depend on essential workers to ensure our health, safety and well being. These essential workers include health care workers, supermarket and agriculture workers, manufacturers of essential goods, first responders, transporters of essential goods, providers of in-home supportive services, waste management professionals, utility and energy workers, etc. Essential workers, who are risking their health for us, need a sufficient supply of PPE to ensure they do not become infected with the COVID-19 virus and to ensure they do not spread it to their families and the public at large.

Responding to the COVID-19 pandemic, in March, the Governor proclaimed a State of Emergency and issued a stay at home order to slow the spread of the disease. Under California's emergency order, state agencies can make purchases and sign contracts without the usual procedures (e.g., competitive bidding and withholding payment until goods and services are delivered) required of such contracts. Such emergency no-bid contracts include more than \$2 billion in contracts for personal protective equipment (PPE), including face masks, gloves, and gowns.

Government's Role

Local, state and federal governments currently play a role in providing PPE to health care providers. After attempting to procure PPE from their regular suppliers, health care providers may request resources through the Medical Health Operational Area Coordination Program (MHOAC), the program responsible for managing disaster medical resources. MHOAC will attempt to locate the requested resources within the operational area. If the resources are not available there, MHOAC will send the resource request to the applicable Regional Disaster Medical Health Specialist (RDMHS). RDMHS will then attempt to locate the resources within other operational areas within that region of the State. If resources are still unavailable, the request will be forwarded to the State to fulfill. If the State is unable to fulfill any PPE shortfall, it submits a request for support to their FEMA Regional Response Coordination Center. While this is the process for health care providers, non-medical/health resources are normally handled through the operational area/Office of Emergency Services (OES).

According to a FEMA document dated May 15, 2020, the federal government "continues to meet demands for personal protective equipment through new acquisition, federal interagency allocation, private industry donations and the Strategic National Stockpile." As of May 14, FEMA reports it delivered 2.3 million N-95 respirators, 1.9 million gloves, 505,442 face shields, 3.8 million surgical masks, and 170 ventilators to California. FEMA also reports two Battelle N-95 decontamination units being located in the Los Angeles and Fairfield/Fremont areas. FEMA stated it releases PPE and other medical equipment "based on disease activity and its effects, as well as the need to distribute limited supplies to areas where resources needed the most urgently."

Proposed Scope of Audit

I respectfully request that the Joint Legislative Audit Committee approve this proposed audit regarding PPE. Our State faces numerous challenges in dealing with this pandemic, including the loss of life and a historic economic downturn. As we attempt to reopen the State and

decrease the rate of infection, ensuring the adequate provision of PPE is critical. It would decrease the likelihood of transmission and allow our economy to begin to recover. I appreciate our Governor's tireless efforts to protect Californians during this emergency.

I believe an audit would be helpful to the State's efforts of providing sufficient PPE to help reopen the State. Below please find the specific audit scope I am proposing for this audit:

1. Identify and review the role played by the State in procuring and providing PPE to hospitals, nursing homes, schools, universities, state prisons, local governments, state agencies, private companies and others. Identify the challenges associated with this effort and any successes that have been realized.
2. Review the State's preparation for the pandemic as it relates to stockpiling PPEs. Determine whether preparations were reasonable, appropriate, and complied with best practices and any emergency plans.
3. Review the State's plans for procuring and distributing PPE. Determine whether plans account for the provision of sufficient PPE to allow the reopening of the economy, schools, universities, local government, state agencies, etc.
4. Identify the following information on a monthly or weekly basis for 2020:
 - a. The State's on-hand supply of PPE,
 - b. The amount of PPE received by the State and the sources of that PPE, and
 - c. The amount of PPE distributed by the State and the destination (i.e., entity type and geographic location) of the PPE.
5. Review the State's strategy and efforts to obtain PPE in 2020, including efforts to solicit and vet bids from vendors. This review should include but not be limited to the following:
 - a. Reviewing efforts to obtain PPE through normal procurement channels, and
 - b. Reviewing efforts to obtain PPE from established producers of PPE, including producers of NIOSH certified N-95 masks.
6. Identify and evaluate State efforts to obtain PPE from in-state manufacturers and companies, including any efforts to use executive authority to direct in-state manufacturers to produce PPE.
7. Identify and evaluate State efforts to contract with and use companies to decontaminate and reuse N-95 masks and other PPE. Determine whether this approach has been successfully used and whether any further implementation of this effort would greatly assist in the provision of PPE.

8. Identify and evaluate the differences between the State's normal procurement process and the procurement process established for emergency purchases related to the pandemic. Consider the advantages and disadvantages of each process.
9. For a selection of PPE contracts, perform a thorough review that includes looking at the extent to which competitive bidding occurred, what vetting of vendors took place, whether the prices obtained were reasonable, whether certification issues (e.g., NIOSH certification) were appropriately considered, and whether delivered goods and services were satisfactory and sufficiently inspected. Further, determine whether the contracts contain standard terms designed to protect the State's funds and interests.
10. In light of the time pressure, extreme supply issues, and the urgent need for these procurements, assess the overall reasonableness of PPE procurements.
11. Identify and evaluate the State's process for deciding how to distribute PPE throughout the State and to various entities:
 - a. Identify which entities can and cannot request PPE of the State,
 - b. Review the criteria used by the State to determine how PPE is distributed and determine whether the criteria is reasonable and followed,
 - c. Determine whether the geographic distribution within the state and metropolitan areas is logical and equitable, and
 - d. If an appeals process exists, evaluate its fairness and consistency.
12. Review the level of transparency provided to the procurement and provision of PPE to determine whether it was in the public's best interest and consistent with applicable laws and practices. Identify any ways in which the State can provide enhanced and timelier transparency.

Thank you for your consideration of my audit request. If you have any questions, please do not hesitate to contact me.

Sincerely,



Rudy Salas
Assemblymember, 32nd District



Jim Nielsen
Senator, 4th District



Joaquin Arambula
Assemblymember, 31st District



Pat Bates
Senator, 36th District



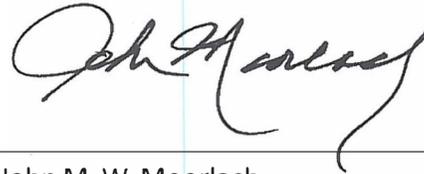
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