

### **2023 Performance Audit Management's Response**

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#### **OUR MISSION**

Accelerating world class science to deliver transformative regenerative medicine treatments in an equitable manner to a diverse California and world







#### 1. 2022-'23 Performance Audit – Management's Response

#### 2. 2019-'20 Performance Audit – Management's Response







- No compliance findings!
- Last performance audit ('19-'20) had 3 compliance findings.









Leadership	
Finding #1	Eleven staff members currently report directly to CIRM's Chief Executive Officer (CEO), versus the industry standard of four to six, which presents a risk to the capacity of the executive role.
Recommendation	Alongside the search for a new CEO, explore organizational structure options to reduce the CEO's span of control and align similar functions.
Action by CIRM	The CEO is evaluating the current reporting structure of the Leadership Team and CIRM as a whole.



## FY 2022–2023 PERFORMANCE AUDIT



#### **Findings and Recommendations**

Leadership	
Finding #2	The Independent Citizens' Oversight Committee (ICOC) is large, comprising 35 members, and meetings are held in a hybrid environment. Both of these factors present potential risk to full board engagement and productivity.
Recommendation	<ul> <li>A. Regularly assess hybrid meeting practices, board member engagement, relationships among board members, and meeting effectiveness to identify opportunities for continuous improvement. Consider implementing procedures to encourage meaningful dialogue in ICOC meetings while balancing the time required to discuss agenda items.</li> <li>B. Continue to leverage committees and working groups to engage board members and conduct in-depth governance responsibilities at the committee level.</li> </ul>
Action by CIRM	CIRM leverages the important work of the Board's subcommittees and working groups to provide robust policy analysis and development, which efforts continue. In addition, CIRM will work with the Board Governance team to conduct an engagement survey of the board to identify specific areas of opportunity for further engagement. Extra effort is now being given post-Covid to encourage in-person attendance at board meetings (5/year) and provide the opportunity to engage the CIRM team outside of such meetings. To provide greater transparency and insight to CIRM's work, CIRM will develop with Board Governance a series of small-group primers on key policies and activities for board members. A test-case involving IP policy development has demonstrated value and will be scaled up in the coming year.



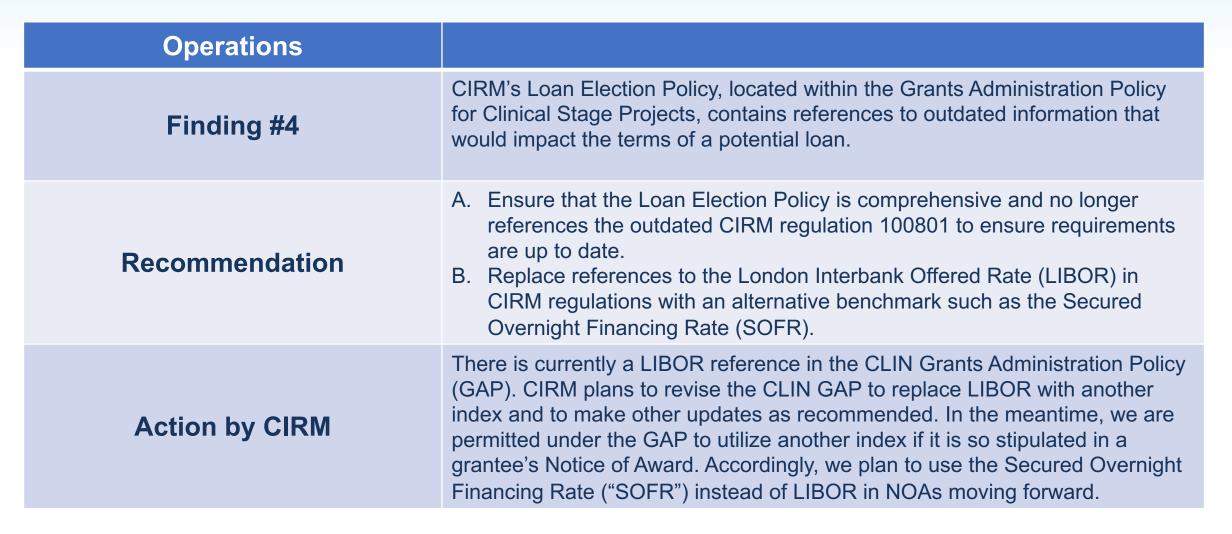


#### **Operations** Although sampled sole-source procurements complied with CIRM policies, Fi\$Cal system limitations resulted in CIRM inconsistently recording sole-Finding #3 source contracts within the procurement module, leading to opportunities to improve contract recording and enhance transparency in the sole-source contract monitoring process. A. Develop a process to ensure sole-source contracts are consistently recorded in Fi\$Cal for reporting purposes. B. As a best practice, the Responsible Administrative Official's biannual report Recommendation to the Governance Subcommittee and annual report to the Governing Board should be updated to increase transparency in sole-source processes given CIRM's reliance on these contract types. In consultation with Fi\$Cal, the Finance team has identified and implemented a new process whereby sole source contracts are recorded consistently with Action by CIRM Fi\$Cal. Management already discloses sole source contracts to the Board as part of the contract reports. Moving forward sole source contracts will be

specifically identified in the contracts report.

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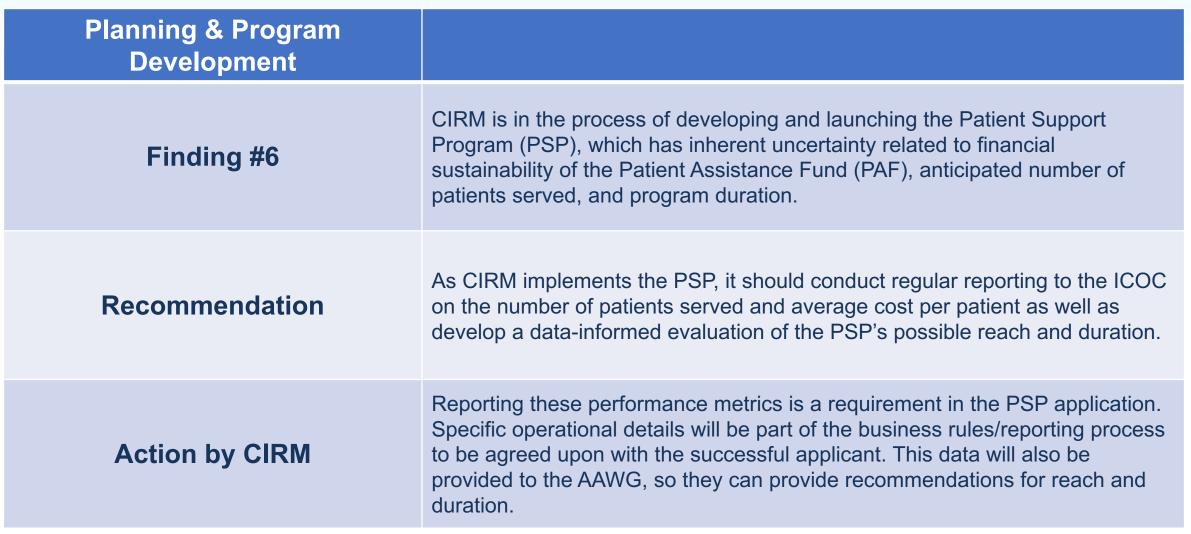




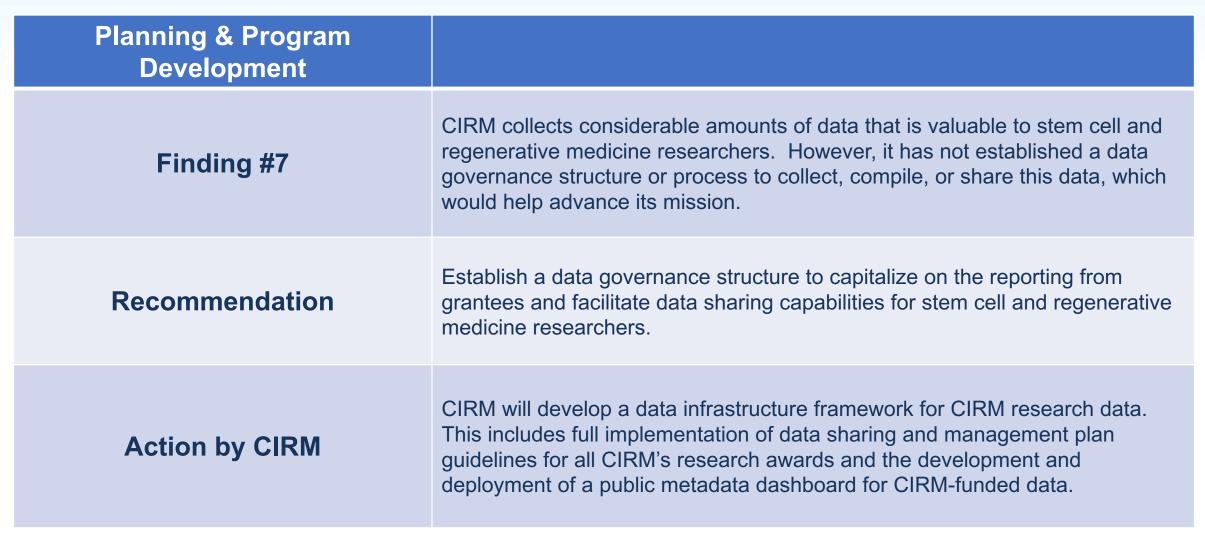


Operations	
Finding #5	CIRM's monitoring of grantee compliance with technology disclosure requirements, outlined in CIRM's Intellectual Property and Revenue Sharing Requirements for Non-Profit and For-Profit Grantees, continues to be largely ad hoc, which can create risk of noncompliance and negatively impact revenue sharing.
Recommendation	Continue to submit disclosure surveys to awardees on a recurring basis (e.g., triennially), and consider the development of a risk-based audit program to ensure appropriate reporting of technology disclosures.
Action by CIRM	Based on discussions with Moss Adams, in FY 22-23, CIRM conducted an initial survey of CLIN level grants to identify applicant projects associated with CIRM grants that have been licensed or commercialized. CIRM received responses from over 60% of grantees. CIRM plans on implementing the survey triennially and to expand it to include TRAN awards.

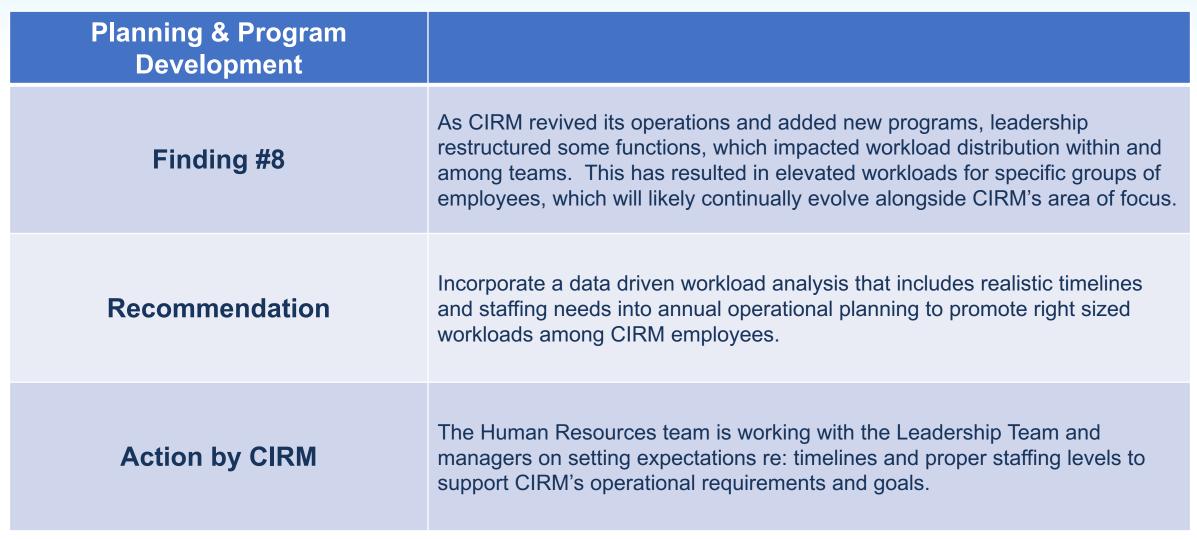




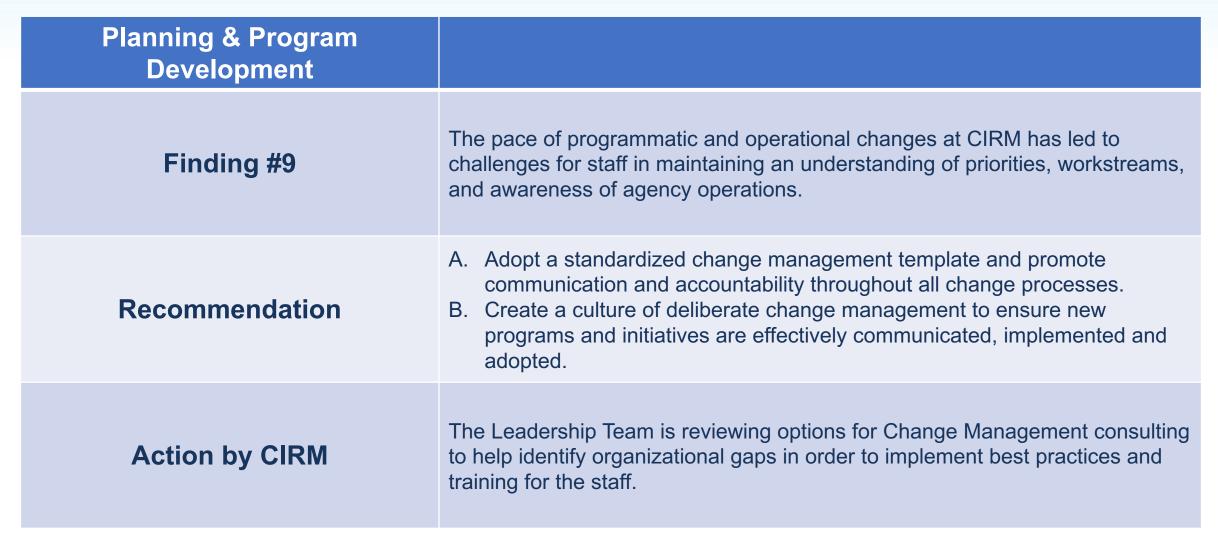
















Human Resources	
Finding #10	CIRM has historically relied on manual and undocumented Human Resources (HR) processes, with minimal employee self-service options.
Recommendation	<ul> <li>A. Continue to pursue HR process automation and employee self-service opportunities through the full integration of BambooHR.</li> <li>B. Document key HR procedures in a centrally available location to ensure accessibility and consistency for CIRM employees.</li> </ul>
Action by CIRM	The Human Resources (HR) team is revising out-of-date policies and procedures as well as drafting new policies where there are gaps. Certain policies (e.g., revised Compensation Policy) will be presented to ICOC for approval. In 2023, HR implemented Cal Employee Connect for timesheet automation (vs. prior manual process) that ties into the payroll data produced by State Controllers Office and CalLearns for for online employee training/professional development.





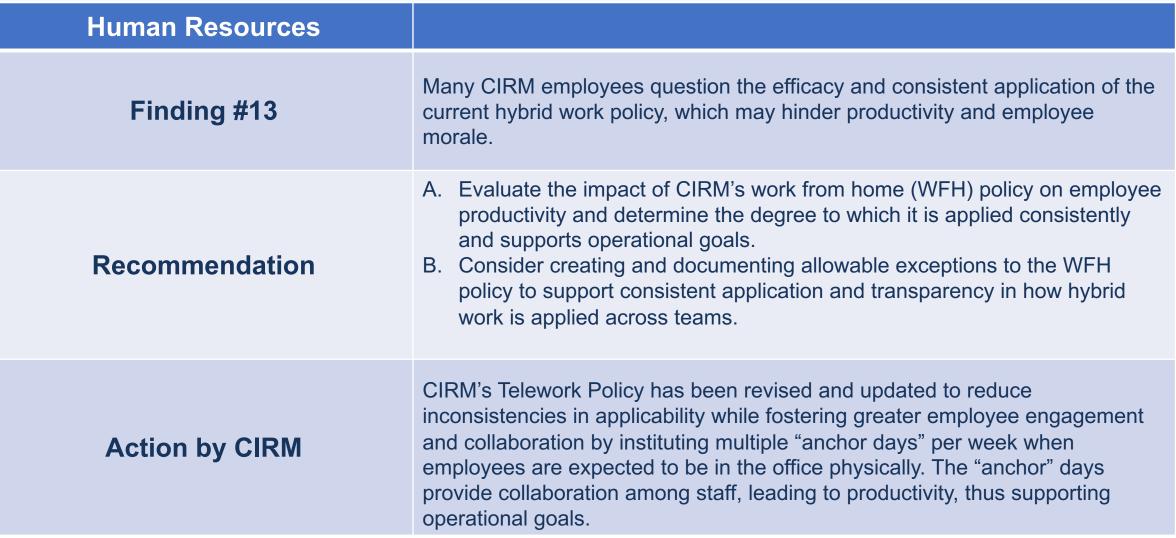
Human Resources	
Finding #11	Limited HR policy documentation, constrained HR personnel, and significant hiring needs following Proposition 14 approval resulted in delayed hiring and inconsistent new employee onboarding and training.
Recommendation	Develop and document standard operating procedures (SOPs) for hiring and onboarding process to promote a consistent experience. Where appropriate, differentiate onboarding plans for varying employee types to ensure the provision of appropriate information and training for new employees.
Action by CIRM	We hired a new Director of HR in 2023 and HR now has 2 FTE and 2 RAs. As part of of its refresh of the HR Policies and Procedures, the HR team has standardized and streamlined the hiring and onboarding processes in order to promote a more consistent experience for new employees. The hiring process has been documented and is now done via BambooHR (new online HR platform). The revamped process has reduced hiring times from an average of 4- 6 months to less than 2 months. HR has also begun doing pre-start date meetings to go over benefits and the perks of State service.





Human Resources	
Finding #12	Due to historical compensation practices, pay inequities may have developed between tenured and new employees.
Recommendation	<ul> <li>A. Complete revision of the compensation policy to prevent future instances of pay inequity.</li> <li>B. In alignment with the new compensation policy, examine existing pay inequities among employees and develop a plan to remedy them as appropriate.</li> </ul>
Action by CIRM	The Human Resources team has reviewed and revised CIRM's Compensation plan and positional salary levels. These updates will be presented to the ICOC for approval.

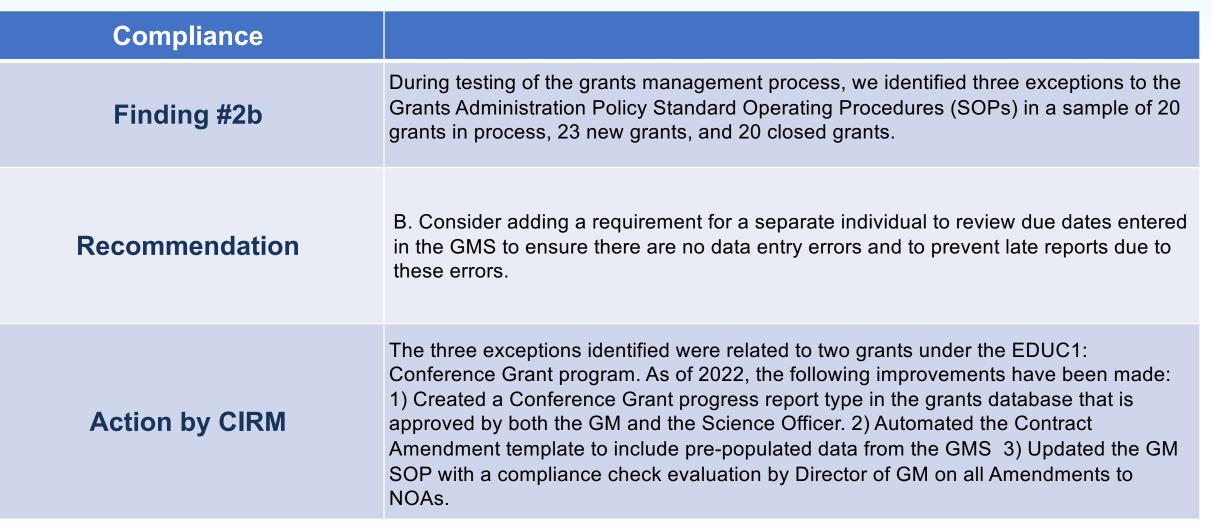




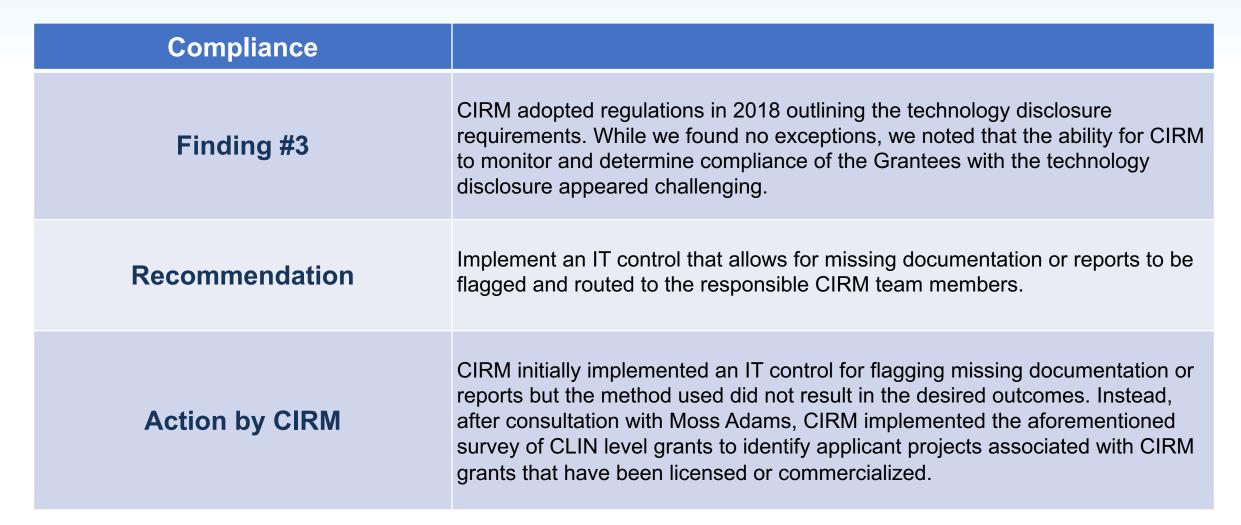




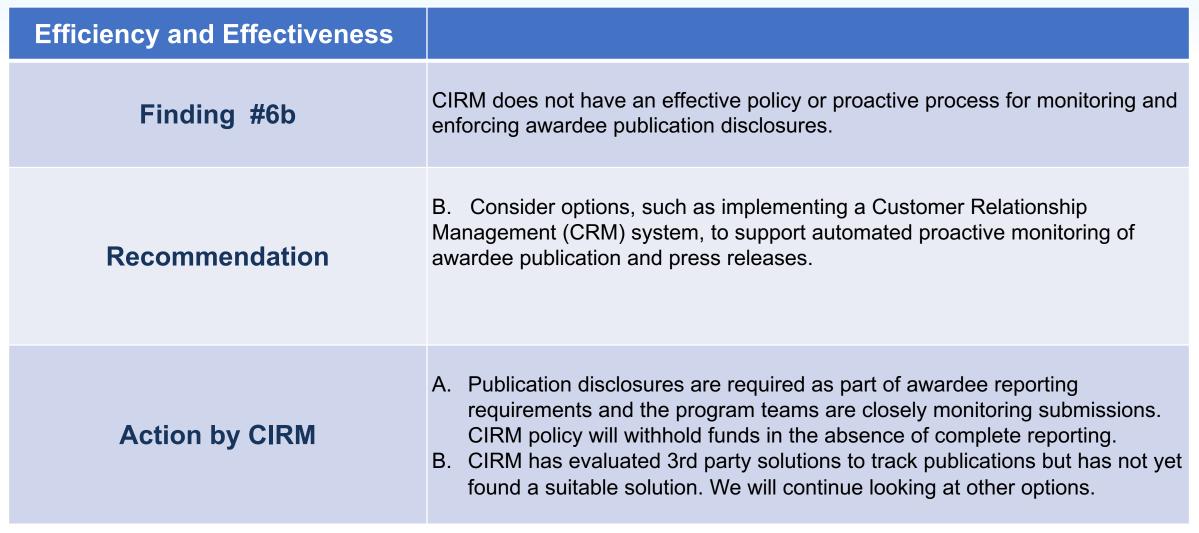












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Efficiency and Effectiveness	
Finding #7	CIRM has historically relied on scientific experts and partners with a connection to the organization for grant review. As a public agency with the mission of cures for all, it is important for CIRM to diligently seek diverse perspectives and expertise and ensure the perception of independence in application review.
Recommendation	Continue to implement recently adopted practices to actively seek 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.
Action by CIRM	CIRM has launched an organization-wide DEI initiative and engagement with subject matter experts dedicated to assess and encourage diversity among the GWG. In addition, the Leadership Team is reviewing the DEI strategy for the entire organization.





#### Finance CIRM's Records Retention Schedule with the State of California expired in 2018. Staff continue to report confusion related to records retention Finding #8 requirements, which can negatively impact the organization's ability to respond to information requests. CIRM should update its Records Retention Schedule, establish policies and procedures for records management, and consider developing annual trainings Recommendation to support a consistent understanding of records requirements. The State Secretary of State Records and Information Management Division provided training to CIRM's staff on March 23, 2022. Select CIRM staff Action by CIRM completed Records Management Training and certification. CIRM sent an updated Records Retention Schedule to the Secretary of State in September 2022. The Secretary of State provided feedback on the initial submission and CIRM has since replied with an updated Records Retention Schedule.



### FY 2019–2020 PERFORMANCE AUDIT



#### **Findings and Recommendations**

Efficiency and Effectiveness	
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.
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.
Action by CIRM	CIRM staffs a small (3 FTE) IT department with contractor partners. Due to the departure of the Director of IT in '22-23, CIRM delayed the implementation of a new document management system to keep other critical projects, such as the technology build-out of CIRM's HQ and bringing State Payroll systems in-house, on track. With a new Associate Director (AD) of IT as of 11/22, the CIRM team has performed a needs assessment, piloted solutions and selected Microsoft Office 365 for an integrated document management platform for staff. The AD has built an adoption strategy which will be implemented by the end of calendar year 2024.



## FY 2019–2020 PERFORMANCE AUDIT



#### **Findings and Recommendations**

Efficiency and Effectiveness	
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.
Recommendation	Continue to identify and pursue opportunities to enhance GMS capabilities to automate processes, centralize data, and enhance access.
Action by CIRM	With the departure of the Director of IT who created CIRM's Grants Management System, CIRM management engaged a consultant to evaluate the future of CIRM's grant database and perform a needs assessment. The consultant recommended that CIRM continue with the in-house Grants Management System as it is technologically stable and well-integrated into CIRM's unique operations and provided a roadmap for evolving the system. CIRM's Software Development team has begun implementing these recommendations, starting with the system performance improvements and enhanced reporting solutions.





Efficiency and Effectiveness	
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.
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.
Action by CIRM	Due to the departure of the Director of IT, CIRM had to delay the implementation of a CRM to keep other critical projects, such as enhancing CIRM's cybersecurity program, on track. With a new Associate Director (AD) of IT onboarded as November 2022, the CIRM team has begun evaluating CRM solutions that integrate with other adopted solutions at CIRM to select one by end of FY 23-24 with the goal to complete full organization implementation and adoption by the end of FY 24-25.





#### **Thank You!**

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