

Memorandum

To: Members of the CFAOC |
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Date: February 8, 2013 |

From: State Controller's Office
Cally Wong |
Executive Fellow |

Subject: MOSS ADAMS PERFORMANCE AUDIT & IOM REPORT |

This past year, two audits of CIRM were published. The first was a performance audit conducted by the Moss Adams accounting firm for FY 2010-11, as required by SB 1064 (Alquist) which passed in 2010 and requires a performance audit every three years beginning with FY 2010-11. The performance audit reviewed the functions, operations, management systems, and policies and procedures of CIRM to assess whether it is achieving economy, efficiency and effectiveness in the employment of available resources. The audit did not assess CIRM's scientific performance. Moss Adams was hired by CIRM at a cost of \$234,944. CIRM also commissioned a report by the Institute of Medicine (IOM), at a cost of \$700,000 (paid for with private donations) in 2011 to do an independent assessment of CIRM's programs, operations, strategies and performance since 2005.

Moss Adams's performance audit focused on compliance, performance/outcomes, efficiency and effectiveness, human capital and information technology. A summary of findings is provided below.

- **Compliance:** CIRM's grants application and review, grants oversight, loans, contracts, and intellectual property (IP) processes are in accordance with CIRM's stated policies. In addition, CIRM is continuing to strengthen its IP processes as it learns which are the most efficient and effective.
- **Performance/Outcomes:** CIRM communications, decision making, and stakeholder reporting will benefit from enhanced access to performance data aligned with target outcomes.
- **Efficiency and Effectiveness:** CIRM has opportunities to improve efficiency and strengthen effectiveness throughout the organization.
- **Human Capital:** In order to achieve continued success, CIRM must retain and utilize at their highest and best use its limited human resources.
- **Information Technology:** CIRM can leverage technology to more efficiently and effectively manage, communicate, and protect critical data.

Recommendations include improving access to key performance information for CIRM leadership and stakeholders on an ongoing basis, better tracking of grant outcomes, improving financial information systems, creation of a comprehensive business development plan, and creation of a comprehensive information technology plan.

The IOM report focused on the aspects of CIRM's initial processes, programmatic and scientific scope, organizational and management systems, funding model, and intellectual property policies. Recommendations include changing the composition and structure of the Board and Working Groups, revising the conflict of interest definition, restructuring the grant review and funding process, abolishing "extraordinary petition," enhancing industry representation on the board, and clarification of CIRM's enforcement of IP policies (required return on investment to the state) after CIRM ceases to exist.

Both the performance audit and the IOM addressed board oversight, CIRM management, conflict of interests, grants management, intellectual property, and a transition plan. Attached is a chart showing recommendations on issues of commonality between the IOM, performance audit and the Little Hoover Commission. |