

As Approved by CIRM's Governing Board on 12.17.15



INTERNAL GOVERNANCE POLICY



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THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE**

Section 1. (Purpose of CIRM). The California Institute for Regenerative Medicine (CIRM) was established by the California Constitution (California Constitution, article XXXV, Section 1).

The purposes of CIRM are as follows:

- (a) To make grants and loans for stem cell research, for research facilities, and for other vital research opportunities to realize therapies, protocols, and/or medical procedures that will result in, as speedily as possible, the cure for, and/or substantial mitigation of, major diseases, injuries, and orphan diseases.
- (b) To support all stages of the process of developing cures, from laboratory research through successful clinical trials.
- (c) To establish the appropriate regulatory standards and oversight bodies for research and facilities development.

(Cal. Const., art. XXXV, § 2.)

Section 2. (Organization of CIRM). The roles of the Independent Citizens' Oversight Committee (the "ICOC" or "Governing Board"), its Chair and Vice-Chairs, and the President of CIRM are generally defined by Proposition 71 and the bylaws of the Governing Board. (Health & Safety Code, §§ 125290.15 & 125290.40.) The purpose of this policy is to provide more specific guidance in particular areas.

- (a) The Chair of the Governing Board's primary responsibilities are:
 - (i) To manage the Governing Board's agenda and work flow, including all evaluations and approvals of scientific and medical Working Group grants, loans, facilities, and standards evaluations;

- (ii) To supervise the annual report and the annual financial plan¹ of CIRM, the public accountability requirements for the Governing Board and its subcommittees, including compliance with public meeting and conflict of interest requirements, and the legal and financial accountability of the Governing Board;
 - (iii) To provide oversight for the annual audit of CIRM and for the legal and financial accountability of CIRM;
 - (iv) To manage and optimize CIRM's bond financing plans and funding cash flow plans;
 - (v) To optimize all financial leverage opportunities for CIRM;
 - (vi) To provide oversight of, and establish the policies for, CIRM with respect to legislation through the Governing Board and the Legislative Subcommittee;
 - (vii) To interface with the California healthcare system and the California public;
 - (viii) To lead the development of intellectual property policies; and
 - (ix) To serve as an ex officio member of the Grants Working Group and to serve, along with the Vice Chairs of the Grants Working Group, as the Board's bridge to peer review.
- (b) The primary responsibilities of the Vice-Chair of the Governing Board are:
- (i) To assist the Chair in carrying out his or her duties; and
 - (ii) To interface with the California Legislature and Executive Branch and the United States Congress and Executive Branch, consistent with the policies established by the Governing Board and the Legislative Subcommittee.
- (c) The President shall serve as Chief Executive of CIRM and shall perform the duties of his or her office as set forth in the Act and such other duties as may be approved by the Governing Board. The President's primary responsibilities are:

¹ The "annual financial plan" is not the annual budget or the scientific strategic plan. Rather, the annual financial plan involves the Institute's bond financing and funding cash flow plans and financial leverage opportunities. (Health & Saf. Code, § 125290.45(b)(1)(A).)

- i. To recruit the highest scientific and medical talent in the United States to serve CIRM on its Working Groups;
- ii. To direct the staff of CIRM's Working Groups ;
- iii. To direct CIRM staff and participate in the process of supporting all working group requirements to develop recommendations on grants, loans, facilities, and standards as well as to direct and support the Governing Board's process of evaluating and acting on those recommendations, the implementation of all decisions on these and general matters of the Governing Board;
- iv. To hire, direct and manage the staff of CIRM;
- v. To develop the budgets and cost control programs of CIRM;
- vi. To manage compliance with all rules and regulations of the Governing Board, including the performance of all grant recipients;
- vii. To implement all intellectual property policies established by the Governing Board;
- viii. To implement the policies established by the Governing Board and the Legislative Subcommittee with respect to legislation.

Section 3. (Administrative Structure).

- (a) The President shall recommend to the Board for its consideration an organizational and administrative structure, which shall be reflected in an organizational chart depicting the major functional areas. The current organizational chart reflecting the leadership of CIRM and its major functional areas is attached as Exhibit A and is incorporated by this reference.
- (b) The Chair shall be responsible for managing the personnel in the Office of the Chair, including hiring, firing and personnel management, within the parameters of the Employee Handbook and the Compensation Program for CIRM Employees. The Chair shall also be responsible for setting the salary for all employees within the Office of the Chair as specified in Paragraph (e). The Chair shall exercise the discretion accorded to the President by the Compensation Program for CIRM Employees for the purpose of making compensation decisions for employees in the Office of the Chair.

- (c) All employees shall report to the President, either directly or indirectly, except for the Chair and the Vice-Chair, and employees of the Office of the Chair, who shall report to the Chair and the Vice-Chair. The President shall have final responsibility for hiring, firing, and personnel management of CIRM employees, except the Chair and Vice-Chair of the Governing Board and staff of the Office of the Chair. All employees of CIRM, except the Chair and Vice-Chair of the Governing Board, are subject to human resource policies of CIRM whose execution for employees of the Office of the Chair is the responsibility of the Chair and for all other employees is the President. These policies include, but are not limited to, compensation policy as established by the Governing Board, merit increases, office assignment, approval for travel, parking privileges and policies in the Employee Handbook.
- (d) The President shall appoint Senior Officers responsible for major functional areas. Each Senior Officer who reports to the President shall be responsible to the President for management of those personnel who report to them and shall be responsible for managing the internal affairs of his or her office, including its organization, reporting relationships within the office, assignment of duties, allocation of time, employee evaluations, and recommendations for hiring, firing, salary, promotion and merit increases.
- (e) The President shall be responsible for setting the salary for all employees, except the Chair and Vice-Chair of the Governing Board and employees of the Office of the Chair, and the Chair shall be responsible for setting the salary for employees of the Office of the Chair, except for the Chair and the Vice-Chair, within the range for each salary level established and approved by the Governing Board pursuant to section 125290.45(b)(4) of the Health and Safety Code. The Chair and President, respectively, must obtain the approval of the Governing Board in order to set the salary for their employees in an amount that would exceed the maximum salary for that level.

The Chair and the President shall have the discretion to make job classification changes for their respective employees. This may include:

- Reclassifying positions between salary levels (either higher or lower) based on significant job responsibility changes.
 - Once reclassified the salary shall be set based on available salary survey data.
- (f) As part of the budget process and to ensure parity among the President and the Chair's staff, the Chair and the President will consult with one another on an annual basis before taking action to change salaries for, or to reclassify, employees for whom they are responsible. If the Chair and the

President disagree, they will consult with the Chair of the Governance Subcommittee.

Section 4. Finance. The Chair and the President each have areas of financial responsibility. The Chair has primary responsibility for ensuring that CIRM has the financial resources to operate and fund awards. The President has primary responsibility for ensuring proper use of funds in accordance with the awards and operating budgets approved by the Governing Board.

- (a) The Chair is responsible for:
 - i. External financial resource management and support (e.g., bond financing, cash flow plans, donor funds, matching funds, and State financial submissions supporting the bond program);
 - ii. Optimizing leverage opportunities by working with institutional and private donors and others who support medical research and medical research facilities;
 - iii. Coordinating with the Department of Finance, the State Treasurer's Office and the California Stem Cell Research and Cures Finance Committee regarding CIRM's bond funding;
 - iv. Developing the budget, including the travel budget, for the Office of the Chair, with the assistance of CIRM's finance staff, for presentation as part of CIRM's budget to the Governing Board for its consideration.²

- (b) The President is responsible for:
 - i. Internal financial resource management and support (e.g., budgeting and cost control programs);
 - ii. Developing CIRM's research budget and resource allocation strategy;
 - iii. Developing linkages and partnerships with the biomedical sector to cosponsor and support CIRM projects/programs for delivery of research and clinical opportunities; and

² The Chair shall be responsible for approving travel within the budget for employees of the Office of the Chair, with the exception of the Chair, whose travel expense claims shall be subject to the approval of the Director of Finance or the President.

- iv. Developing the budget and cost controls of CIRM, with the assistance of CIRM's Finance staff, and presenting it to the Governing Board for approval, and implementing the approved budget and reporting on any significant changes in a timely manner to the Governing Board.