

SPONSORED PROGRAMS – POST AWARD

SYSTEMWIDE

Audit Report 14-42

April 16, 2015

Members, Committee on Audit

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ABBREVIATIONS

CSU	California State University
EO	Executive Order
ICSUAM	Integrated California State University Administrative Manual
NIH	National Institutes of Health
NSF	National Science Foundation
OMB	Office of Management and Budget
OAAS	Office of Audit and Advisory Services
PA	Sponsored Programs – Post Award

EXECUTIVE SUMMARY

As a result of a systemwide risk assessment conducted by the Office of Audit and Advisory Services (OAAS) during the last quarter of 2012, the Board of Trustees (BOT), at its January 2013 meeting, directed that *Sponsored Programs – Post Award* (PA) be reviewed. Based on the results of the first cycle of these reviews and the systemwide risk assessment conducted by the OAAS in the last quarter of 2013, the BOT directed at its January 2014 meeting that the OAAS continue these reviews. The OAAS had also previously reviewed *Post Award* in the triennial audits of *Auxiliary Organizations*.

We visited 11 campuses from July 8, 2013, through October 24, 2014, and audited the procedures in effect at that time. Campus-specific findings and recommendations have been discussed and reported individually.

In our opinion, the fiscal, operational, and administrative controls for PA activities in effect as of October 24, 2014, taken as a whole, were sufficient to meet the objectives stated in the “Purpose” section of this report.

As a result of changing conditions and the degree of compliance with procedures, the effectiveness of controls changes over time. Specific limitations that may hinder the effectiveness of an otherwise adequate system of controls include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, and management overrides. Establishing controls that would prevent all these limitations would not be cost-effective; moreover, an audit may not always detect these limitations.

The following summary provides management with an overview of conditions requiring attention. Areas of review not mentioned in this section were found to be satisfactory. Numbers in brackets [] refer to page numbers in the report.

GENERAL ENVIRONMENT [6]

Systemwide management did not provide guidance to campuses addressing the type of initial or ongoing training that should be provided to principal investigators (PIs) working on sponsored projects, and the type of documentation that should be maintained. In addition, PIs working on non-governmental sponsored projects did not always complete the required ethics training in a timely manner at six of eleven campuses reviewed.

POLICIES AND PROCEDURES [7]

Systemwide effort reporting policies and procedures needed improvement. For example, we noted that it was unclear whether effort reports were required for PIs who had only additional pay, but no release time, for their awards. Also, systemwide policies and procedures were unclear regarding the performance and documentation for sub-recipient risk assessments. In addition, systemwide policies and procedures relating to conflict-of-interest reporting for PIs were outdated and unclear. Specifically, systemwide policy required PIs on non-governmental research projects to complete a conflict-of-interest form within 30 days of project completion, but systemwide management informed campuses that this form was no longer necessary upon project completion. Campuses had stopped completing the form, but systemwide policies had not been updated to note this change.

INTRODUCTION

BACKGROUND

Sponsored programs include all work performed under grants or contracts funded by non-California State University (CSU) sources, such as federal agencies, state agencies, and non-profit organizations. There are generally two main components of sponsored program administration: pre-award, which includes activities such as proposal development, review, and submission prior to acceptance of funds; and post award, which includes administration of a sponsored program after the grant or contract has been awarded through the final closeout process.

Sponsored programs – post award (PA) may be administered either on the campus, usually under an office of research or similar department, or by an auxiliary organization, such as a research foundation. Five CSU campuses – Channel Islands, Maritime Academy, San Francisco, Sonoma, and Stanislaus – and the chancellor’s office administer the post-award aspects of sponsored programs on the state side. The other 18 CSU campuses manage PA through auxiliary organizations.

PA is subject to various types of audits, including internal audits by the Office of Audit and Advisory Services (OAAS) and external audits required by granting agency regulations. For those campuses where an auxiliary organization manages PA, the OAAS conducts triennial auxiliary organization audits, which include audits of the PA function. In addition, the OAAS performs periodic campus audits of sponsored programs, the most recent of which was an audit of PA in 2013. The primary external audit performed is the annual A-133 audit, which is required for non-federal entities that expend \$500,000 or more in federal awards in a year, and which is performed by external financial statement auditors. In addition, periodic audits may be performed by sponsors, including various federal inspector general offices.

The Office of Management and Budget (OMB) has issued the following government-wide policies to ensure proper stewardship of federal research funds:

- ▶ OMB Circular A-21, *Cost Principles for Educational Institutions*, establishes principles for determining costs applicable to grants, contracts, and other agreements with educational institutions. These principles are designed to ensure that the federal government bears its fair share of total costs, determined in accordance with generally accepted accounting principles, except where restricted or prohibited by law. The circular was last revised in May 2004.
- ▶ OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, sets forth the standards for obtaining consistency and uniformity among federal agencies in the administration of grants and agreements with institutions of higher education, hospitals, and other non-profit organizations. The circular was last revised in November 1993 and amended in September 1999.
- ▶ OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, sets forth consistency and uniformity among federal agencies for the audit of states, local governments, and non-profit organizations expending federal awards. The circular was last revised in June 2007. The OMB Circular A-133 Compliance Supplement, which was last revised in June 2012, serves as a companion document.

Other federal guidance for sponsored programs has been disseminated by specific sponsoring agencies. Among the largest sponsors are the National Institutes of Health (NIH) and the National Science Foundation (NSF). The NIH Grants Policy Statement, last revised in October 2013, and the NSF Award and Administration Guide, last revised in February 2014, delineate policy requirements for the administration of projects funded by these agencies.

Compliance requirements for sponsored programs change as new regulations or policies are implemented. For example, new NIH requirements relating to financial conflict-of-interest identification and reporting became effective on August 24, 2012. In addition, on December 26, 2013, the OMB published a unified Omni Circular, which consolidates the three circulars mentioned above and five others into one document that supersedes the separate circulars with the intent of streamlining federal requirements for all types of recipients of federal grants and contracts, and of increasing the efficiency and effectiveness of the federal award process. Federal agencies have six months to provide their implementation plans to OMB, and colleges and universities will have until December 26, 2014, to comply with the new rules.

Executive Order (EO) 890, *Administration of Grants and Contracts in Support of Sponsored Programs*, dated January 7, 2004, sets policy to be followed by each campus and any auxiliary organization administering sponsored programs to ensure that the university or auxiliary maximizes the benefits of sponsored programs and supports faculty, students, and administrators in effectively securing and carrying out sponsored programs. EO 890 requires that each campus establish a written policy on the management of sponsored programs that incorporates components such as proposal submission, review, and approval; performance of grants and contracts; human resources policies; academic policies; fiscal administration; and work product and records.

Integrated California State University Administrative Manual (ICSUAM) §11000 sets forth systemwide policies related to specific aspects of sponsored programs. These policies were created in response to the 2010 PA audit conducted by the OAAS. Policies relevant to the current audit include:

- ▶ ICSUAM §11000.002.005, *Subrecipient Monitoring*, effective December 1, 2011
- ▶ ICSUAM §11000.003.005, *Allowable Costs*, effective December 1, 2011
- ▶ ICSUAM §11000.003.006, *Effort Reporting*, effective December 1, 2011
- ▶ ICSUAM §11000.003.007, *Cost Sharing*, effective December 1, 2011
- ▶ ICSUAM §11000.010.002, *Financial Conflict of Interest*, dated October 31, 2011

The CSU Conflict of Interest Code also requires principal investigators for projects sponsored by nongovernmental entities to disclose financial interests. Coded memorandum Human Resources 2005-38, *Conflict of Interest Update – Principal Investigators*, dated August 30, 2005, outlines reporting requirements, as well as management of potential conflicts of interest.

PURPOSE

Our overall audit objective was to ascertain the effectiveness of existing policies and procedures related to sponsored programs – post-award administration and to determine the adequacy of controls that ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor directives, and campus and auxiliary organization procedures.

Within the overall audit objective, specific goals included determining whether:

- ▶ Administration of post award is well defined and includes clear lines of organizational authority and responsibility.
- ▶ Policies and procedures exist for key areas of post-award administration, such as effort reporting, cost sharing, sub-recipient monitoring, and fiscal administration, and are current, comprehensive, and effectively distributed.
- ▶ Individuals involved in post-award administration are provided with sufficient initial and ongoing training.
- ▶ Financial interests in sponsored programs are disclosed in a timely manner and reviewed for conflicts of interest.
- ▶ An integrated system that encompasses both sponsored and all other activities, and that ensures accurate and properly documented evidence of work performed on sponsored programs, is in place for effort reporting.
- ▶ Administration and management of cost sharing on sponsored programs is adequate and performed in accordance with CSU, federal, and sponsor requirements.
- ▶ Sub-recipient relationships are appropriately established and monitored in accordance with CSU, federal, and sponsor requirements.
- ▶ Financial systems and controls are adequate to ensure that costs charged to sponsored programs are allowable, allocable, and reasonable.
- ▶ Financial systems are adequate to ensure that cost transfers are made with adequate justification, with proper approvals, and within a reasonable period of time.
- ▶ Indirect costs charged to sponsored programs are appropriate, and approved indirect cost rates are utilized.

SCOPE AND METHODOLOGY

The proposed scope of the audit as presented in Audit Agenda Item 4 of the January 28 and 29, 2014, meeting of the Committee on Audit stated that *Sponsored Programs – Post Award (PA)* includes a review of the post-award administration and management of sponsored programs funded by non-CSU funding sources. Proposed audit scope could include, but was not limited to, review of contract and grant budgeting and financial planning; indirect cost administration, including cost allocation; cost sharing/matching and transfer processes; effort reporting, fiscal reporting, and progress reporting; approval of project expenditures; sub-recipient monitoring; and management and security of information systems.

Our study and evaluation were conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors and included the audit tests we considered necessary in determining whether fiscal, operational, and administrative controls are in place and operative. This review emphasized, but was not limited to, compliance with federal and state regulations and guidance, Board of Trustee policies, and Office of the Chancellor and campus policies, letters, and directives. The audit focused on procedures in effect from July 1, 2012, through October 24, 2014.

We focused primarily on the internal administrative, compliance, and operational controls over PA activities. Specifically, we reviewed and tested:

- ▶ Administration of PA activities, including defined responsibilities, current policies and procedures, and training.
- ▶ Conflict-of-interest policies and required conflict-of-interest filings.
- ▶ Effort reporting systems.
- ▶ Cost-sharing administration and management.
- ▶ Sub-recipient monitoring processes.
- ▶ Fiscal administration, including cost transfers, indirect costs, and allowable costs.

During the course of the audit, we visited 11 campuses: Channel Islands, Chico, Fullerton, Maritime, Monterey Bay, Northridge, Pomona, San Francisco, San Luis Obispo, Sonoma, and Stanislaus. We interviewed campus personnel and audited procedures in effect at the time of the audit.

OBSERVATIONS, RECOMMENDATIONS, AND MANAGEMENT RESPONSES

GENERAL ENVIRONMENT

PRINCIPAL INVESTIGATOR TRAINING

Systemwide management did not provide guidance to campuses addressing the type of initial or ongoing training that should be provided to principal investigators (PIs) working on sponsored projects, and the type of documentation that should be maintained.

Government Code (GC) §13402 and §13403 state that management is responsible for establishing and maintaining a system of internal administrative controls, which includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. Further, administrative controls are the methods through which reasonable assurance can be given that measures adopted by state agency heads to safeguard assets and promote operational efficiency are being followed.

The director of sponsored programs stated that because initial and ongoing training is not required by federal or state regulations, the chancellor's office (CO) did not want to create policies and procedures for training that would impose stricter requirements on campuses.

Providing training for PIs will decrease the risk of non-compliance with federal and state regulations.

Recommendation 1

We recommend that the CO provide systemwide guidance for campuses addressing the type of initial or ongoing training that should be provided to PIs working on sponsored projects, and the type of documentation that should be maintained.

Management Response

We concur. The CO will provide a systemwide website for campuses to share their practices on the type of initial or ongoing training provided to PIs working on sponsored projects, and the type of documentation that they maintain. The CO will work with campus sponsored program offices to identify and recommend sound business practices, templates, and guidelines on CSYou. This recommendation will be completed by September 2015.

ETHICS TRAINING

PIs working on non-governmental-sponsored projects did not always complete the required ethics training in a timely manner at six of 11 campuses reviewed.

Coded memorandum HR 2005-38, *Conflict of Interest Update – Principal Investigators*, dated August 30, 2005, states that PIs must complete ethics training within six months of receiving the grant. Subsequent training is required at least once during each consecutive period of two calendar years that the grant is in place.

Management at the campuses stated that ethics training was not always completed in a timely manner due to a lack of communication between departments, a lack of clearly defined responsibilities for training management, staffing shortages, and oversight.

Providing required training to PIs decreases the risk of noncompliance with California State University (CSU), federal, and state regulations.

Recommendation 2

We recommend that the CO remind campuses of the importance of ensuring that PIs complete required ethics training in a timely manner.

Management Response

We concur. The CO will remind campuses of the importance of ensuring that PIs complete required ethics training in a timely manner. This recommendation will be completed by July 2015.

POLICIES AND PROCEDURES

EFFORT CERTIFICATIONS

Systemwide effort reporting policies and procedures needed improvement.

We found that:

- ▶ There was no guidance regarding the timeframe for submitting effort certifications, nor was there a requirement for campuses to address timeliness in campus policies and procedures.
- ▶ It was unclear whether effort reports were required for PIs who had only additional pay, but no release time, for their awards.

However, after the campus audits were completed, we noted that new Office of Management and Budget (OMB) requirements as set forth in the new Uniform Grant Guidance had made changes to effort-reporting requirements, emphasizing internal control systems over certification forms. Systemwide effort-reporting policies had not been updated to reflect Uniform Grant Guidance changes.

GC §13402 and §13403 state that management is responsible for establishing and maintaining a system of internal administrative controls, which includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. Further, administrative controls are the methods through which reasonable assurance can be given that measures adopted by state agency heads to safeguard assets and promote operational efficiency are being followed.

The sponsored programs director stated that current effort-reporting policies are based on OMB circulars, which do not specifically address certification timeframes or additional payments. She further stated that review of systemwide sponsored programs policies has begun to align them with the Uniform Grant Guidance; however, the effort-reporting policy has not yet been updated because the Uniform Grant Guidance for effort reporting is less restrictive than the OMB circular requirements, and the current policy is still in compliance.

Complete effort-reporting policies and procedures help ensure compliance with CSU and governmental reporting requirements.

Recommendation 3

We recommend that the CO review systemwide effort-reporting policies and determine whether policies need to be updated or additional guidance needs to be provided to address Uniform Grant Guidance requirements.

Management Response

We concur. The CO will review systemwide effort-reporting policies and determine whether policies need to be updated or additional guidance needs to be provided to address federal Uniform Guidance requirements. This recommendation will be completed by September 2015.

SUB-RECIPIENT MONITORING

Systemwide policies and procedures were unclear regarding the performance and documentation for sub-recipient risk assessments.

Specifically, we found that policies and procedures did not address the elements to be included and the documentation to be maintained for sub-recipient risk assessments. In addition, we noted that risk assessments were not always performed or documented prior to sub-award issuance at six of 11 campuses reviewed.

OMB Circular A-133, Compliance Supplement Part 6-M, *Sub-recipient Monitoring*, last revised March 2013, states that key managers should understand the sub-recipient's environment, systems, and controls sufficient to identify the level and methods of monitoring required. In addition, mechanisms should exist to identify risks arising from external sources affecting sub-recipients and to identify and react to changes in sub-recipients.

Uniform Grant Guidance, §200.331, *Requirements for Pass-Through Entities*, states, in part, that all pass-through entities must evaluate each sub-recipient's risk of noncompliance with federal statutes, regulations, and the terms of conditions of the sub-award for the purposes of determining the appropriate sub-recipient monitoring required, which may include consideration of such factors as prior experience, results of previous audits, new personnel or new or substantially changed systems, and the extent and results of federal award agency monitoring activities.

GC §13402 and §13403 state that management is responsible for establishing and maintaining a system of internal administrative controls, which includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. Further, administrative controls are the methods through which reasonable assurance can be given that measures adopted by state agency heads to safeguard assets and promote operational efficiency are being followed.

The sponsored programs director stated that policies were based on OMB circulars, which did not specifically address the required elements of the risk assessment. Management at the campuses stated that risk assessments were not always performed or documented prior to sub-award issuance primarily due to oversight.

Complete policies and procedures for sub-recipient monitoring help ensure compliance with governmental reporting requirements.

Recommendation 4

We recommend that the CO review and update systemwide sub-recipient monitoring policies and procedures or provide additional guidance and tools to campuses to clarify information on the performance and documentation of sub-recipient risk assessments.

Management Response

We concur. The CO will review and update systemwide sub-recipient monitoring policies and procedures or provide additional guidance and tools to campuses to clarify information on the performance and documentation of sub-recipient risk assessments. This recommendation will be completed by September 2015.

CONFLICTS OF INTEREST

Systemwide policies and procedures relating to conflict-of-interest reporting for PIs were outdated and unclear.

We noted that:

- ▶ Coded memorandum Human Resources (HR) 2005-38, *Conflict of Interest Update – Principal Investigators*, and Integrated California State University Administrative Manual (ICSUAM) §11010.02, *Financial Conflict of Interest*, require PIs on non-governmental research projects to fill out a conflict-of-interest form within 30 days of project completion. However, systemwide management informed campuses that this form was no longer necessary upon project completion, and campuses stopped completing the form, but systemwide policies had not been updated to note this change.
- ▶ ICSUAM §11010.02 states that for federally funded grants and contracts, significant financial interests disclosed by PIs must be reviewed by the applicable campus review committee, which must be composed in accordance with applicable CSU guidelines. However, we did not find any

other applicable CSU guidelines referencing a campus review committee for federal conflicts of interest.

In addition, we noted that conflict-of-interest forms were not always completed in a timely manner at eight of 11 campuses visited. Specifically:

- ▶ Initial and annual (if applicable) federal conflict-of-interest forms were not always completed and reviewed in a timely manner, according to campus policies and federal regulations, at seven campuses.
- ▶ Initial conflict-of-interest forms for non-governmental awards were not always completed and reviewed in a timely manner, according to CSU policy, at seven campuses.

GC §13402 and §13403 state that management is responsible for establishing and maintaining a system of internal administrative controls, which includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. Further, administrative controls are the methods through which reasonable assurance can be given that measures adopted by state agency heads to safeguard assets and promote operational efficiency are being followed.

Code of Federal Regulations Title 42, Part 50, Subpart F, *Responsibility of Applicants for Promoting Objectivity in Research for Which Public Health Services Funding Is Sought*, effective September 26, 2011, states that each investigator must disclose to the institution's designated official(s) the investigator's significant financial interests no later than the time of application or proposal for research. Additionally, investigators must submit an updated disclosure of significant financial interests at least annually, in accordance with the specific time period prescribed by the institution, during the period of the award.

National Science Foundation (NSF) Award and Administration Guide, Chapter IV (A-3), *Conflict of Interest Policies*, dated January 1, 2008, states that an institutional policy must ensure that investigators have provided all required financial disclosures at the time the proposal is submitted to NSF. It must also require that those financial disclosures are updated during the period of the award, either on an annual basis, or as new reportable significant financial interests are obtained.

Coded memorandum HR 2005-38, *Conflict of Interest Update – Principal Investigators*, dated August 30, 2005, states that an individual is required to report financial interests on a form 700-U if he or she has principal responsibility for a research project funded or supported, in whole or in part, by a contract or grant from a nongovernmental entity. The initial statement must be submitted to the conflict-of-interest filing officer before final acceptance of a contract, grant, or gift.

The sponsored programs manager stated that there is no legislative requirement for project completion conflict-of-interest forms for non-governmental awards; therefore, she plans to update systemwide policies to delete this requirement. In addition, she noted that other inconsistencies in policies for conflicts of interest had been identified previously, but she had been waiting for new OMB requirements to be finalized before updating the policies. Management at three campuses stated that conflict-of-interest forms were not always completed and reviewed in a timely manner due

to staff turnover or staffing shortages. Management at other campuses stated that the issue was due to procedures that did not clearly define roles and responsibilities for obtaining conflict-of-interest forms or oversight.

Clear and updated policies and procedures for conflict-of-interest reporting help ensure compliance with federal and state requirements.

Recommendation 5

We recommend that the CO:

- a. Update systemwide conflict-of-interest policies to address the areas discussed above.
- b. Remind campuses of the importance of completing conflict-of-interest forms in a timely manner.

Management Response

We concur. The CO has updated systemwide conflict-of-interest policies to address the areas discussed above and reminded campuses of the importance of completing conflict-of-interest forms in a timely manner. This recommendation will be completed by July 2015.

APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
<u>Office of the Chancellor</u>	
Steve Relyea	Executive Vice Chancellor and Chief Financial Officer
George Ashkar	Assistant Vice Chancellor and Controller, Financial Services
Sue DeRosa	Director, Sponsored Programs Administration
Mike Redmond	Assistant Vice Chancellor, Strategic Initiatives and Support Services
<u>California State University, Channel Islands</u>	
Richard R. Rush	President
Stephanie Bracamontes	Associate Director, Special Projects
Leo Cervantes	Post-award Grant/Contract Administrator
Caroline Doll	Director, Special Projects
Missy Jarnagin	Associate Vice President, Financial Services
Tina Knight	Interim Director, Sponsored Programs
Jason Miller	Senior Research Officer, Research and Sponsored Programs
Godfrey Mubiru	Interim University Controller, Fiscal Services
Beatriz Ruettgers	Grants Analyst, Sponsored Programs
Ysabel Trinidad	Vice President, Business and Financial Affairs
<u>California State University, Chico</u>	
Paul J. Zingg	President
Joleen Barnhill	Analyst, Research and Sponsored Programs
Michele Flowerdew	Senior Analyst, Research and Sponsored Programs
Lori Hoffman	Vice President, Business and Finance
Jeni Kitchell	Director of University Budget and Resource Management
John Miner	Contracts Officer, Research and Sponsored Programs
Eun Park	Vice Provost for Research
Carol Sager	Director of Research and Sponsored Programs
Katy Thoma	Executive Director, CSU, Chico Research Foundation
Fred Woodmansee	Financial Director, CSU, Chico Research Foundation
<u>California State University, Fullerton</u>	
Mildred Garcia	President
Denise Bell	Director, Office of Sponsored Programs, Auxiliary Services Corporation (Corporation)
Sydney Dawes	Senior Administrator, Office of Sponsored Programs, Corporation
Stephen Garcia	Interim Vice President, Administration and Finance/ Chief Financial Officer (At time of review)
Kathie Ip	Administrator, Office of Sponsored Programs, Corporation
Brian Jenkins	Associate Vice President, Finance
Lisa Kopecky	Assistant Vice President, Academic Operations and Finance
Tariq Marji	Chief Financial Officer, Auxiliary Services Corporation, Corporation
Shari McMahan	Interim Associate Vice President for Research
Frank Mumford	Executive Director, Corporation
Cristine Murillo	Grants Coordinator, Office of Sponsored Programs, Corporation
Chi Nguyen	Staff Accountant, Office of Sponsored Programs, Corporation

APPENDIX A: PERSONNEL CONTACTED

California State University, Fullerton (cont.)

Katrina Payne	Administrator, Office of Sponsored Programs, Corporation Assistant Director and Grants Coordinator, Office of Sponsored Programs, Corporation
Tanya Thompson	University Controller
Steven Yim	

California Maritime Academy

Thomas A. Cropper	President
Veronica Boe	Director, Sponsored Projects and Extended Learning
Sasha Bordokoff	Financial Analyst
James Burns	Dean of Sponsored Projects and Extended Learning
Susan Foft	Accounting Manager
Sylvia Kipp	Senior Budget Analyst
Kurtis Lohide	Vice President for Administration and Finance (At time of review)
Demetra Miller	Confidential Admin Support, Human Resources
Ellen Shelley	Buyer I
Ken Toet	Associate Vice President, Financial Services, and Controller
Ingrid Williams	Executive Director of Human Resources

California State University, Monterey Bay

Eduardo M. Ochoa	President
Nancy Ayala	Governance and Compliance Manager
Sherry Baggett	Controller
John Fitzgibbon	Associate Vice President of Finance
Maria Garcia	Director of Operations
Gehane Kiama	Human Resources Manager, University Corporation at Monterey Bay
Cindy Lopez	Sponsored Programs Office Director
Judy Pohlman	Grants Manager
Kevin Saunders	Vice President of Administration and Finance
Kathleen Sherman	Associate Director of Academic Personnel and Director of Staff and Faculty Recruitment

California State University, Northridge

Dianne F. Harrison	President
Jeff Carr	Compliance Officer/Research Specialist, Research and Graduate Studies
Colin Donahue	Vice President for Administration and Finance and Chief Financial Officer
John Griffin	Chief Financial Officer, The University Corporation (Corporation)
Georg Jahn	Director, Sponsored Programs and Real Estate, Corporation
Crist Khachikian	Associate Vice President for Research and Graduate Studies
Krizel Leynes	Sponsored Programs Supervisor, Corporation
Stacey Lord	Sponsored Programs Analyst, Corporation
Teresa Loren	Associate Director, Accounting, Corporation
Howard Lutwak	Director of Internal Audit
Michael Neubauer	Vice Provost
Scott Perez	Director, Research and Sponsored Projects
Mahyar Sadri	Sponsored Programs Analyst, Corporation

APPENDIX A: PERSONNEL CONTACTED

California State University, Northridge (cont.)

Joann Spruill Payroll Coordinator, Corporation
Michele Yeater Sponsored Programs Analyst

California State Polytechnic University, Pomona

J. Michael Ortiz President (At time of review)
Leanne Branconier Administrative Assistant, Budget Services
Brenda Burns Associate Budget Analyst, Budget Services
Marten denBoer Provost and Vice President for Academic Affairs
Frank Ewers Associate Vice President, Office of Research
Steven Garcia Vice President, Administrative Affairs and Chief Financial Officer
Darwin Labordo Associate Vice President, Finance and Administrative Services
Mark Lopez Director of Budget Services
Dennis Miller Chief Employment Officer, Cal Poly Pomona
Foundation, Inc. (Foundation)
David Prenovost Chief Financial Officer, Foundation
Debbie Schroeder-Linthicum Grants and Contracts Manager, Foundation
Vicki Stepp Director, Office of Research and Sponsored Programs
Paul Storey Executive Director, Foundation

San Francisco State University

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Bon Bitonio Controller, Fiscal Affairs
Richard Chen Associate Controller, Fiscal Affairs
Ronald Cortez Vice President, Administration and Finance and
Chief Financial Officer
Michelle Gagnon Sponsored Programs Manager, Office of Research and Sponsored
Programs (ORSP)
Bryan Kauffman Conflict-of-Interest Filing Officer
Cathy Liu Trust Accounting Supervisor, Fiscal Affairs
Ryan Mendoza Internal Auditor
Alison Ng Compliance Manager, ORSP
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Wendy Forester Controller, Cal Poly Corporation
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Bonnie Murphy Associate Vice President, Commercial Services, Cal Poly Corporation
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(At time of review)

APPENDIX A: PERSONNEL CONTACTED

California Polytechnic State University, San Luis Obispo (cont.)

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Amy Velasco Director, Grants Development

Sonoma State University

Ruben Armiñana President
Barbara Crandell Sponsored Project Administrator
Tania Crane Accounting Analyst Lead, Financial Services
David Crozier Senior Director, University Financial Services
Laurence Furukawa-Schlereth Vice President, Administration and Finance
Nathan Johnson Police Chief and Executive Director
Kurt Koehle Director, Internal Operations
Mary Praetzellis Associate Director, Anthropological Studies Center
Giovanna Rossetti Business Manager, Anthropological Studies Center
Ming-Lan (Joy) Sun Manager of Contracts and Procurement
Jeff Wilson Senior Director, Sponsored Programs Administration

California State University, Stanislaus

Joseph F. Sheley President
Julie Benevedes Associate Vice President, Financial Services
Russell Giambelluca Vice President of Business and Finance (At time of review)
Trish Hendrix Post Award Grant Specialist – Lead
Briquel Hutton Director of Audit Services
Regan Linderman Controller

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 Executive Vice Chancellor and
 Chief Financial Officer

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DATE: June 15, 2015

TO: Larry Mandel
 Vice Chancellor and Chief Audit Officer

FROM: Steve Relyea
 Executive Vice Chancellor and
 Chief Financial Officer



RECEIVED
 AUDIT AND ADVISORY SERVICES

JUN 16 2015

THE CALIFORNIA STATE
 UNIVERSITY

SUBJECT: Sponsored Programs – Post Award Systemwide Audit Report #14-42

In response to the "Incomplete Draft" report dated April 16, 2015, we are providing the enclosed management response.

Should you have any questions, please contact us.

SR:mpr

Attachment

c: Ephraim Smith, Executive Vice Chancellor and CAO
 Ron Vogel, Associate Vice Chancellor, Academic Affairs
 Brad Wells, Associate Vice Chancellor, Business and Finance
 George Ashkar, Assistant Vice Chancellor and Controller, Financial Services
 Mike Redmond, Assistant Vice Chancellor, Strategic Initiatives and Support Services
 Sue DeRosa, Director, Sponsored Programs Administration

CSU Campuses
 Bakersfield
 Channel Islands
 Chico
 Dominguez Hills
 East Bay

Fresno
 Fullerton
 Humboldt
 Long Beach
 Los Angeles
 Maritime Academy

Monterey Bay
 Northridge
 Pomona
 Sacramento
 San Bernardino
 San Diego

San Francisco
 San José
 San Luis Obispo
 San Marcos
 Sonoma
 Stanislaus

SPONSORED PROGRAMS – POST AWARD**SYSTEMWIDE****Audit Report 14-42****GENERAL ENVIRONMENT****PRINCIPAL INVESTIGATOR TRAINING****Recommendation 1**

We recommend that the CO provide systemwide guidance for campuses addressing the type of initial or ongoing training that should be provided to PIs working on sponsored projects, and the type of documentation that should be maintained.

Management Response

We concur. The CO will provide a systemwide website for campuses to share their practices on the type of initial or ongoing training provided to PIs working on sponsored projects, and the type of documentation that they maintain. The CO will work with campus sponsored program offices to identify and recommend sound business practices, templates and guidelines on CSYou. This recommendation will be completed by September 2015.

ETHICS TRAINING**Recommendation 2**

We recommend that the CO remind campuses of the importance of ensuring that PIs complete required ethics training in a timely manner.

Management Response

We concur. The CO will remind campuses of the importance of ensuring that PIs complete required ethics training in a timely manner. This recommendation will be completed by July 2015.

POLICIES AND PROCEDURES**EFFORT CERTIFICATIONS****Recommendation 3**

We recommend that the CO review systemwide effort-reporting policies and determine whether policies need to be updated or additional guidance needs to be provided to address the federal Uniform Guidance requirements.

Management Response

We concur. The CO will review systemwide effort-reporting policies and determine whether policies need to be updated or additional guidance needs to be provided to address federal Uniform Guidance requirements. This recommendation will be completed by September 2015.

SUB-RECIPIENT MONITORING**Recommendation 4**

We recommend that the CO review and update systemwide sub-recipient monitoring policies and procedures or provide additional guidance and tools to campuses to clarify information on the performance and documentation of sub-recipient risk assessments.

Management Response

We concur. The CO will review and update systemwide sub-recipient monitoring policies and procedures or provide additional guidance and tools to campuses to clarify information on the performance and documentation of sub-recipient risk assessments. This recommendation will be completed by September 2015.

CONFLICTS OF INTEREST**Recommendation 5**

We recommend that the CO:

- a. Update systemwide conflict-of-interest policies to address the areas discussed above.
- b. Remind campuses of the importance of completing conflict-of-interest forms in a timely manner.

Management Response

We concur. The CO has updated systemwide conflict-of-interest policies to address the areas discussed above and reminded campuses of the importance of completing conflict-of-interest forms in a timely manner. This recommendation will be completed by July 2015.

THE CALIFORNIA STATE UNIVERSITY
OFFICE OF THE CHANCELLOR



BAKERSFIELD

CHANNEL ISLANDS

June 23, 2015

CHICO

DOMINGUEZ HILLS

MEMORANDUM

EAST BAY

TO: Mr. Larry Mandel
Vice Chancellor and Chief Audit Officer

FRESNO

FULLERTON

FROM: Timothy P. White
Chancellor

HUMBOLDT

SUBJECT: Draft Final Report 14-42 on
Sponsored Programs – Post Award, Systemwide

LONG BEACH

LOS ANGELES

MARITIME ACADEMY

In response to your memorandum of June 23, 2015, I accept the response as submitted with the draft final report on *Sponsored Programs – Post Award, Systemwide*.

MONTEREY BAY

NORTHRIDGE

TPW/amd

POMONA

SACRAMENTO

SAN BERNARDINO

SAN DIEGO

SAN FRANCISCO

SAN JOSÉ

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS