

# MACIAS, GINI, & O'CONNELL, LLP

Review Report

## QUALITY CONTROL REVIEW

For the Firm's Audit of the  
**California Institute for Regenerative Medicine (CIRM)**  
*for the Fiscal Year Ended June 30, 2013*



**JOHN CHIANG**  
California State Controller

January 2014



**JOHN CHIANG**  
**California State Controller**

January 8, 2014

Richard Green, Partner  
Macias, Gini, & O'Connell, LLP  
3000 S. Street, Suite 300  
Sacramento, CA 95816

Dear Mr. Green:

The State Controller's Office (SCO) completed a quality control review of Macias, Gini, & O'Connell, LLP. We reviewed the audit working papers for the firm's audit of the California Institute for Regenerative Medicine (CIRM) for the fiscal year ended June 30, 2013.

As mutually agreed at the exit conference on December 13, 2013, we will not issue a draft report.

If you have any questions, please contact Carolyn Baez, Chief, Financial Audits Bureau, at (916) 322-7656.

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

JVB/sk

cc: Shelly Walker Davey, Manager  
Macias, Gini, & O'Connell, LLP  
Alan Trounson, President  
California Institute for Regenerative Medicine  
Independent Citizens' Oversight Committee  
California Institute for Regenerative Medicine  
Financial Accountability Oversight Committee

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# Review Report

## Summary

The State Controller's Office (SCO) completed a quality control review of Macias, Gini, & O'Connell, LLP's working papers for the audit of the California Institute for Regenerative Medicine (CIRM) for the fiscal year ended June 30, 2013.

The firm's audit was performed in accordance with the standards and requirements set forth in *Government Auditing Standards*, issued by the Comptroller General of the United States, often referred to as generally accepted government auditing standards (GAGAS); U.S. generally accepted auditing standards (GAAS); and the California *Business and Professions Code*.

## Background

The California Institute for Regenerative Medicine (CIRM) is a California state agency formed pursuant to the provisions of Proposition 71 approved by California voters in November 2004. Proposition 71, the California Stem Cell Research and Cures Initiative, amended the California Constitution by adding an article thereto; amended a section of the California Government Code; and added sections to the California Health and Safety Code. The purpose of the legislation was the formation of the institute to:

- Make grants and loans for stem cell research, for research facilities, and for other vital research opportunities to realize therapies, protocols, and/or medical procedures that will result in, as speedily as possible, the diagnosis, treatment, and cure for, and/or substantial mitigation of, major diseases, injuries, and orphan diseases.
- Support all stages of the process of developing treatments and cures, from basic research and discovery through preclinical and translational research, to the conduct of successful clinical trials.
- Establish the appropriate regulatory standards and oversight bodies for research and facilities development.

Health and Safety Code section 125290.30 requires the institute to "annually commission an independent financial audit of its activities from a certified public accounting firm, which shall be provided to the State Controller, who shall review the audit and annually issue a public report of that review."

Macias, Gini, & O'Connell, LLP is an independent certified public accounting firm with offices located in Sacramento, Walnut Creek, Oakland, Century City, Newport Beach, and San Diego, California. The firm has been the independent auditor for the CIRM since FY 2005-06.

**Objectives,  
Scope, and  
Methodology**

The general objectives of our quality control review were to determine whether this audit was conducted in compliance with GAGAS, GAAS, and the California *Business and Professions Code*.

We conducted the quality control review at the Sacramento office of Macias, Gini, & O'Connell, LLP. We compared the audit work performed by the firm as documented in the working papers, with the standards stated in the general objectives.

**Conclusion**

Macias, Gini, & O'Connell, LLP's audit was performed in accordance with the standards and requirements set forth in GAGAS, GAAS, and the California *Business and Professions Code*.

This report is applicable solely to the audit working papers referred to above and is not intended to pertain to any other work of Macias, Gini, & O'Connell, LLP.

**Views of  
Responsible  
Officials**

We discussed the review results with Shelly Walker Davey, Manager, on December 13, 2013. Ms. Walker Davey and Richard Green, Partner, have agreed with the review results presented in this report and agreed that we could issue the report as final.

**Restricted Use**

This report is intended solely for the information and use of the specified parties; it is not intended to be and should not be used for any other purpose. This restriction is not meant to limit distribution of the report, which is a matter of public record.

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

January 8, 2014

**State Controller's Office  
Division of Audits  
Post Office Box 942850  
Sacramento, CA 94250-5874**

**<http://www.sco.ca.gov>**