



Concept Paper - Performance Review of UASI Equipment Expenditures

I. Introduction

FEMA's Homeland Security Program Funding Opportunity Announcement requires UASI grant allocations be made based on anticipated effectiveness. In addition, OMB Circular A-87 requires government units to assure proper and efficient administration of Federal awards and to consistently apply sound management practices. At the direction of the Approval Authority, the Bay Area UASI Management Team has regularly examined Bay Area UASI grant investments to evaluate efficiency and effectiveness. A comprehensive Effectiveness Report was issued in both 2010 and 2012.

In order to better meet FEMA and OMB requirements, the Management Team recommends taking a more focused look at particular investments along the POETE continuum (planning, organization, equipment, training, and exercises). The intended audience of such evaluations will be internal and the goal will be to improve the way we do business going forward. Regular review of operations and resource allocation is a best practice within government and private sector operations and is a standard to which the Bay Area UASI should continue to hold itself. In a recent meeting with the Bay Area UASI Management Team, Cal OES leadership stressed the importance of robust evaluation and performance measurement of grant spending at the local level.

UASI equipment and planning purchases stand out as particularly needed for performance review. Nearly three quarters of UASI funds are spent in these two areas, with equipment typically totaling half of all expenditures per grant year. The region spent \$19 million on equipment from the UASI FY11 grant year and \$13 million from UASI FY12. Investments in organization, training, and exercise only constitute about one quarter of total UASI investments. In addition, other efforts are in place to help enhance effectiveness in these areas. For example, organization investments are covered through regular NCRIC evaluations and HSEEP requirements supply a robust review of training and exercise investments.

II. Proposed Performance Review

The Management Team proposes to undertake an equipment performance review given that most grant money is spent in this area. We propose that this review be completed by the end of calendar year 2014. The Management Team will subsequently undergo an examination of planning dollars in 2015. The purpose of these reviews will be to evaluate the region as a whole (not specific jurisdictions or agencies) and to develop recommendations for the region to consider so that we may improve the effectiveness of our grant spending in the future.

This concept paper lays out key questions for a performance review of UASI grant-funded equipment purchases, an articulation of risk, issues to consider in scoping, and proposed next steps. A concept paper for a review of planning dollars will be completed in 2015 and will incorporate lessons learned from the equipment review.

III. Key Questions

The performance review will seek to address as many as the following key questions as possible within the time provided to complete the analysis:

- **Need:** Is there a clear need for the equipment that is not otherwise met by other local or regional resources? How do jurisdictions identify what grant-funded equipment purchases are the most critical?
- **Utilization:** How frequently are equipment purchases actually used? For what purposes?
- **Nexus to Terrorism:** To what extent are purchases building a terrorism preparedness/response capability? How does actual usage compare to stated usage in the grant/project proposal application in terms of a nexus to terrorism?
- **Maintenance:** Has equipment been properly maintained? Are adequate and realistic plans for maintenance documented and followed?
- **Training:** Is there adequate training for maintaining and utilizing equipment? Are there adequate and documented long-term plans in this regard?
- **Mutual Aid:** Has equipment been requested for mutual aid? How and when?
- **Types:** How do the above questions (need, utilization, nexus to terrorism, etc.) vary across equipment types (e.g., radios, robots, boats, USAR rigs, bearcats, etc.)
- **Opportunity Costs:** What is the opportunity cost for spending funds on equipment purchases? What other capabilities could we/should we be building? Or, are we not spending enough on equipment? Planned expenditures for FY13 suggest that significantly less money will be spent on equipment in favor of planning.
- **Best Practices:** What do other comparable UASI regions do to ensure effectiveness in equipment investments and can best practices be applied to the Bay Area?
- **Recommendations:** What steps should the Bay Area UASI Management Team, Bay Area UASI Approval Authority, and/or participating Bay Area UASI jurisdictions take to ensure more effective equipment purchases? In particular: 1) what changes should be made to the Bay Area UASI's strategic planning and grant allocation process; 2) what effort (if any) should the region make to maintain a centralized, online inventory of equipment for planning and mutual aid purposes?

IV. Risk

- **Statement of Risk/ Why is this Review Important?** Grant funds are increasingly declining and the federal homeland security grant program is under scrutiny at the federal level. It is important that the Bay Area make risk-based decisions on equipment purchases and make optimal usage of the equipment once purchased.
- **Financial Risk:** There appears to be little financial risk to the City and County of San Francisco as the fiscal agent for the Bay Area UASI grant in terms of non-compliance. The Bay Area UASI Management Team focuses on detecting and preventing federal and state non-compliance audit findings in its monitoring program. There have not been any recent audit findings of consequence nor have there been any financial penalties. The proposed equipment performance review focuses on effectiveness and not on compliance.

V. Scoping Questions and Concerns

- **Level of Effort:** It is critical that the equipment performance review be designed in such a way that there is not an undue burden on jurisdictions to produce data and information. Whenever possible the performance review should be designed to utilize easily accessible information, such as via Digital Sandbox, Cal OES financial management workbooks, and the City and County of San Francisco financial management system (FAMIS).
- **Range of Funding Sources:** Equipment is frequently purchased using other grants streams such as SHSGP and general funds. The region would gain a better view of capabilities and processes if equipment from multiple funding sources was included in the analysis. However, it may be necessary to singularly focus on UASI-funded purchases in order to reduce the burden of data collection on jurisdictions as well as complete the review in a timely manner.
- **Timeframe:** The Management Team recommends reviewing equipment purchased with closed grant programs within the last five years (FY08, 09, 10, 11, and 12). While older purchases would provide a longer time frame with which to understand usage, more recent purchases will still yield important data, and it would be more relevant to focus on more recent equipment purchases under the purview of current policy-makers and the UASI Management Team.
- **Type:** Should the review focus on a certain types of equipment purchases? Are there particular types of equipment that are more at risk for being “non-optimal” than others? Why? Should we only focus on equipment purchases above a certain dollar threshold in order to focus more on the highest risk, if so, what should that threshold be?
- **Sampling:** Can data be sampled to ensure a risk-based and objective approach that is reasonably applicable to the entire population of equipment purchases? If possible and appropriate, a random sampling methodology using statistically significant quantities should be used. Audit/evaluation subject matter expertise will be required to develop a strong data sampling approach. It is important that the methodological soundness of the sampling be well explained to avoid particular jurisdictions/agencies from perceiving bias. The final report will focus on findings and recommendations for the region as a whole and will not feature any results from particular jurisdictions.
- **Other Auditing Programs:** Existing auditing and monitoring is limited to compliance and does not address the key questions on effectiveness listed above. The annual federal Single Audit checks equipment purchases against the federal authorized equipment list and FEMA and Cal-OES review payment documentation and processes. The UASI Management Team provides annual program and fiscal monitoring of all expenditures but this has a similar focus as the federal and state audit program. The proposed review will seek to build upon any information that may be available from jurisdictions concerning effectiveness of grant-funded equipment purchases, but this is anticipated to be limited or non-existent.

VI. Next Steps

The Advisory Group approved this concept paper on February 20th, although noted a concern that the evaluation not place undue administrative burden on jurisdictions to produce data and information. Next steps for the Management Team are as follows:

- Seek approval of the concept at the March Approval Authority meeting
- Approach Core City auditor groups (or other Bay Area UASI jurisdictions interested to assist) to seek outside auditor/evaluator expertise to implement and/or refine the review. The Management Team will also consider contracting out the evaluation, but it is hoped that the work can be completed by a Core City auditing group in order to conserve resources and implement the review in a timely way.
- Develop an evaluation plan by July 2014
- Present the evaluation plan to the Advisory Group in July 2014 and demonstrate that there will not be an undue administrative burden placed on jurisdictions

VII. Implementation

Significant Management Team staff time may be required in facilitating the review, providing and analyzing data, and in writing up/editing results. In particular, the subject matter expertise of the Chief Financial Officer, the CBRNE Project Manager, the Grants Compliance Manager, and the Grants Management Unit will be needed. The Assistant General Manager will be responsible for directing the work and will serve as the single point of contact.

We will utilize the expertise and feedback of both the Advisory Group and the CBRNE Working Group during implementation of the review, and we will seek their feedback on preliminary recommendations and drafts of the final report.

The equipment performance review will be completed by the end of the calendar year. If possible, we will incorporate preliminary recommendations from the review into planning the FY15 UASI grant in the fall of 2014.