



# Controller Betty T. Yee

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## Controller Chiang to Audit California's Stem Cell Institute

**SAN FRANCISCO** – State Controller John Chiang today directed his office to conduct a financial audit of the California Institute of Regenerative Medicine (CIRM). Chiang made the announcement at the annual meeting of the Institute's Citizens Financial Accountability Oversight Committee (CFAOC), which reviews and verifies the accuracy of the Institute's annual independent audit and provides recommendations on the Institute's financial practices and performance.

"Considering the Institute has already made grants to 23 research agencies and the Treasurer has sold \$250 million in bonds for additional research, it is imperative that the research financing move forward in an ethical and transparent manner," said Chiang said. "Immediate action is necessary to guarantee the Institute is effectively overseeing grants, and that grant recipients are using State funds appropriately and in a manner consistent with the stem cell initiative."

Chiang directed his office to audit how grants are allocated, whether the Institute provides adequate oversight once the grants are awarded, and what performance milestones are in place.

The State Controller's audit also will probe the Institute's expenditure practices, its conflicts of interest standards and its compliance with State law.

The Controller also announced that he sent a letter to the Fair Political Practices Commission requesting an investigation into allegations that a member of the Institute's oversight committee may have violated the Institute's conflict of interest rule.

"Whether they are perceived or real blemishes, we must resolve any conflict of interest questions quickly so we can protect the important and powerful work that is taking place in stem cell research," Chiang said.

The Controller chairs the CFAOC, which was created in November 2004 by the Stem Cell Research and Cures Initiative (Proposition 71). Proposition 71 gave the committee a broad role in overseeing the finances of public stem cell research.

The meeting was only the second for the committee, which reviewed audits for the fiscal year that ended June 30, 2006. Chiang called for the CFAOC to work with the Institute to make the financial reviews timely and requested a spring 2008 meeting to review the Institute's 2006-07 financial audit. The Controller plans on having his new audit completed for review at the same meeting.

"As stewards of a multi-billion dollar public investment, the Institute's governing board has an interest in showing full accountability for its spending practices," Chiang said. "It is my hope this second audit will lead to more detailed recommendations for the California Institute of Regenerative Medicine that will maximize its cost effectiveness and thereby stretch its resources to help us realize the promises of stem cell research."

A copy of the [letter](#) to the FPPC is available on the Controller's Web site at [www.sco.ca.gov](http://www.sco.ca.gov).

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