CSU **The California State University**
OFFICE OF THE CHANCELLOR

Vlad Marinescu
Vice Chancellor and
Chief Audit Officer
562-951-4430
vmarinescu@calstate.edu

Audit and Advisory Services
401 Golden Shore
Long Beach, CA 90802-4210

December 15, 2021

Dr. Jane Close Conoley, President
California State University, Long Beach
1250 Bellflower Boulevard
Long Beach, CA 90840

Dear Dr. Conoley:

Subject: Audit Report 21-31, *Sponsored Programs – Pre-Award Activities*,
California State University, Long Beach

We have completed an audit of *Sponsored Programs – Pre-Award Activities* as part of our 2021-2022 Audit Plan, and the final report is attached for your reference. The audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

I have reviewed the management response and have concluded that it appropriately addresses our recommendations. The management response has been incorporated into the final audit report, which will be posted to Audit and Advisory Services' website. We will follow-up on the implementation of corrective actions outlined in the response and determine whether additional action is required.

Any observations not included in this report were discussed with your staff at the informal exit conference and may be subject to follow-up.

I wish to express my appreciation for the cooperation extended by the campus personnel over the course of this review.

Sincerely,

Vlad Marinescu
Vice Chancellor and Chief Audit Officer

c: Joseph I. Castro, Chancellor
    Adam Day, Chair, Committee on Audit
    Jane W. Carney, Vice Chair, Committee on Audit

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SPONSORED PROGRAMS PRE-AWARD ACTIVITIES

California State University,
Long Beach

Audit Report 21-31
December 15, 2021

EXECUTIVE SUMMARY

OBJECTIVE

The objectives of the audit were to ascertain the effectiveness of operational and administrative controls related to pre-award activities for sponsored programs and to ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor (CO) directives, and campus and auxiliary organization procedures.

CONCLUSION

Based upon the results of the work performed within the scope of the audit, except for the weaknesses described below, the operational and administrative controls for sponsored programs – pre-award activities as of September 24, 2021, taken as a whole, provided reasonable assurance that risks were being managed and objectives were met.

In general, the audit did not reveal any significant internal control problems or weaknesses that would be considered pervasive in their effects on sponsored programs administration. However, the review did identify opportunities for improvement in some areas. We found that the administration and timeliness of responsible conduct of research (RCR) training and conflict-of-interest (COI) training needed improvement. Further, campus procedures related to RCR did not specifically address sponsor requirements or oversight for the campus training program. Additionally, the campus did not have written policies and procedures for the suspension and debarment review of key personnel before award acceptance or for the administration of sponsored programs export controls.

Specific observations, recommendations, and management responses are detailed in the remainder of this report.

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. RESPONSIBLE CONDUCT OF RESEARCH

OBSERVATION

Campus administration of RCR requirements needed improvement.

We found that the campus *Responsible Conduct of Research Procedures* did not specifically address RCR requirements for projects sponsored by the National Science Foundation (NSF), National Institutes of Health (NIH), or United States Department of Agriculture (USDA). In addition, the procedures did not address oversight of the RCR training plan, including the individuals responsible and record-keeping and monitoring procedures.

We reviewed eight trainees and five principal investigators (PIs) or key personnel from one USDA sponsored project and three NSF-sponsored projects that required RCR training, and we found that:

- In four instances, PIs or key personnel did not complete training or did not complete training timely.

- In six instances, trainees did not complete training or did not complete training timely.

Appropriate oversight and administration of RCR training helps to ensure that PIs, key personnel, and trainees follow established policies and procedures and reduces the campus exposure to risk related to noncompliance with federal regulations.

RECOMMENDATION

We recommend that the campus:

a. Update the campus *Responsible Conduct of Research Procedures* to address training requirements, including monitoring and verification of training completion, and communicate the changes to appropriate PIs and sponsored programs staff.

b. Establish a documented process to monitor RCR training completion.

c. Remind PIs and trainees from active projects noted above to complete RCR training.

MANAGEMENT RESPONSE

We concur. The campus will update the *Responsible Conduct of Research Procedures* to address training requirements specified by NSF, NIH and USDA-NIFA, including monitoring and verification of training completion. The campus will communicate the changes to appropriate PIs and sponsored programs staff. The campus will also establish a centralized documentation process to monitor RCR training completion and to remind PIs and trainees from active projects to complete RCR training.

Expected completion date: April 29, 2022

2. CONFLICT OF INTEREST

OBSERVATION

COI training for sponsored programs needed improvement.

We reviewed campus COI training documentation for four projects funded by the NSF and four projects funded by the NIH, and we found that PIs did not complete required COI training for six of the eight federal awards.

Adequate administration of COI-related training decreases the risk of noncompliance with governmental requirements and possible regulatory scrutiny.

RECOMMENDATION

We recommend that the campus:

a. Implement a documented process to track and monitor PIs who have not timely completed required COI training.

b. Remind PIs to complete COI training for the active projects noted above.

MANAGEMENT RESPONSE

We concur. The campus will implement a documented process to track and monitor PIs who have not timely completed required COI training, and to remind PIs to complete COI training for their active projects.

Expected completion date: April 29, 2022

3. SUSPENSION AND DEBARMENT

OBSERVATION

Administration of suspension and debarment needed improvement.

The campus *Pre-Award Guide* did not specifically address procedures to verify that PIs or key personnel were not suspended or debarred prior to award acceptance. The campus indicated that in practice, pre-award specialists screened PIs and other key personnel against suspended and debarred lists using the SAM.gov website. However, evidence of this screening was not maintained, and we were unable to perform detailed testing in this area.

Effective administration of suspension and debarment helps to ensure compliance with

federal regulations and/or sponsor requirements and reduces the risks and potential liability to the campus.

RECOMMENDATION

We recommend that the campus:

a. Update campus policies and procedures to include a process to verify that PIs or key personnel have not been suspended or debarred prior to award acceptance.

b. Maintain evidence of this verification.

MANAGEMENT RESPONSE

We concur. The campus will update the *Pre-Award Guide* to include updated policies and procedures regarding suspension or debarment. The campus will also work with Cayuse to include a certification statement that PIs and key personal have not been suspended or debarred at the time of proposal submission. Additionally, the campus will document, via sam.gov, certification that PIs and key personal have not been suspended or debarred at the time of award acceptance. The updates will be communicated to the appropriate PIs, pre-award staff, and post-award staff.

Expected completion date: April 29, 2022

4. EXPORT CONTROLS

OBSERVATION

Administration of export controls needed improvement.

The campus did not have written policies or procedures for the general administration of sponsored programs export controls, including clearly defined roles and responsibilities, identification of projects with potential export control considerations or restrictions, application of fundamental research exclusion, and training requirements.

Comprehensive policies and procedures can help reduce the risk of noncompliance with export control laws and ensure proper oversight over sponsored programs.

RECOMMENDATION

We recommend that the campus:

a. Establish written policies and procedures for the administration of sponsored programs export controls, including the areas noted above.

b. Communicate these policies and procedures to PIs and sponsored programs staff.

MANAGEMENT RESPONSE

We concur. The campus will work with relevant stakeholders to establish written policies and procedures for the administration of sponsored programs export controls. The campus will communicate these policies and procedures to PIs and sponsored programs staff.

Expected completion date: October 28, 2022

GENERAL INFORMATION

BACKGROUND

Sponsored programs include all work performed under grants or contracts funded by external sources, such as federal agencies, state agencies, and non-profit organizations. Sponsored programs generally involve research, training, outreach, and other scholarly activities that contribute to the mission of the university.

As a condition of accepting sponsor funds, campuses must comply with a variety of award terms and conditions, as well as applicable state and federal regulations. Each campus may have one or several offices that provide oversight to ensure that sponsored program activities are conducted in compliance with relevant requirements.

In order to ensure the highest standards of research integrity, certification and training programs are essential. Major areas covered by these programs include:

- COI: Disclosing and managing situations in which financial or other personal considerations may compromise, or have the appearance of compromising, a researcher's professional judgment in conducting or reporting research. The NIH, NSF, and State of California all have specific COI reporting and training requirements.

- RCR: Ensuring the awareness and application of established professional norms and ethical principles in the performance of all activities related to scientific research. NIH, NSF, and the National Institute of Food and Agriculture (NIFA) have specific requirements for RCR training.

- Human subjects: Protecting the rights and ensuring the safety of human subjects participating in research projects. The Department of Health and Human Services requires institutions to obtain a federal-wide assurance with its Office for Human Research Protections. Additionally, NIH requires education on the protection of human research participants.

- Animal subjects: Protecting animal welfare and ensuring the humane care and use of live animals in research projects. The Animal Welfare Act (AWA) requires that training be provided to personnel involved in the care and treatment of certain research animals. Along with the AWA, the United States Public Health Service (PHS) requires facilities using live vertebrate animals in research to adhere to additional requirements, including the provision of a written animal welfare assurance of compliance.

- Suspension and debarment: Ensuring that employees who have been suspended, debarred, or charged with criminal activity are not allowed to administer federal funds on behalf of the university.

- Export controls: Ensuring that projects subject to export control requirements are properly identified. The Department of Commerce, the State Department, and the Department of the Treasury Office of Foreign Assets Control have specific requirements.

Within the California State University (CSU) system, the CO's Office of Research Initiatives and Partnerships contributes systemwide support and promotion for CSU research, scholarship, and creative activities. In addition, the CO Sponsored Programs Administration department provides systemwide support related to the administration of research and sponsored programs, including developing systemwide policies, providing training, analyzing legislation, and providing general guidance to campuses and auxiliaries engaged in externally funded projects. A number of systemwide collaborative groups have been formed to support sponsored programs within the CSU, including the Council of Chief Resource Officers and the Research Administration Committee. Systemwide policies for sponsored programs administration are primarily contained within Integrated California State University Administrative Manual (ICSUAM) §11000, et seq.

At California State University, Long Beach (CSULB), under the oversight of the associate vice president of research, the Office of Research and Economic Development (ORED) and the Research Foundation share the responsibility for the administration of sponsored programs. Pre-award activities are administered by the ORED. ORED's responsibilities include ensuring that COI forms are timely completed and reviewed and tracking and monitoring training related to COI, RCR, and human and animal protection. ORED provides support services for developing and submitting external grant proposals, as well as approvals related to the indirect cost rate for all sponsored projects, and performs suspension and debarment reviews for employees. In addition, under ORED, the institutional review board reviews all proposed research involving human subjects and the institutional animal care and use committee reviews and provides oversight for research involving animal subjects.

SCOPE

Due to temporary operating procedures and limitations resulting from the COVID-19 public health emergency, we performed fieldwork remotely from August 2, 2021, through September 24, 2021. Our audit and evaluation included the audit tests we considered necessary in determining whether operational and administrative controls are in place and operative. The audit focused on procedures in effect from July 1, 2019, to September 24, 2021.

Specifically, we reviewed and tested:

- Administration of the proposal and indirect-cost rate approval process.

- Adherence to COI disclosure and training requirements.

- Maintenance of assurances for human and animal research.

- Compliance with human subject, animal welfare, and RCR training requirements.

- Suspension and debarment review processes for PIs and other key personnel involved in federal sponsored projects.

- Compliance with export control regulations, application of the fundamental research exemption, and administration of controlled research projects.

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.

Our testing and methodology, which was designed to provide a review of key operational and administrative controls, included interviews, walkthroughs, and detailed testing on certain aspects of the pre-award activities. Our review was limited to gaining reasonable assurance that essential elements of the sponsored programs pre-award program were in place and did not examine all aspects of the program.

CRITERIA

Our audit was based upon standards as set forth in federal and state regulations and guidance; Trustee policy; Office of the Chancellor directives; and campus procedures; as well as sound administrative practices and consideration of the potential impact of significant risks. This audit was conducted in conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

This review emphasized, but was not limited to, compliance with:

- Code of Federal Regulations (CFR) Title 2, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*
- CFR Title 42, Part 50, Subpart F, *Responsibility of Applicants for Promoting Objectivity in Research for which PHS Funding is Sought*
- America Creating Opportunities to Meaningfully Promote Excellence in Technology, Education, and Science Act, Section 7009
- AWA Section 2.32
- Health Research Extension Act of 1985, Public Law 99-158, *Animals in Research*
- PHS *Policy on Humane Care and Use of Laboratory Animals*
- NIH *Grants Policy Statement*
- NIH Notice OD-00-039, *Required Education in the Protection of Human Research Participants*
- NIH Notice OD-10-019, *Update on the Requirement for Instruction in the Responsible Conduct of Research*
- NSF *Proposal and Award Policies and Procedures Guide*
- NIFA Research Terms and Conditions, Article 7
- U.S. Department of Commerce *Export Administration Regulations*
- U.S. State Department *International Traffic in Arms*
- U.S. Department of the Treasury Office of Foreign Assets Control Sanctions Programs
- ICSUAM §11002.03, *Pre-Award Proposal Review and Approval*
- ICSUAM §11010.02, *Financial Conflict of Interest*
- Human Resources (HR) Coded Memorandum 2015-05, *Principal Investigators — Nongovernmental*
- HR 2018-02, *Ethics Regulations and COI Code Training*
- CSU *Export Controls Manual*

- CSU *PI Quick Reference Guide*
- CSULB *Financial Conflict of Interest Policy*
- CSULB *Import and Export Control Guidelines*
- CSULB *Pre-Award Guide*
- CSULB *Responsible Conduct of Research Procedures*

AUDIT TEAM

Audit Manager: Christina Chen
Internal Auditor: Stephanie Martinelli