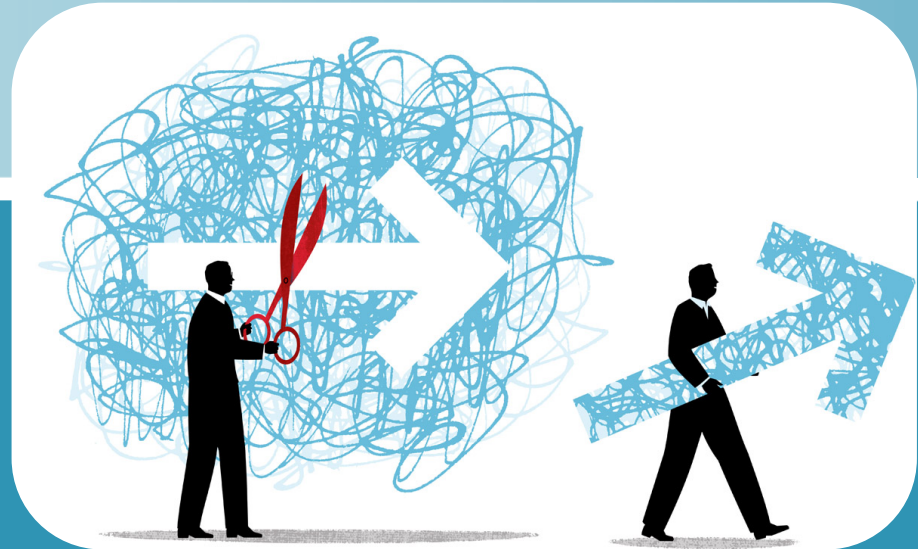


CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE

FY 2010-2011
Performance Audit

ICOC Presentation

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MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.



OVERVIEW

- Introduction
- Process
- Observations
- Findings
- Recommendations



INTRODUCTION

- **Purpose:** examine the functions, operations, management systems, and policies and procedures of the Institute in achieving economy, efficiency, and effectiveness in the employment of available resources.
- **Components:**
 - *Core Functions* – grants application and review, grants oversight, loans, contracts, and intellectual property
 - *Supporting Functions* – administrative support, communications, executive leadership, finance, human resources, information technology, and legal



PROCESS

- **Interviews:** conducted approx. 40 interviews with personnel throughout the organization, including the Board Chair and Vice Chairs, Board members, Grants Working Group members, Executive Team, and personnel from each CIRM function.
- **Document Review:** reviewed numerous documents to understand relevant policies, procedures, and processes.
- **Process Walkthroughs:** walked step-by-step through processes associated with core functions.
- **Testing:** using sampling methods, tested internal controls and compliance with policies and procedures for core functions.



OBSERVATIONS

CIRM is comprised of a high-performing team of professionals, who can be characterized as:

- Mission-driven
- Well-educated, highly talented, and hard working
- Dedicated to their stakeholders
- Committed to transparency and good stewardship of public funding



OBSERVATIONS

CIRM faces the unique challenge of still being in a ramp up mode, while also needing to begin thinking about ramping down and transitioning the organization.

- During its formative years, CIRM concentrated on getting its core infrastructure in place to ensure it could effectively carry out its mission.
- Now the Institute has the opportunity to enhance the efficiency with which it achieves its mission.
- Our findings and recommendations focus on opportunities to enhance both efficiency and effectiveness.



FINDINGS

- **Compliance:** Core function processes are in accordance with CIRM's policies, and CIRM is strengthening its IP processes.
- **Performance/Outcomes:** 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 optimize utilization of its limited human resources.
- **Information Technology:** CIRM can leverage technology to more efficiently and effectively manage, communicate, and protect critical data.

RECOMMENDATIONS – TIER 1

Recommendation	Cost
<p>III.E.1 Continue to work through institutional Technology Transfer Offices (TTOs) to obtain required Invention Disclosure Forms and Invention Utilization Reports and strive to obtain this information in a consistent manner.</p>	In-house
<p>III.E.2 Ensure the Grants Management System (GMS) IP Module specifications for Phase 1 include specific questions about commercialization activity.</p>	In-house
<p>IV.A Build upon current efforts to develop a grants outcome tracking database by creating a digital dashboard and enhanced annual performance report to provide CIRM leadership and other stakeholders with core performance information.</p>	\$20,000-\$30,000
<p>IV.B Develop a communication plan and comprehensive, results-based annual report, and use the annual report as a cornerstone for external communications.</p>	In-house
<p>IV. C Amend policies to make completion of the grant outcome survey a requirement of the grant closeout process.</p>	In-house
<p>VII. B Develop a detailed plan for completing development of the GMS, and provide ongoing project oversight.</p>	\$10,000-\$20,000

RECOMMENDATIONS – TIER 1

Recommendation	Cost
VII. D Implement a document management system.	\$50,000-\$60,000
V. D Build upon existing procedures and tools that CIRM has implemented to strengthen bond forecasting and further streamline and integrate the bond forecasting process.	In-house
VI. A Acquire and implement human resource forecasting software.	\$25,000-\$50,000
VI. B Reevaluate staffing levels if administrative and implementation costs are forecasted to exceed 6% of bond proceeds.	In-house
III.B.2 Implement policies, procedures, and resources to achieve timely review of progress reports, since the review of progress reports is an integral part of understanding the scientific progress being made by grantees.	In-House
III.D Ensure that the required information to document adherence to the procurement policies is retained in a procurement file maintained by the Contracts Administrator.	In-House

RECOMMENDATIONS – TIER 2

Recommendation	Cost
V.A Develop and implement a relational database to enable more efficient financial analysis and reporting of non-grant contracts and purchase order payments.	In-house
V.B Request authorization to access the SCO's fiscal system.	In-house
V.C Create and implement a comprehensive, formal business development plan.	In-house
V.E Make every effort to manage and operate as one cohesive organization, while recognizing the varying roles, responsibilities, and authorities that exist with positions in both the Chairman's Office and President's Office.	In-house
V.F Incorporate performance metrics reporting into a structured meeting rhythm process and streamline weekly meetings.	In-house
V.G Continue efforts to identify and implement efficiency improvements and strive to quantify efficiency gains.	In-house
VII.A Develop a comprehensive IT plan to guide information systems decisions, and designate someone to provide ongoing IT direction for the Institute.	\$40,000-\$60,000
VII.C Define the role of CIRM's website as part of a comprehensive IT plan, and establish clear authorities and responsibilities for website administration.	Covered by IT plan

RECOMMENDATIONS – TIER 3

Recommendation	Cost
V.H Develop a formal onboarding process and incorporate it into the overall new employee orientation program.	In-house
VI.C Ensure the Transition Plan addresses CIRM’s unique and increasing recruitment and retention challenges, and ensure CIRM leadership clearly and regularly communicates transition plan strategies to all employees.	In-house
VI.D Adopt a Board Code of Conduct.	In-house
III.A.2 Review processes related to conflict of interest forms to assess whether there are redundancies in the process, and, if so, there is a logical reason for the redundancy.	In-House



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