CIRM
CALIFORNIA'S STEM CELL AGENCY

MEMORANDUM

TO: MEMBERS OF THE GOVERNING BOARD
FROM: CIRM TEAM
DATE: January 27, 2022
RE: PERFORMANCE AUDIT

In October, Moss Adams presented to the Board their findings for the Performance Audit FY 19/20. Here is an overview of the findings and the CIRM team's plan to address each one.

Overall, there were eleven findings in the following areas: Compliance, Efficiency and Effectiveness and Data and Systems.

COMPLIANCE

Finding #1

Of the 20 grant applications tested, two applications in the Grants Management System (GMS) included a "hasn't acted" status; however, these applications had been reviewed and scored by the Grants Working Group (GWG).

Moss Adams Recommendation
The Grants Review Team, in collaboration with the IT Department, should consider improvements to the GMS to strengthen controls related to the review and scoring workflow and ensure that any review and scoring information is captured as part of the application status.

CIRM Response:
The Review Team will incorporate additional controls within the project management software and SOPs to ensure that review status information in the GMS is updated in a timely manner. Review information such as scores, critiques, and COI are already captured in the GMS as soon as they occur, and they accurately reflect the status of any application. Within the first 6 months of 2022, where technically feasible, CIRM will incorporate automatic tracking in the GMS of the status of an application based on such data already in the system rather than based on manual entry to ensure timeliness.

Finding #2

During testing of the grants management process, we identified three exceptions to the Grants Administration Policy Standard Operating Procedures (SOPs) in a sample of 20 grants in process, 23 new grants, and 20 closed grants.

Moss Adams Recommendations
A. The Grants Management Team (GMT) should reinforce the requirements of the Grants Administration Policy SOPs to ensure that all required information is documented and maintained to support grants received and managed by CIRM, including documentation to support changes or deviations from an executed agreement.
B. Consider adding a requirement for a separate individual to review due dates entered in the GMS to ensure there are no data entry errors and to prevent late reports due to these errors.

CIMR Response
The three exceptions identified were related to two grants under the EDUC1: Conference Grant program. The GMT has reviewed the findings of these awards and identified the following improvements that can be implemented for consistency between the Grants Management SOPs and GMS:
1. Creating a Conference Grant progress report type in the GMS that allows review by both the GM and the Science Officer. (Implementation has begun and completion by end of FY 21/22)
2. Updating the Contract Amendment template to include pre-populated data from the GMS (such as reporting dates, payment dates, etc.) (Start templates/testing, update SOP and integrate by end of calendar year 2022).
3. Updating SOP with a compliance check evaluation by a designated Grants Management staff member on all Amendments to NOAs. (Update SOP and implement beginning Q2 2022).

These improvements will be implemented by end of calendar year 2022.

Finding #3

CIRM adopted regulations in 2018 outlining the technology disclosure requirements. While we found no exceptions, we noted that the ability for CIRM to monitor and determine compliance of the Grantees with the technology disclosure appeared challenging.

Moss Adams Recommendation
Implement an IT control that allows for missing documentation or reports to be flagged and routed to the responsible CIRM team members.

CIRM Response
As noted in the audit, Moss Adams did not find any exceptions. CIRM's discussed with Moss Adams grantees' potential failure to report license agreements to CIRM since the reporting mechanism is linked to the filing of a technology disclosure. Since CIRM has previously attempted an IT control via the annual utilization report (which was not well-received by the Grantees), CIRM proposes initiating a biennial survey of CLIN level grants to put Grantees on record regarding associated projects to the CIRM grants that have been licensed or commercialized. Once the Grantees are familiarized with responding to such a survey, CIRM

will determine whether to incorporate elements of the survey into the annual utilization report. The first survey is targeted to go out Q1 2023.

EFFICIENCY AND EFFECTIVENESS

Finding #4

CIRM is undergoing a significant governance transition. The terms of the Independent Citizens' Oversight Committee (ICOC) Chair, Vice Chair, and most long-term members are expiring in the next year, creating a potential loss of institutional knowledge.

Moss Adams Recommendation
Conduct succession planning for ICOC leadership and key contributors, document knowledge of long-serving individuals, and continue to take steps to support ICOC leadership transition.

CIRM Response
While the Chair and Vice Chair of the Board will be termed out at the end of 2022, it is difficult to do true succession planning for these two positions given the nature by which the Chair and Vice Chair are appointed. However, the Chair and Vice Chair can spend this calendar year documenting their job duties and writing manuals for the incoming Chair and Vice Chair. The Vice President of Public Outreach and Board Governance can also provide continuity through this process. In addition, the Board has repopulated its subcommittees to both provide an opportunity for new members to engage and to diversify the policy and decision making by utilizing these committees more.

Finding #5

CIRM staff and ICOC members report a high level of engagement among ICOC members currently. However, as a large statewide governing board, there are inherent challenges in effective and consistent member engagement, particularly during organizational transition.

Moss Adams Recommendation
Take steps to engage proactively more ICOC Board Members in decision-making and policy development activities.

CIRM Response
CIRM ICOC Meetings have been conducted via Zoom since May of 2020. This has made participation in meetings easier for board members and has led to increased engagement. CIRM will continue to provide a hybrid option for board meetings in the future. The CIRM Team has also created a process by which team members can engage with specific board members based on subject matter and areas of interest (and no conflict). In addition, CIRM is bringing more to the subcommittees first for vetting prior to being presented at the board for further discussion.

Finding #6
CIRM does not have an effective policy or proactive process for monitoring and enforcing awardee publication disclosures.

Moss Adams Recommendation
A. Develop a policy to consistently monitor and enforce compliance with publication disclosure requirements.
B. Consider options, such as implementing a Customer Relationship Management (CRM) system, to support automated proactive monitoring of awardee publication and press releases.

CIRM Response
CIRM monitors publications through quarterly progress reporting. The GMS system has a section for grantees to report publications. CIRM will implement a process to consistently monitor the completion of this section.   CIRM will develop and implement an internal SOP that includes alerting grantees to the importance of publication reporting; science officer will follow up with specific grantees if the publication section remains unfilled two quarters in a row; and CIRM will also assign an internal science officer to monitor and report on publications to the Science & Clinical VPs for all CIRM grants. This will begin immediately.

Finding #7

CIRM has historically relied on scientific experts and partners with a connection to the organization for grant review. As a public agency with the mission of cures for all, it is important for CIRM to diligently seek diverse perspectives and expertise and ensure the perception of independence in application review.

Moss Adams Recommendation
Continue to implement recently adopted practices to seek actively more diverse members of the California scientific community to review and recommend grants and monitor and evaluate the Grants Working Group (GWG) to promote a diversity of perspectives, backgrounds, and expertise.

CIRM Response
CIRM will continue to expand and diversify the membership of the GWG and broaden the solicitation of specialist reviewers. Although specialist reviewers can be recruited within California, only scientists from outside of California can serve as GWG members. As CIRM diversifies the pool, it is important to maintain a balance of reviewers that are sufficiently familiar and experienced with the mission and goals of CIRM while also ensuring that fresh perspectives contribute to the process. CIRM values differences in types of scientific expertise and experience. CIRM is specifically interested in enhancing the ethnic, racial and gender diversity of the GWG. In the current quarter of 2022, CIRM will implement mechanisms to track and access the diversity of the overall pool of scientific reviewers to understand existing diversity gaps. CIRM will survey GWG members on an annual basis to gather demographic data that will inform on ethnic, racial and gender diversity of the group and use this information to develop strategies for recruitment. CIRM is now partnering with other organizations, such as the National Academy of Sciences, to help identify experts that CIRM may not otherwise be aware of. CIRM has already recruited five new experts into the GWG through the NAS partnership. CIRM will report on the progress annually to our Governing Board.

DATA AND SYSTEMS

CIRM TEAM: During the wind-down phase of Prop 71 many technology solutions were discontinued, and any new technology needs could not be considered given limited funding. Now that the agency is in growth mode and has a new strategic plan the IT team has set a 5-year roadmap with input from all functional areas with priorities to:

1. Rebuild organization IT infrastructure to support the growth of the organization and next phase of collaborative and hybrid work environments. Outcomes: Staffing, Security, Office build, Communication tools, HRIS
2. Organization-wide system integration to improve operational efficiencies and performance. Outcomes: Document Management system, GMS enhancements, Digital signatures, financial tools
3. Enhance investment portfolio and business intelligence systems to build a network of information. Outcomes: GMS & CRM integrated solution and External Communications
4. Over the next 18 months, IT will be focused on the new office build out, GMS improvements and releases, Document Management System, CRM and HRIS.

Finding #8

CIRM's Records Retention Schedule with the State of California expired in 2018. Staff continue to report confusion related to records retention requirements, which can negatively impact the organization's ability to respond to information requests.

Moss Adams Recommendation
CIRM should update its Records Retention Schedule, establish policies and procedures for records management, and consider developing annual trainings to support a consistent understanding of records requirements.

CIRM Response:
The prior Records Retention Schedule was based on Proposition 71 – Health and Safety Code 125290.50 and assumed 10 years for the entirety of CIRM existence. Since the availably of grant funds and longevity of CIRM was longer than 10 years, the Schedule will be updated to clarify that grant related records will be retained for the entirety of CIRM's existence and not be limited to 10 years. Updates will be made to reflect new funding authority under Proposing 14. For non-grant related documentation, an emphasis will be placed on keeping electronic records instead of paper records where legally possible. The chart below outlines the actions being taken and the proposed completion date.
 Completion of this project is slated for Q2.

Finding #9

The use of three document management systems continued to present confusion to CIRM employees, resulting in inconsistent user adoption and records management practices.

Moss Adams Recommendation
When implementing a new document management system, develop an adoption strategy that includes ample communication, policy and procedure guidance, and accountability practices to support consistent expectations and system utilization.

CIRM Response

In Fiscal Year 22/23, the organization will begin to embark on identifying and implementing formal file management system that includes or is a complement to our collaboration tool Dropbox, electronic signature solution DocuSign and integrates with CIRM's grant records in the Grants Management System. This will require investment of time and resources by the Operations team led by the Director, Information Technology. A key priority is a full-scale process in defining our needs, performing a vendor / system search (RFP) and implementing a new system with input from Executive Sponsorship functions across the organization. There will be a formal project plan managed by a dedicated CIRM staff member who after roll out will be implement a feedback mechanism for system improvements and monitor performance, usage, improvements and vendors. Given that full adoption will take time, CIRM expects to have a solution launched in fiscal year FY 22/23 and working on continued training and improvements in the following years.

Finding #10

CIRM has made significant improvement to the Grants Management System (GMS) in recent years; however, additional opportunities exist to leverage the GMS to improve operational efficiency and effectiveness.

Moss Adams Recommendation
Continue to identify and pursue opportunities to enhance GMS capabilities to automate processes, centralize data, and enhance access.

CIRM Response
The GMS is critical to CIRM's grantmaking operations and teams across the organization will continue to build and expand on the software solution to meet the business needs of the agency as well as look for opportunities for integration with other solutions such as the document management system and CRM

Finding #11

CIRM hosts a significant amount of scientific and business data but lacks a strategy or system to integrate information in an optimal way.

Moss Adams Recommendation
Consider implementing an integrated database and Customer Relationship Management (CRM) system to collect and better analyze scientific and business data in support of CIRM's mission.

CIRM Response
In the next fiscal year, the organization will engage in a full-scale process to identify the needs for a data collection, knowledge management and contact management system that integrates with CIRM's grants management system. This solution has been identified in the Business Development and the Therapeutics and Strategic Infrastructure teams for business intelligence but additionally for other functional areas in a Reviewer Database, ICOC member management, Strategic Advisors, Conference attendees and engagements, and more. A key requirement for this system will be integration with the GMS and the new Customer Relationship Management system. Thus, the timing for full implementation is likely to be in FY 23/24 as there is a dependency with the CRM. The team will manage the resources and timing to ensure effective rollout and adoption.