Proposed Interim CIRM Grants Administration Policy for Academic and Non-Profit Institutions

(Revisions made following or not reviewed during the April 6, 2006 ICOC meeting are indicated in red)

Preface

This interim grants administration policy statement, which includes all appendices, serves as the terms and conditions of grant awards issued by the California Institute for Regenerative Medicine (CIRM). In addition, it provides guidance to recipients on their responsibilities as CIRM grantees. Principal investigators, program directors, and organizational officials with grants management responsibilities are urged to read this document carefully and to refer to relevant sections for answers to questions that arise concerning the administration of CIRM grants. The regulations that ensue from this policy statement carry the force and effect of law.

This interim grants administration policy statement applies to all CIRM grants awarded on or after [insert date]. By accepting a CIRM grant award, the grantee agrees to comply with the provisions set forth in this policy statement for the entire project period of the grant.

This grants administration policy statement may be updated periodically by CIRM. Any new or amended regulations adopted by the Independent Citizen's Oversight Committee (ICOC), the governing board of CIRM, will be applied to currently active grants on the start date of the next budget period. Principal investigators, program directors and organizational officials with active CIRM grants will receive notification of revised grant terms and conditions or revised editions of the CIRM Grants Administration Policy as they are released. All revisions will be posted on the CIRM website (http://www.cirm.ca.gov).

CIRM's right to enforce the provisions of the Interim Grants Administration Policy and all of its appendices shall survive the end of the term of the grant, and should CIRM no longer exist, those rights may be enforced by the State of California.

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I. GENERAL INFORMATION

A. CIRM Background and Mission

The California Institute for Regenerative Medicine (CIRM) is a state agency that was established with the passage of Proposition 71, the California Stem Cell Research and Cures Act, a state ballot initiative approved by 59 percent of California voters on November 2, 2004. Proposition 71 authorizes CIRM to disburse up to $3 billion in state bond funds over a period of 10 years or more in the form of grants and loans to investigators at California universities and institutions for the purpose of conducting stem cell research and constructing research facilities.

CIRM funding will support stem cell research and other vital research opportunities for the development of life-saving regenerative medical treatments and therapies. All research proposals will be peer-reviewed so that the most promising scientific proposals are funded.

Priority for research grant funding is given to stem cell research that meets the criteria established by CIRM and is unlikely to receive federal funding. Under Proposition 71, CIRM is prohibited from funding research on human reproductive cloning.

CIRM is governed by the Independent Citizen's Oversight Committee (ICOC), a 29-member board composed of executive officers from California universities and research institutions, representatives of patient advocacy groups, and experts in the development of medical therapies from the life sciences community. The ICOC members are public officials appointed because of their experience in California's leading public universities, non-profit academic and research institutions, patient advocacy groups, and the biotechnology industry.

B. Abbreviations

CFR – Code of Federal Regulations

CIRM – California Institute for Regenerative Medicine

DHHS – U.S. Department of Health and Human Services

ESCRO – Embryonic Stem Cell Research Oversight

FDA – Food and Drug Administration

FWA – Federal-Wide Assurance

GMO – Grants Management Officer

IACUC – Institutional Animal Care and Use Committee

ICOC – Independent Citizen's Oversight Committee

IDE – Investigational Device Exception

IND – Investigational New Drug

IRB – Institutional Review Board

NGA – Notice of Grant Award

NIH – National Institutes of Health

OHRP – Office for Human Research Protections, DHHS

PD – Program Director

PHS – Public Health Service, DHHS

PI – Principal Investigator

RFA – Request for Applications

SCRO – Stem Cell Research Oversight

SMRFWG – Scientific and Medical Research Funding Working Group

SPO – Scientific Program Officer

SRO – Scientific Review Officer

C. Glossary

Application	A request for financial support to conduct research; provide services; or construct, lease, or acquire facilities or equipment. An application shall contain all information upon which approval for funding is based.
Approved budget	The financial expenditure plan for the grant-supported project or activity, including revisions approved by CIRM and permissible revisions made by the grantee.
Authorized organizational official	The individual, named by the applicant organization, who is authorized to act for the applicant organization and to assume the obligations imposed by the laws, regulations, requirements, and conditions that apply to grant applications or grant awards.
Award	The provision of funds by CIRM, based on an approved application and budget or progress reports, to an organizational entity or an individual to carry out a project or activity.
Budget period	The intervals of time (usually 12 months each) into which a project period is divided for budgetary and funding purposes.
Clinical research	Clinical research refers to patient-oriented research; that is, research conducted with human subjects (or on material of human origin such as tissues, specimens and cognitive phenomena) for which an investigator (or colleague) directly interacts with human subjects. Excluded from this definition are in vitro studies that utilize human tissues that cannot be linked to a living individual. Included in this definition are: (1)(a) mechanisms of human disease, (b) therapeutic interventions, (c) clinical trials, and (d) development of new technologies; (2) epidemiologic and behavioral studies; and (3) outcomes research and health services research.
Covered stem cell line	A culture-derived, human stem cell population that is capable of: (1) sustained propagation in culture, (2) differentiation along multiple cell lineages, and (3) self-renewing to produce daughter cells with equivalent developmental potential. This definition includes both embryonic and non-embryonic human stem cell lines regardless of the tissue of origin.
Direct research funding costs	"Direct research funding costs" is the sum of the ~~direct~~ project costs and ~~direct~~ facilities costs of a CIRM grant. Project costs are those costs that can be specifically identified with a particular project or activity under a CIRM grant. Facilities costs cover general operating costs of the grantee's facilities that will house all elements of the funded project or activity.
~~Direct facilities costs~~	~~Direct facilities costs are institutional depreciation and use allowances, interest, operation and maintenance expenses, and library expenses that are not identified specifically with a particular CIRM-funded project or activity. Direct facilities costs~~

	~~are further defined in chapter V, section B, part 2, *Allowable Direct Facilities Costs*.~~
~~Direct project costs~~	~~Direct project costs are those costs that can be specifically identified with a particular project or activity under a CIRM grant.~~
Equipment	Non-expendable, free-standing, tangible personal property with a normal life expectancy of one year or more and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the grantee institution for financial management purposes or $5,000.
For-profit organization	An organization, institution, corporation, or other legal entity that is organized or operated for the profit or financial benefit of its shareholders or other owners. Such organizations also are referred to as “commercial organizations”.
Full-time appointment	The number of days per week and months per year representing full-time effort at the applicant/grantee organization, as specified in organizational policy. The organization’s policy must be applied consistently regardless of the source of support.
Grant	A grant is a financial assistance mechanism providing money and/or property to an eligible entity to assist the recipient in carrying out an approved project or activity.
Grant close-out	The final stage in the lifecycle of a grant. During this phase, CIRM ensures that all applicable administrative actions and required work of a grant have been completed by the grantee. CIRM also reconciles and makes any final fiscal adjustments to the grantee's account.
Grant-supported project or activity	Those activities specified or described in a grant application or in a subsequent submission that are approved by the ICOC for funding, regardless of whether CIRM funding constitutes all or only a portion of the financial support necessary to carry them out.
Grantee	The organization or individual awarded a grant by CIRM that is legally responsible and accountable for the use of the funds provided and for the performance of the grant-supported project or activity. The grantee is the entire legal entity even if a particular component is designated in the NGA. All University of California grantee campuses shall be considered as separate and individual grantee institutions.
Human embryonic stem cells	Human embryonic stem cells are immature (i.e., undifferentiated) cells that are derived from the inner cell mass of a blastocyst. Human embryonic stem cells can be cultured in vitro where they self-renew indefinitely and have the potential to develop into any cell type of the body (i.e., they are pluripotent). This definition includes human embryonic stem cells that are or have been harvested, cultured, manipulated, or cultivated into a cell line.

Human subject	A living individual about whom an investigator (whether professional or student) conducting research obtains data through intervention or interaction with the individual or obtains identifiable private information. Regulations governing the use of human subjects in research extend to use of human organs, tissues, and body fluids from identifiable individuals as human subjects and to graphic, written, or recorded information derived from such individuals.
Indirect costs	Administrative costs of an organization incurred for common or joint objectives, which cannot be readily and specifically identified with a particular grant project. Indirect costs will be limited to 25 percent of direct research funding costs exclusive of the costs of equipment, tuition and fees, and subcontract amounts in excess of $25,000.
Key personnel	The PI and other individuals who contribute to the scientific development or execution of the project in a substantive, measurable way, whether or not they receive salaries or compensation under the grant. A minimum of one percent effort is required for key personnel. "Zero percent" effort or "as needed" is not an acceptable level of involvement for key personnel.
Notice of Grant Award (NGA)	The document that notifies the grantee and others that an award has been made, contains or references all terms and conditions of the award, and documents the obligation of CIRM funds.
Organization	A generic term used to refer to a non-profit or for-profit organization or other entity which applies for or receives a CIRM grant.
Other support	Includes all financial resources – whether federal, non-federal, commercial, or organizational – available in direct support of an individual's research endeavors, including, but not limited to, research grants, cooperative agreements, contracts, or organizational awards. Other support does not include training awards, prizes, or gifts.
Principal investigator/program director	The principal investigator (PI) or program director (PD) is an individual designated by the grantee to direct the project or activity being supported by the grant. He or she is responsible and accountable to the grantee and CIRM for the proper conduct of the project or activity. For training programs or similarly structured programs, the PD is the same as the PI.
Prior approval	Written approval from CIRM is required for specified post-award changes in the approved project or budget. Such approval must be obtained before undertaking or spending CIRM funds for the proposed activity.
Progress report	Periodic, usually annual, report submitted by the grantee and used by CIRM to assess progress and, except for the final progress report of a project period, to determine whether to

	provide funding for the budget period subsequent to that covered by the report. The progress report includes the financial, programmatic, and other reports described in chapter V, section H, *Reporting Requirements* and chapter VI, section E, *Reporting Requirements for Training Grants*.
Project period	The total amount of time for which CIRM intends to fund a grant and authorizes a grantee to conduct the approved work of the project described in the application. For reporting purposes, the project period includes all budget periods completed to date.
Proposition 71	The California Stem Cell Research and Cures Act passed on November 2, 2004, which added Article XXXV to the California Constitution and Chapter 3 (sections 125290.10 *et seq.*) to Part 5, Division 106 of the Health and Safety Code.
Recipient	The organization or individual receiving a grant or other type of support from CIRM. This term is generally used interchangeably with grantee (see "grantee").
Stipend	A payment made to an individual under a fellowship or training grant in accordance with pre-established levels (see chapter VI, section C, part 1, *Stipend Levels*) to provide for the individual's living expenses during the period of training. A stipend is not considered compensation for the services expected of an employee.
Tuition and fees	"Tuition and fees" means costs charged by the grantee organization for the enrollment and instruction of a student. This definition does not include costs of health insurance for a trainee, which is an allowable cost addressed separately.

D. Types of Support

The CIRM's scientific program will offer support for projects, programs, and activities that will most effectively realize the goals set by Proposition 71. The initial phase of the scientific program may include funding for comprehensive training programs, innovative research, and facilities infrastructure. Future mechanisms that are appropriate to foster the advancement of the stem cell biology field may include support for independent laboratory projects, collaborative program projects, clinical trials, scientific resource centers, and development of specialized research centers.

E. Roles and Responsibilities

1. CIRM Staff:

a. President of CIRM

The President of CIRM is the chief executive of the institute and oversees the implementation and operating requirements of Proposition 71. CIRM Notices of Grant Award (NGA) will be signed by the President of CIRM or by a staff member designated by the president.

b. Director of Scientific Activities

The Director of Scientific Activities oversees the planning, management and implementation of the institute's scientific endeavors. Other responsibilities include participation in strategic planning in order to help CIRM meet its mission and goals, oversight of activities to track and analyze the portfolio of funded grants, and the development of reporting capabilities. In particular, the Director of Scientific Activities is responsible for all personnel and efforts involved in scientific, programmatic, review and grants management activities. The Director of Scientific Activities ensures that CIRM issues initiatives such as Requests for Applications (RFAs), accepts and reviews applications, and implements the funding of grants and contracts in full compliance with requirements defined by Proposition 71.

c. Scientific Program Officer (SPO)

The SPO is responsible for the programmatic, scientific, and technical aspects of applications and grants. The SPO's responsibilities include, but are not limited to, developing research and research training programs to support the CIRM mission; providing consultation and assistance to applicants and grantees in scientific and programmatic areas, including guidance on CIRM grants policies and procedures, and performing post-award administration such as reviewing progress reports, coordinating site visits and closing out grants. The SPO works with the SRO in pre-award administration, and with the GMO in post-award activities. The name of the SPO and his/her contact information is provided with the NGA.

d. Scientific Review Officer (SRO)

The SRO is responsible primarily for coordinating and conducting the scientific review of applications by organizing and overseeing the activities of the Scientific and Medical Research Funding Working Group (SMRFWG). In fulfilling this function, the SRO is responsible for pre-review activities including receipt and assignment of applications for review to appropriate reviewers based on scientific and technical expertise, and determination of the recusal of reviewers based on each reviewer's conflicts of interest. The SRO's responsibilities also include post-review administration including writing and distribution of review reports, coordination of the ICOC's review of applications, and determination of recusal from participation and voting by ICOC members based on their conflicts of interest with each application. The SRO's activities are complementary to those of the SPO and the GMO; all three work as a team in many of these activities.

e. Grants Management Officer (GMO)

The GMO is responsible for the business management and other non-programmatic aspects of the application and award. These activities include, but are not limited to, evaluating grant applications for administrative content and compliance with statutes, regulations, and guidelines; providing consultation and technical assistance to applicants and grantees with budgetary and non-programmatic areas (including CIRM's grants administration policies and procedures); and administration of grant close-out. The GMO works closely with the SPO. The GMO is the focal point for receiving required reports and acting on requests for CIRM's prior approval. The name of the GMO and his/her contact information is provided with the NGA.

2. Grantee Organization Staff:

a. Authorized Organizational Official

The authorized organizational official is the designated representative of the grantee organization for matters related to the award and administration of CIRM grants. This individual's signature on the grant application certifies that, should the application be awarded, the organization will be accountable both for the appropriate use of funds and for the performance of the grant-supported project or activity resulting from the application. This individual also certifies to CIRM that the organization complies with applicable federal and state laws and regulations, including required certifications and assurances (e.g., IRB, SCRO, IACUC), and CIRM policies, including the terms and conditions of award.

b. Principal Investigator (PI) or Program Director (PD)
The PI is the individual, designated by the grantee organization, responsible for the scientific or technical aspects of the grant and for management of the project or activity. The PI and the grantee organization are responsible for ensuring compliance with the financial and administrative aspects of the award. The PI must work closely with other grantee officials to create and maintain necessary documentation, including both technical and administrative reports; prepare justifications; appropriately acknowledge CIRM support of research findings in publications, announcements, news programs, and other media; and ensure compliance with CIRM, federal, state, and organizational requirements. The PI must have a formal written agreement with the grantee organization that specifies an official relationship between the two parties even if the relationship does not involve a salary or other form of remuneration. For training programs or similarly structured programs, the PI is designated as the Program Director (PD).

F. Sources of Information

There are a number of information sources (i.e., websites) that provide helpful information about the administration of CIRM-supported grants or that are relevant to CIRM-supported grants. The following is a listing of websites containing information of interest to applicants for and recipients of CIRM grants:

CIRM	http://www.cirm.ca.gov/
National Academy of Sciences	http://www.nas.edu/
National Institutes of Health	http://www.nih.gov/
Office for Human Research Protections, DHHS	http://www.hhs.gov/ohrp/
Office of Laboratory Animal Welfare, NIH	http://grants1.nih.gov/grants/olaw/olaw.htm
Office of Research Integrity, DHHS	http://www.ori.dhhs.gov/
U.S. Food and Drug Administration	http://www.fda.gov/

II. GRANT APPLICATION AND REVIEW PROCESS

A. Eligibility

1. PI and PD Eligibility

To be eligible to serve as a PI or PD on a CIRM grant-supported project or activity, the individual must possess an M.D., Ph.D., or equivalent degree. There are no citizenship requirements for PIs.

2. Organizational Eligibility

Non-profit and for-profit research organizations located and conducting research in California are eligible to apply for and to receive CIRM research grants. All CIRM-supported research must be conducted in California.

3. Other Requirements

Because eligibility may vary based on the type of grant support, applicants should carefully review the funding opportunity announcements of interest for specific eligibility requirements.

B. Application Submission

CIRM grant funding opportunities will be announced through Requests for Applications (RFAs) on the CIRM website (http://www.cirm.ca.gov). Each request or initiative will specify the objectives and requirements that apply, and the review criteria that will be used to evaluate the merits of applications submitted in response to the announcement. Information regarding application forms and instructions for completion and submission of application materials will be available as part of the funding opportunity announcement. A Letter of Intent may be required prior to submission of a full application.

C. Legal Effect of Signed/Submitted Application

In signing the application, the authorized organizational official warrants to CIRM that all eligibility requirements have been satisfied and agrees that should an award be issued, the organization will abide by the terms and conditions of the award, including applicable public policy requirements, and perform the activities included in the submitted application as approved by the ICOC.

D. Application Review

In accordance with Proposition 71, the SMRFWG is responsible for reviewing the scientific and programmatic content of grant applications and making recommendations for funding to the ICOC. The role of the SMRFWG includes consideration of the scientific merit of applications to support research facilities. The SMRFWG consists of 7 patient advocate members of the ICOC, 15 scientists from institutions outside of California, and the chairperson of the ICOC.

The SMRFWG conducts its review of applications in accordance with procedures recommended by the SMRFWG and ratified by the ICOC. In general, CIRM will use a two-stage review process. The first stage is a peer review process where scientist members of the SMRFWG evaluate and score applications for scientific merit. In the second stage, applications that are scientifically meritorious are assessed by the full working group for programmatic relevance to the CIRM mission. For each application, a recommendation on funding is then made by the full working group and presented to the ICOC for their approval. The SMRFWG designates each reviewed application as one of the following:

1. ***Recommended for Funding*** – For highly meritorious grant and loan applications that are recommended for funding to the ICOC.
2. ***Recommended for Funding Pending Available Funds –*** For meritorious grant and loan applications that are recommended to the ICOC for funding pending available funds.
3. ***Not Recommended for Funding –*** For grant or loan applications that are not recommended for funding at this time.

E. Criteria for Review of Research Grant Applications

Pursuant to Proposition 71 (Health and Safety Code section 125290.60), the ICOC has established interim criteria for the evaluation of research grant applications by the SMRFWG, each of which may be weighted differently depending on the purpose and goals of each RFA. The ICOC may adopt additional or revised criteria for review, when appropriate to meet the objectives set forth in a specific RFA. Applicants should refer to a specific RFA to determine how criteria are considered for that RFA.

Consistent with Proposition 71, the 15 scientist members of the SMRFWG shall score grant applications for scientific merit in three separate classifications – research, therapy development, and clinical trials (Health and Safety Code section 125290.60, subsection (c)), and base their evaluation on the following standard criteria:

1. ***Impact and Significance***. Whether and to what extent the proposed research: addresses an important problem; significantly moves the field forward, either scientifically or medically; moves the research closer to therapy; and changes the thinking or experimental or medical practice in the field.

2. ***Quality of the Research Plan***. Whether and to what extent: the proposed research is planned carefully to give a meaningful result; the possible difficulties are acknowledged, with alternative plans should the proposed strategy fail; and the timetable allows for achieving significant research or clinical results. Whether appropriate milestones are used to assess progress towards the aims and goals of the proposal.

3. ***Innovation***. Whether and to what extent the research approach is original, breaks new ground, and brings novel ideas, technologies or strategies to bear on an important problem.

4. ***Feasibility***. Whether and to what extent the aims of the research can be reasonably achieved and the investigator has access to appropriate technology to perform the research.

5. ***Investigators***. Whether and to what extent the investigators have the training and experience to carry out the proposed project, including the investigators' record of achievement in the areas of pluripotent stem cell and progenitor cell biology, unless the research proposal is determined to be a vital research opportunity.

6. ***Collaboration.*** Whether and to what extent the proposal supports collaborative efforts that would enhance the quality or potential of the research.

7. ***Responsiveness to RFA.*** Whether and to what extent the proposed research project or activity adequately and appropriately addresses the goals and objectives presented in the RFA.

8. ***Eligibility for Federal Funding***. Whether and to what extent the research is ineligible or unlikely to receive federal funding. If not, whether and to what extent the research is sufficiently compelling in that it presents "a vital research opportunity" that will materially aid the objectives of CIRM.

In deciding which grant applications to recommend for funding, the SMRFWG will consider the following criteria when assessing the entire portfolio of grant applications under review:

1. An appropriate balance between innovation and feasibility.

2. An appropriate balance between fundamental research, therapy development and clinical work. The balance that is appropriate may vary according to the specific requirements or goals of the RFA, and according to the progress of stem cell research over time.

3. Where relevant, that an appropriate range of diseases are addressed.

4. Other considerations from the perspective of patient advocates.

F. Appeals of Scientific Review

The applicant should carefully examine the review report provided by CIRM. Any questions about the conduct of the review must first be raised with the SRO responsible for the review meeting in question.

An applicant may then lodge a formal appeal of the review only if the applicant can show that a demonstrable financial or scientific conflict of interest had a negative impact on the review process and resulted in a flawed review. This shall be the only ground for appeal. Differences of scientific opinion between or among PIs and reviewers are not grounds for appeal.

To lodge an appeal, the applicant must submit an appeal request in writing to the SRO or to the Director of Scientific Activities within 30 days of CIRM's making the review report available to the applicant. CIRM staff will then assess the merit of the request in consultation with the chair of the SMRFWG and present a recommendation to the President of CIRM. If the chair of the SMRFWG has a financial or scientific conflict of interest with the application that is the subject of the appeal, as determined by ICOC policy adopted pursuant to Health and Safety Code section 125290.50(e), a different scientific member of the SMRFWG who has no financial or scientific conflict of interest will be consulted. The President of CIRM will then make the final decision on the merit of the appeal.

If an appeal is meritorious, the application will receive a new review by the SMRFWG. A recommendation based on the new review will then be presented to the ICOC, which will make the final decision on funding the application in question.

G. Approval for Funding

The SMRFWG is responsible for making recommendations to the ICOC on funding of applications based on scientific merit and programmatic relevance. The ICOC makes the final decisions regarding the specific proposals that shall be funded by CIRM.

H. Policy on Collection and Use of Personal Information

CIRM values and respects an individual's right to keep personal information private. Likewise, CIRM recognizes the need to collect and use personal information that will enable CIRM to effectively perform the responsibilities for which it was created. All personal information collected about individuals will be kept confidential and in a secure environment. However, information that is not protected from disclosure under the California Public Records Act may be subject to disclosure upon request.

I. Public Access to Public Records

In the California Public Records Act (Government Code section 6250 *et seq*.), the California Legislature declared that access to information concerning the conduct of the people's business is a fundamental and necessary right of every person in this state. The California Public Records Act requires that public records be generally available to the public upon request (Government Code section 6253(a)) but also contains numerous exceptions.

Proposition 71 (Health and Safety Code section 125290.30(e)) provides that the California Public Records Act shall apply to all records of CIRM but does not require disclosure of the following:

1. Personnel, medical or similar files, the disclosure of which would constitute an unwarranted invasion of privacy;
2. Records containing or reflecting confidential intellectual property or work product, whether patentable or not, including, but not limited to, any formula, plan, pattern, process, tool, mechanism, compound, procedure, production data, or compilation of information, which is not patented, which is known only to certain individuals who are using it to fabricate, produce, or compound an article of trade or a service having commercial value and which gives its user an opportunity to obtain a business advantage over competitors who do not know it or use it; or
3. Pre-publication scientific working papers or research data.

Although Proposition 71 also provides that the California Public Records Act shall not apply to CIRM working groups, including the SMRFWG (Health and Safety Code section 125290.50(f)), the ICOC has decided that the public shall also have access to the records of the working groups except for, among other things: (i) applications for research, training, and facilities grants, loans, and contracts; (ii) evaluations of such applications; and (iii) exceptions provided for in the California Public Records Act itself and Health and Safety Code section 125290.30. Paragraph (e) of section 125290.30 exempts from public access records containing or reflecting confidential intellectual property and work product, such as that found in invention disclosures to CIRM.

For further information, please see the California Public Records Act and Proposition 71. For details on how CIRM responds to Public Records Act requests, see the CIRM guidelines available on the CIRM website (http://www.cirm.ca.gov/general/pdf/guidelines.pdf).

III. PRE-AWARD AND AWARD

A. Administrative Review

All applications approved by the ICOC for funding are reviewed by CIRM to determine if they meet all applicable CIRM funding requirements, including the submission of required public policy assurances. CIRM reviews the application budget to ensure that all proposed costs are allowable, as specified in this Grants Administration Policy and the pertinent RFA, for the proposed project or activity. CIRM may require that the applicant submit an amended budget that removes costs determined to be unallowable. Even if an amended budget is not required by CIRM or submitted by the applicant, the unallowable costs are not to be expended under the award. CIRM reserves the right to renegotiate individual budget items as appropriate.

The ICOC may approve an application that is contingent upon the acceptance (by the PI and authorized organizational official) of a reduced project period or narrowed scope of work from that proposed in the application. In such cases, the award will be made only after submission to the GMO of an official addendum to the application that specifies the revised scope of work or award duration with a revised budget, signed by both the PI and the authorized organizational official.

Issues that arise during the administrative review must be resolved by CIRM and the authorized organizational official before the award is made but no later than the initial payment.

B. Liability

CIRM does not assume responsibility for the conduct of activities that the grant supports or for the acts of the grantee as both are under the direction and control of the grantee organization and subject to its organizational policies. Further, grantee organization personnel compensated in whole or in part with CIRM funds are not considered employees of CIRM.

CIRM grantees shall indemnify or insure and hold CIRM harmless against any and all losses, claims, damages, expenses, or liabilities, including attorneys' fees, arising from research conducted by the grantee pursuant to the grant, and/or, in the alternative, grantees shall name the institute as an additional insured and submit proof of such insurance. (Health and Safety Code section 125290.45, subd. (a)(2).) If the grantee chooses only to insure, such insurance must provide coverage in amounts appropriate and proportional to cover the risks described in the previous sentence.

In all cases, the grantee organization will maintain, or cause to be maintained, in full force and effect, insurance or a self-insurance program that provides for general liability coverage that is (a) applicable to the CIRM-funded research, (b) in an amount not less than $1 million per occurrence, $3 million aggregate and (c) that is comparable to coverage held by institutions of similar size and nature. Upon request

by CIRM, the grantee organization will provide CIRM with certificates of insurance evidencing such coverage.

C. Public Policy Requirements

Organizations and individuals that receive support from CIRM shall comply with, and where applicable provide evidence for compliance with, the following public policies. Initial funding or continued funding of any CIRM grant is contingent upon the prospective or current grantee meeting these requirements. Although documentation that certifies or verifies compliance may not be required at the time of submission of an application, such documentation (where applicable) is required prior to CIRM's issuing an NGA.

The grantee shall retain records and supporting documentation that demonstrate compliance with public policy requirements for five years from the date of submission of the final expenditure report for the grant. Documentation must be maintained beyond this time period if related audit findings have not been resolved. Records and supporting documentation may be audited by CIRM or appropriate state agencies, including the Office of the Attorney General of California.

1. Research Conduct

a. "Research misconduct" means fabrication, falsification, or plagiarism in proposing, performing, or reviewing research, or in reporting research results. "Fabrication" means making up data or results and recording or reporting them. "Falsification" means manipulating research materials, equipment, or processes, or changing or omitting data or results such that the research is not accurately represented in the research record. "Plagiarism" means the appropriation of another person's ideas, processes, results, or words without giving appropriate credit. Research misconduct does not include honest error or differences of opinion.

b. CIRM grantees must conduct all research in accordance with the highest medical and ethical standards for scientific research and all applicable laws. The grantee organization bears the ultimate responsibility for detecting and preventing research misconduct associated with its own institution. Grantee organizations must adopt, maintain and comply with written policies and procedures for inquiry, investigation, and adjudication of allegations of research misconduct. An acceptable standard for such policies and procedures, for example, is found in the *Public Health Service Policies on Research Misconduct* (42 CFR Part 93)(effective May 17, 2005).

c. Within 30 days of concluding an investigation of research misconduct, grantee organizations shall notify CIRM of any finding of research

misconduct by a CIRM-supported researcher and of any related proposed corrective actions.

d. The administrative actions imposed by CIRM for research misconduct may include, but are not limited to, the following: correction of the scientific literature; special plan of supervision to ensure integrity of the scientific research; certification of the accuracy of the scientific data; certification of the accuracy of sources and contributions for scientific ideas and writings; debarment from receipt of CIRM funds; or return of CIRM funds. The duration of these actions will depend on the nature and seriousness of the misconduct. Additional actions that CIRM may take are described in chapter V, section J, *Failure of Compliance*

2. Conflict of Interest

Grantees must establish safeguards to prevent employees, consultants, collaborators, and members of governing bodies who may be involved in grant-supported activities from participating in or in any way attempting to use their position to influence those activities in which they know or have reason to know they have a financial interest. Grantees must enforce within their institutions all such applicable safeguards. If the grantee carries out CIRM-funded research through contractors or collaborators, the grantee institution must take reasonable steps to ensure that investigators working for such entities comply with established safeguards. An acceptable standard for such a policy, for example, may be found in 42 CFR Part 50, Subpart F (R*esponsibility of Applicants for Promoting Objectivity in Research for Which PHS Funding Is Sought*)(effective October 1, 2000). The grantee organization must promptly notify CIRM if and when the grantee organization takes a suspension or separation action involving a financial conflict of interest against a PI or other investigator on the CIRM grant.

3. Administrative Actions

The grantee organization shall notify CIRM promptly of the results of any investigation and any administrative, civil, or other action taken by any funding agency, the Office of Research Integrity, the Office of Laboratory Animal Welfare, the Office for Human Research Protections (OHRP), the grantee organization itself, any other institution, or any law enforcement agency against a CIRM-funded investigator concerning the investigator's research activities.

4. Use of Human Stem Cell Lines

CIRM grantees shall abide by the *CIRM Medical and Ethical Standards* (Appendix A) developed by the CIRM Scientific and Medical Accountability Standards Working Group and ratified by the ICOC for the use of "covered stem cell lines" or use of human oocytes or blastocysts. This requirement includes use and derivation of human embryonic stem cells. Consequences of failure to comply with the CIRM standards are described in chapter V, section

J, *Failure of Compliance*. All proposed research on "covered stem cell lines" supported by CIRM must comply with CIRM policies relating to SCRO committee review as described in CIRM Medical and Ethical Standards for Human Stem Cell Research Section 100070. CIRM will not issue an NGA or continue payment on active awards without current documentation of approval or notification as applicable. The documentation must include the name of the committee, the name of the PI, the name of the organization, the project title, and where applicable, the period for which approval has been granted. Unless otherwise required by CIRM, this information shall be provided just-in-time for approved applications prior to issuance of an NGA (see chapter III, section D, *Just-in-Time Procedures*).

5. Use of Human Fetal Tissue

Adult stem cells are derived from various differentiated tissues, including human fetal tissue. When using human fetal tissue in research, CIRM grantees shall abide by the standards developed by the CIRM Scientific and Medical Accountability Standards Working Group and ratified by the ICOC. Consequences of failure to comply with the CIRM standards are described in chapter V, section J, *Failure of Compliance*.

6. Research Involving Human Subjects

a. An organization is engaged in research involving human subjects when its employees or agents (1) intervene or interact with living individuals to obtain data for research purposes, or (2) obtain individually identifiable private information for research purposes.

b. Grantee organizations engaged in CIRM-funded research involving human subjects must certify that the research has been reviewed and approved by an IRB and will be subject to continuing review by the IRB. In addition, the grantee organization and any collaborating sites (within the United States) must be covered by a Federal-Wide Assurance (FWA) approved by the OHRP, or an IND or IDE approved by the Food and Drug Administration (FDA). In the FWA, the grantee organization must agree to apply the federal regulations, 45 CFR Part 46 and all of its subparts (A,B,C,D) or 21 CFR Parts 50 and 56, to all its human subjects research regardless of source of support.

c. The grantee organization bears ultimate responsibility for protecting human subjects under the award, including human subjects at all participating and collaborating sites. The prospective grantee organization must provide the following documentation regarding itself and each collaborating site to the GMO:

i. Documentation of IRB review and approval (i.e., must indicate the name of the PI, the name of the organization, the project title, and inclusive dates for which approval has been granted);

ii. Sample human subject (patient) information and informed consent documents;
iii. Documentation of human research subject education of key personnel;
iv. For clinical trials, a data safety monitoring plan;
v. Institutional assurance that the research is conducted in accordance with relevant national, state, and local laws; and
vi. Copy of the FDA-IND or IDE letter, where applicable when a clinical investigation involves the use of any drugs or devices.

CIRM will not issue an NGA without current and complete documentation for human subjects research. Unless otherwise required by CIRM, this information (where applicable) shall be provided just-in-time for approved applications prior to issuance of an NGA (see section D, *Just-in-Time Procedure*s)

d. Evidence of updated IRB approvals and related documents must be submitted with the annual programmatic report (see chapter V, section H, *Reporting Requirements*). CIRM will not continue payment on active awards without current and complete documentation for human subjects research. At any time, if human subjects are no longer part of the project or activity, the PI must submit a letter (co-signed by the authorized organizational official) verifying termination of the original protocols and seeking approval for a change of scope, as necessary.

e. Consequences of failure to comply with required human subjects research assurance are described in chapter V, section J, *Failure of Compliance*. The authorized organizational official shall also inform CIRM of any investigation or administrative action by OHRP or by the grantee organization itself involving the use of human subjects in research by PIs receiving CIRM funds.

f. Women and members of minority groups must be included in all CIRM-funded clinical research, unless a clear and compelling rationale and justification establishes to the satisfaction of CIRM that inclusion is inappropriate with respect to the health of the subjects or the purpose of the research. Cost is not an acceptable reason for exclusion except when the study would duplicate data from other sources. This policy applies to research subjects regardless of age in all CIRM-supported clinical research studies.

Since a primary aim of research is to provide scientific evidence leading to a change in health policy or standard of care, it is imperative to determine whether the intervention or therapy being studied affects women or men or members of minority groups and their subpopulations differently. This requirement ensures that all CIRM-funded clinical research will be carried out in a manner sufficient to elicit information about individuals of both sexes/genders and diverse racial and ethnic groups and, particularly in clinical trials, to examine differential effects on such groups.

g. Investigators must report in their annual programmatic report the cumulative subject accrual and progress in conducting analyses for sex/gender and race/ethnicity differences (see chapter V, section H, *Reporting Requirements*).

7. Animal Subjects

a. The grantee organization and any collaborating sites are responsible for the humane care and treatment of animals involved in research activities and must establish appropriate policies and procedures that are based on the standards set forth in the *Guide for the Care and Use of Laboratory Animals* prepared by the National Academy of Sciences and released January 2, 1996.

b. The grantee organization and any collaborating sites conducting CIRM-supported research that involves the use of vertebrate animals shall comply with all applicable federal, state, and local laws. Sites where CIRM-supported animal research is conducted must be accredited or seeking accreditation by the Association for the Assessment and Accreditation of Laboratory Animal Care International (AAALAC).

c. The grantee organization must appoint and maintain an Institutional Animal Care and Use Committee (IACUC) to provide oversight of research involving vertebrate animals.

d. The prospective grantee organization must provide to CIRM evidence of IACUC review and approval of research involving the use of animal subjects. The documentation must indicate the name of the PI, the name of the organization, the project title and inclusive dates for which approval has been granted. CIRM will not issue an NGA without current documentation of such approval. Unless otherwise required by CIRM, this information shall be provided just-in-time for approved applications prior to issuance of an NGA (see section D, *Just-in-Time Procedure*s).

e. Evidence of updated IACUC approvals must be submitted with the annual programmatic report (see chapter V, section H, *Reporting Requirements*). CIRM will not continue payment on an active award without current documentation of such approval. At any time, if animal subjects are no longer part of the project or activity, the PI should report this change to CIRM in the next programmatic report. If a change in scope is necessary, the PI must submit a letter (co-signed by the authorized organizational official) verifying termination of the original protocols and requesting approval for such a change ~~of scope, as necessary~~.

f. Consequences of failure to comply with required animal subjects research assurance are described in chapter V, section J, *Failure of Compliance*.

8. **Biohazards**
   Prior to the issuance of an NGA, an applicant shall submit evidence of organizational approval for any project or activity involving biohazards. Grantee organizations are also responsible for meeting applicable federal, state, and local health and safety standards, and for establishing and implementing necessary measures to minimize their employees' risk of injury or illness in activities related to CIRM grants. Unless otherwise required by CIRM, this information shall be provided just-in-time for approved applications prior to issuance of an NGA (see section D, *Just-in-Time Procedure*s).

9. **Sharing of Intellectual Property: Publications, Biomedical Materials, Patented Inventions**
   CIRM grantees shall share intellectual property generated under a CIRM grant including research results in scientific articles, publication-related biomedical materials, and patented inventions for research use in California as specified in the *CIRM Intellectual Property Policy for Non-Profit Organizations* (Appendix B). Intellectual property reporting requirements are also specified in Appendix B.

10. **Preference for California Suppliers**
    It is a goal of Proposition 71 that more than 50 percent of the goods and services used in CIRM-supported research is purchased from California suppliers (Health and Safety Code section 125290.30, subpart (i)). To achieve this goal, CIRM expects the grantee to purchase from California suppliers, to the extent reasonably possible, the goods and services it uses in its CIRM-supported research. The grantee must provide a clear and compelling explanation in its annual programmatic report for not purchasing more than 50 percent of its goods and services from California suppliers. Please see chapter V, section H, part 2, *Programmatic Report*.

D. Just-in-Time Policy

Just-in-time procedures allow for the deferral of certain required information to be submitted to CIRM after approval for funding by the ICOC and prior to issuance of an NGA. When the required information is requested of the applicant, the information is to be submitted to the GMO. Just-in-time information includes, but may not be limited to the following:

1. **Certification**
   CIRM requires documentation from the grantee organization that:

   a. certifies organizational approval for any project or activity involving biohazards; or
   b. verifies IACUC review and approval of the project's proposed use of live vertebrate animals; or

c. certifies SCRO, ESCRO committee (or equivalent) notification or review and approval of the project's proposed use of "covered stem cell lines" as specified in Appendix A; or

d. certifies IRB review and approval (including applicable documents outlined in the chapter III, section C, part 6, *Research Involving Human Subjects*) of the project's proposed use of human subjects.

2. Other Support

As part of the just-in-time procedures, the applicant shall provide information on all other active or pending support. Before an NGA is issued, scientific program and grants management staff will review this information to ensure the following:

a. Key personnel are not committed beyond a total effort of 100% for all active and pending projects, whether or not salary support is requested in the application.

b. There is no scientific or budgetary overlap. Scientific overlap occurs when substantially the same research, or a specific research aim, proposed in the approved application is funded over any part of the project period by another source. Budgetary overlap occurs when funds from more than one source are used to cover the same item or the same part of a budgetary item (e.g., equipment, salaries) and may be evident when duplicate or equivalent budgetary items are requested in an application but are already funded by another source.

E. Award Notice

Once CIRM funding requirements are fully met, an NGA is sent to the PI or PD. A copy is also sent to the authorized organizational official designated in the application. The NGA specifies the project period (start and end dates of the project or program) as well as the monetary allocations (itemized direct research funding costs and amount allocated for indirect costs) for each budget period. The NGA also incorporates this grants administration policy statement by reference and specifies any special terms and conditions of the award.

IV. AWARD ACCEPTANCE

An award is accepted when an NGA is signed by the grantee, and returned to and received by CIRM. In accepting a CIRM grant, the grantee assures CIRM that any funds expended under the award will be for the purposes set forth in the approved application. Further, the grantee agrees to comply with terms and conditions of this Interim Grants Administration Policy. Grant recipients shall comply with all applicable CIRM regulations and standards, including research standards adopted by the ICOC. To accept officially the CIRM grant, the PI and authorized organizational official must sign the NGA and return it to CIRM within 30 days (or more, if extended in writing by CIRM) of issuance. Payment will not be issued until the award is accepted. If the grantee cannot accept the award, including the legal obligation to perform in accordance with its provisions, it should notify CIRM immediately upon receipt of the NGA.

This grants administration policy statement may be updated periodically by CIRM. Any new or amended regulations adopted by the ICOC will be applied to currently active grants on the start date of the next budget period. A new NGA will be issued that reflects the new or amended regulations.

V. PAYMENT AND USE OF FUNDS

A. Payment

The initial payment for an approved application is made after award acceptance. Payment for each future budget period is contingent on the receipt and acceptance by CIRM of the financial, programmatic, and other reports due for the prior budget period; applicable public policy assurance documents (e.g., ESCRO, IRB, and IACUC); and any requests for budget changes applicable to the new budget period.

B. Costs and Activities

CIRM grant funds shall only be used for expenditures necessary to carry out the approved project and activities. Specific allowable or unallowable costs may be described in the RFA or the NGA. In accordance with Proposition 71, direct research funding costs include scientific and medical funding for an approved research project and the general operating costs of facilities for conducting the approved project.

1. **Allowable ~~Direct~~ Project Costs and Activities**
   ~~Direct p~~Project costs are those costs that can be specifically identified with a particular project or activity under a CIRM grant. Unless otherwise specified in an RFA or NGA, allowable project costs include salary for investigators (limited to an annual rate of $200,000 per investigator), fringe benefits, itemized supplies, stipends and tuition and fees (as defined in chapter VI, section C, *Allowable Costs and Activities for Training Grants*), research animal costs, consultants, itemized clinical study costs, travel-related expenses (limited to $2,000 per year per ~~key~~ person~~nel~~ for transportation, lodging, subsistence, and related items incurred by key personnel on project-related business), itemized project-related equipment (as approved), publication costs, service contracts, subcontracts, and administrative costs where required to carry out the approved project. For specific allowable costs related to training grants see chapter VI, section C, *Allowable Costs and Activities for Training Grants*)

2. **Unallowable Project Costs and Activities**
   Unallowable project costs and activities include, but are not limited to, visa expenses for foreign nationals, malpractice insurance, membership dues, furniture, telephone equipment, personnel recruitment, receptions, and cost of food or meals unrelated to allowable travel expenses. Travel-related expenses and registration fees when attending a scientific meeting out of the country are not allowed.

~~2.~~3. **Allowable ~~Direct~~ Facilities Costs**
   ~~Direct f~~Facilities costs cover general operating costs of the grantee's facilities that will house all elements of the funded project or activity~~institution that are not identified specifically with a particular CIRM-funded project or activity~~.

Grantees may request two categories of ~~direct~~ facilities costs: (a) costs based on the grantee's current, federally negotiated rates for operation and maintenance expenses, and for library expenses; and (b)(1) ~~as a proxy for a market lease rate,~~ costs based on the grantee's current, federally negotiated rates for depreciation~~, improvements and~~ or use allowances on buildings, capital improvements, and equipment, and for interest on capital debt, as a proxy for a market lease rate of reimbursement (Health and Safety Code section 125292.10, subdivision (u)); or (b)(2) the actual out-of-pocket lease cost incurred by a grantee if the grantee leases space to conduct approved research; this cost must be reported in the Annual Financial Report (see chapter V, section H, part 1, *Annual Financial Report*). Grantees may request both categories (a) and (b) as allowable facilities costs. ~~The sum of the r~~Rates from both categories shall be applied to ~~in direct facilities category (a) shall not exceed 20 percent of allowable direct~~ the total allowable project costs exclusive of costs of equipment, tuition and fees, and subcontract amounts in excess of $25,000. ~~The sum of the rates in direct facilities category (b) also shall not exceed 20 percent of allowable direct project costs exclusive of costs of equipment, tuition and fees, and subcontract amounts in excess of $25,000.~~

~~If a grantee's actual costs for a lease exceed the amount authorized under direct facilities category (b) above, the grantee may petition CIRM to reimburse the grantee the difference between the amount allowable under direct facilities category (b) and the actual market lease rate for the facility (Health and Safety Code section 125292.10, subdivision (u)). Such a leasing allowance will be provided only for conducting approved project-related activities that are currently prohibited under NIH funding. The amount of reimbursement by CIRM will be based on and limited to the actual out-of-pocket lease cost to the grantee, and this cost must be reported in the Annual Financial Report (see chapter V, section H, part 1, *Annual Financial Report*).~~

~~Costs already provided for in part or in whole by a facilities or infrastructure grant (from any source) are not allowable direct facilities costs in a CIRM grant.~~

~~3.~~4. Unallowable Facilities ~~Direct~~ Costs ~~and Activities~~

~~Unallowable direct costs and activities include, but are not limited to, visa expenses for foreign nationals, malpractice insurance, membership dues, furniture, telephone equipment, personnel recruitment, receptions, and cost of food or meals unrelated to allowable travel expenses. Travel-related expenses and registration fees when attending a scientific meeting out of the country are not allowed.~~ Costs already provided for ~~in part or in whole~~ by a facilities or infrastructure grant (from any source) are not allowable facilities costs in a CIRM research grant.

~~4.~~5. Indirect Costs

~~In accordance with Proposition 71, i~~Indirect costs will be limited to 25 percent of allowable direct research funding costs awarded by CIRM (i.e., ~~direct~~ project costs and ~~direct~~ facilities costs), exclusive of the costs of equipment, tuition and fees, and subcontract amounts in excess of $25,000.

~~If the grantee organization provides matching funds (i.e. funds from private sources or donations that do not carry overhead costs) specifically for the approved project that is in excess of 20 percent of the grant amount (i.e. sum of direct and indirect costs), then an additional indirect cost allowance equal to the excess amount may be requested. The provision of matching funds must be described in the grant application and included in the submitted budget.~~

C. Budgetary Overlap

CIRM grant funds shall only be used for expenditures directly related to the approved project and activities. CIRM grant funds cannot be combined with the operating budgets of the recipients and may not be used for any fiscal year-end expenditures or deficits not directly related to the award. Budgetary overlap, defined as using funds from more than one source to cover the same item or the same part of a budgetary item (e.g., salary, equipment), is not permitted.

D. Prior Approval Requirements

CIRM grantees must perform project activities as described in the approved application. A grantee must request approval for post award changes described below by submitting to CIRM such requests in writing together with appropriate justification for the proposed change. Such approval must be obtained in writing before expending CIRM funds for the proposed activity. The following are post-award changes that require approval (see chapter VI, section D, *Prior Approval Requirements for Training Grants* for additional prior approvals that apply specifically to training grants):

1. **Change in Scope**
   The grantee must obtain prior approval from CIRM for any change ~~in the direction, type of research or training, or other areas~~ that constitutes a deviation from the aims, objectives, experimental design, or purposes of the approved project or activity. When considering such a change, the grantee should consult with the GMO and SPO. Examples of actions likely to be considered a change in scope and therefore requiring CIRM prior approval include:

   a. Change in the specific aims approved for award
   b. Any change from the approved use of animals or human subjects
   c. Shift of the research emphasis from one disease area to another
   d. Transfer of the performance of substantive funded activities to a third party not previously identified in the approved application

~~A clinical hold by FDA under a study involving an IND or an IDE~~

2. **Carry Forward of Funds**
The grantee must obtain prior approval from CIRM to carry forward unexpended funds from one budget period to the next that exceed 25 percent of the annual ~~direct~~ project costs for the expiring budget period. Any amount that exceeds this limit will be deducted from the next budget period unless approval to carry the amount forward is granted. If the carry forward amount is greater than 50 percent of the expiring budget period's project costs, payment of funds for the next budget period may be postponed. ~~For multi-year awards, payment of funds for the next budget period will be postponed if the carry-forward amount is greater than 50 percent of the current budget period's allocation.~~ At the conclusion or termination of an award, unexpended funds must be returned to CIRM within ~~90~~120 days of the project period end date.

3. **Extensions**
Grantees may request a one-time, no-cost extension for up to one year beyond the scheduled project period end date. A request and justification for a no-cost extension must be submitted to the GMO in writing at least 30 days prior to the award project period end date.

4. **Rebudgeting**
Recipients must expend funds as described in the CIRM-approved budget. Except as provided below, prior approval by CIRM is required for any changes in the approved budget.

   a. **Personnel/Supplies** – Prior approval is required only if rebudgeting would change (i.e., increase or decrease) the total budget of either category by more than $5,000, **and** the change exceeds 25 percent of the previously approved total for that category. The budget total includes any carry-forward amounts.

   b. **Travel** – Prior approval is required only if the rebudgeting would change (i.e., increase or decrease) the total budget of this category by more than $2,000, **and** the change exceeds 25 percent of the previously approved total for this category. The budget total includes any carry-forward amounts.

   c. **Consultants/Subcontracts** – Prior approval is required only if rebudgeting would change (i.e., increase or decrease) the total budget of either category by more than $1,500, **and** the change exceeds 25 percent of the previously approved total for that category. The budget total includes any carry-forward amounts.

d. Equipment – Prior approval is required to purchase items of equipment that are not part of the approved award budget. Prior approval is not required if the cost of approved equipment has not increased by more than $1,500 **and** the change does not exceed 25 percent of the previously approved budgeted amount shown in the NGA.

A request for rebudgeting may be submitted to the GMO at any time during the project period. Requests must specify the budget categories affected by any proposed change and the reason for the change.

Even if a budget change results in an increase in the amount of indirect costs, CIRM will not provide additional funds for this purpose. Unexpended funds from the direct research funding costs categories, however, may be used at the end of the budget period to cover any deficit in indirect costs resulting from the rebudgeting actions.

5. Award Transfer

With prior approval, a CIRM grant may be transferred to another eligible organization in California if a PI transfers to that organization. Approval will be contingent upon the current grantee organization relinquishing rights to the grant. Furthermore, the grantee organization may be required to transfer to the new organization any equipment purchased under the grant. Before the transfer can take place, the original grantee organization must submit to CIRM a relinquishing statement that includes an estimate of the unexpended balance of any funds paid to the grantee and an assurance that all unexpended funds will be transferred to the new grantee organization or returned to CIRM within 90 days of the relinquishing date.

The new grantee organization must submit to CIRM a letter that states their intention to assume responsibility for the award and the following items:

a. New application face page with original signatures
b. Detailed budget(s) for the remaining project period (including the estimated unexpended balance from the original grantee)
c. Biographical sketches for new key personnel
d. Other support for new key personnel
e. Facilities and resources
f. Public policy assurances (e.g., human subjects, animal, biohazard), where applicable.

CIRM will issue a new NGA to the PI and the new grantee organization when all required documents have been received and the transfer has been approved by CIRM. Transfer of the award is effective when the NGA is signed by the PI and the authorized organizational official of the new grantee organization and returned to and received by CIRM. Payment will not be issued until the award transfer is effective.

6. Change in PI Status or Percent Effort

Prior approval is required for the PI to decrease his/her percent effort on the approved project by 25 percent or more (e.g., from 40 percent to 30 percent or less) of the level specified in the award.

Grantees must notify CIRM immediately if any of the following changes in PI status occur.

~~**a.** The PI's percent of effort devoted to the project decreases by 25 percent or more (e.g., from 40 percent to 30 percent or less) from the level specified in the award.~~

a. The PI's appointment at the organization changes (e.g., from full-time to part-time appointment).

b. The PI withdraws from the project, takes a leave of absence, or is expected not to be involved in the day-to-day operations for a continuous period exceeding 90 days.

c. The PI is no longer eligible to serve as a PI at the grantee organization.

CIRM will notify the grantee organization if CIRM determines that a PI's change in status will prevent the project from being conducted as described in the award. Under such circumstances, the grantee organization may request approval to continue the project with an eligible PI that is satisfactory to CIRM. CIRM will terminate the award if no request is made or if the proposed PI is not satisfactory. All unexpended funds will be returned to CIRM within ~~90~~120 days of termination of the award. ~~For single-project research grants,~~ In general, a change of PI will not be approved during the first 180 days of the project period.

7. Submitting Prior Approval Requests

Prior approval requests must be submitted in writing to the GMO and must be signed by the PI and the authorized organizational official. All requests should explain the nature of the action requiring CIRM prior approval and must include a justification, an estimate of the expected duration of the change, and any budgetary modifications that result from the request. Approval by CIRM shall not be effective unless in writing and signed by the president of CIRM, or his/her designated authority.

E. Equipment Management

The grantee organization must have a property management system for equipment that includes the following:

1. Records that adequately identify items of equipment purchased with CIRM funds;
2. Control procedures and safeguards to prevent loss, damage, and theft;
3. Adequate maintenance procedures to keep the equipment in good condition; and
4. Proper procedures to dispose of, sell, or transfer equipment purchased with CIRM funds when authorized by CIRM.

For equipment costing more than $10,000, title may vest in the grantee organization only with CIRM approval. For equipment costing $10,000 or less, title to equipment vests in the organization upon acquisition. If title vests in the grantee organization, the organization shall upon request by CIRM transfer title to equipment purchased with CIRM grant funds to a third party (e.g., when transferring a grant award to a new grantee). Equipment purchased with CIRM grant funds must stay within the State of California for the duration of the grant project period.

F. Accounting Records, Documentation, Access to Records and Audits

1. **Accounting Records**
   The grantee shall maintain an accounting system and supporting fiscal records to assure that funds awarded are used solely for the purpose outlined in the NGA and in accordance with approved budget in that document.
2. **Documentation Retention**
   The grantee shall retain accounting records and supporting documentation for five years from the date of submission of the final expenditure report for all years covered by the grant. Documentation must be maintained beyond this time period if related audit findings have not been resolved.
3. **Access to Records**
   The grantee shall allow access to its accounting records and supporting documentation by state audit personnel and by grants management officials of CIRM with reasonable notice.
4. **Audits**
   Accounting records and supporting documentation may be audited by appropriate state agencies, including the State Controller's Office and CIRM.

G. Misuse of Funds

Fraud means an intentional deception or misrepresentation made by a person who knows or should have known that the deception could result in some unauthorized benefit to that person or some other person. It includes any act that constitutes fraud under applicable state or federal statutes. Abuse means any grantee practice that is inconsistent with sound fiscal, business or research practices or that result in an unnecessary cost to the grant program.

Grantees shall report to CIRM cases of real or apparent fraud, waste, or abuse under a CIRM grant immediately upon knowledge thereof. Examples of fraud, waste, and

abuse that must be reported include, but are not limited to: embezzlement, misuse or misappropriation of grant funds or property; and false statements, whether by organizations or individuals. This includes personal use of grant funds; using funds for non-grant-related purposes; theft of CIRM-owned property or property acquired or leased under a grant; charging CIRM for services of "ghost" individuals; submitting false financial reports; and submitting false financial data in bids submitted to the grantee (for eventual payment under the grant).

Fraud, waste, or abuse can result in any of the administrative and other actions described in section J, *Failure of Compliance*. In addition, any grantee suspected of fraud may be referred to state and/or local law enforcement authorities.

H. Reporting Requirements

Grantees must report financial and scientific progress to CIRM on an annual basis. The annual programmatic report is due 60 days prior to each anniversary of the award start date indicated in the NGA. The subsequent budget period's funding will not be awarded until this report has been received, reviewed, and approved by CIRM. In addition, the grantee must submit an annual financial report within 90 days after each anniversary of the award start date.

The requested information is required for effective grant management by CIRM and for meeting specific reporting requirements of the California State Legislature. CIRM also is responsible for disseminating the outcomes of funded research to interested constituencies, as well as to the general public.

Please see chapter VI, section E, *Reporting Requirements for Training Grants*, for reporting requirements specific to training grants.

1. **Annual Financial Report**
   The grantee shall submit to the GMO an annual financial report within 90 days after each anniversary of the award start date indicated in the NGA. The annual financial report must include all actual costs incurred under the CIRM grant during the expired budget period~~,~~ and any carry forward amounts~~, and any anticipated budget changes for the next budget period~~. Grantees claiming ~~an allowance for a market lease rate of reimbursement for a facility~~ facilities costs for leased research space as described in chapter V, section B, part ~~2~~3, *Allowable ~~Direct~~ Facilities Costs*, shall report the actual out-of-pocket lease cost incurred by the grantee.

2. **Annual Programmatic Report**
   The grantee shall submit to CIRM an annual programmatic report detailing scientific progress and activities under the CIRM grant. This report is due 60 days prior to each anniversary of the award start date indicated in the NGA.

The programmatic report includes a summary of scientific progress; a listing of personnel who participated in the project and their level of effort; an updated listing of other support for the PI and other key personnel; a list of publications (including submitted or in press) resulting from the CIRM-supported project or activity; cumulative subject accrual and progress in conducting analyses for sex/gender and race/ethnicity differences in clinical trials; applicable public policy assurances (e.g., ESCRO, IRB, IACUC); an estimate of goods and services purchased from California suppliers; and a listing of inventions disclosed, patents filed, or licenses granted for the project period (see part 3, *Other Reports* and Appendix B). The programmatic report must also include an overview of any major unexpected expenditure or unspent funds (actual or anticipated) for the expiring budget period and any anticipated changes in future budget periods.

3. Other Reports

Grantees shall report to CIRM publications, inventions, patent applications, licensing and invention utilization activities that result from CIRM funding. Specific reporting requirements are detailed in the *CIRM Intellectual Property Policy for Non-Profit Organizations* (Appendix B).

4. Overdue Reports

Failure to provide financial, progress, or other reports on time may result in reduction, delay or suspension of a CIRM award until required materials are received. Further, if a report is delinquent for more than 90 days beyond its established due date, CIRM may take action as described in section J, *Failure of Compliance*.

I. Grant Close-Out

CIRM will close out a grant as soon as possible after the project period end date or the end date of any authorized extension. Close-out includes timely submission of all required reports and reconciling amounts due the grantee or CIRM. CIRM may withhold funds from a PI for future or concurrent awards if a grant close-out is pending the submission of overdue reports.

Close-out of a grant does not cancel any requirements for property accountability, record retention, or financial accountability. Following close-out, the grantee remains obligated to return funds due as a result of later refunds, corrections, or other transactions, and CIRM may recover amounts based on the results of an audit covering any part of the period of grant support. In addition, the grantee is obligated to report to CIRM after grant close-out any inventions disclosed, patents filed, or licenses granted that resulted from CIRM-funded research (see Appendix B, *CIRM Intellectual Property Policy for Non-Profit Organizations*).

J. Failure of Compliance

~~The grantee (PI or grantee organization) must report promptly to CIRM any failure to comply with the terms and conditions of an award.~~ If a grantee fails to comply with the terms and conditions of an award, CIRM may take one or more actions, depending on the severity and duration of the non-compliance. For instance, failure of compliance includes confirmed instances of research misconduct, violations of medical or ethical standards as defined in Appendix A, or violations of intellectual property regulations as set forth in Appendix B. CIRM will afford the grantee an opportunity to correct the deficiencies before taking action unless public health or welfare concerns require immediate action. Even if a grantee is taking corrective action, CIRM may take action to protect CIRM's interests. (See also chapter III, section C, part 1, *Research Conduct*)

Depending on the nature of the deficiency, CIRM actions may include, but are not limited to the following:

1. Temporary withholding of payment;
2. Placing special conditions on awards;
3. Conversion to a reimbursement payment method;
4. Precluding the grantee (PI or grantee organization as appropriate) from obtaining future awards for a specified period;
5. Debarment from receipt of further CIRM funds;
6. Recovery of previously awarded funds;
7. Civil action, including referring the matter to the Office of the Attorney General of California for investigation and enforcement;
8. Other available legal remedies.

VI. SPECIAL POLICIES FOR TRAINING GRANTS

This chapter supplements the general policies described in chapters I through V and provides information on policies and requirements that apply specifically to CIRM training grants.

A. Criteria for Review of Training Grant Applications

Training grant applications are evaluated by criteria established by the ICOC, which include but are not limited to the following factors:

1. Overall quality of the (proposed) training program
2. Qualifications of the program leadership
3. Research and training strength of the proposed mentors
4. Quality and diversity of existing training programs
5. Strength of the stem cell research at the institution

B. Trainee Policy

1. Appointment

The program director should appoint trainees, giving appropriate consideration to the level of training, academic qualifications, and the inclusion of women and minorities. The NGA specifies the maximum number and type (e.g., pre-doctoral, post-doctoral, clinical fellow) of trainees that may be appointed and supported by the CIRM training grant. Each trainee must be sponsored by an eligible faculty mentor who will supervise the training and research experience. The program director must complete and sign a Trainee Appointment Form for each trainee and submit the form to CIRM at the time of appointment (see section E, *Reporting Requirements for Training Grants*).

2. Degree Requirements

To qualify for appointment, a trainee must have acquired the necessary academic preparation and degree(s) that are appropriate for the level of proposed training. Specifically, a graduate student must have received a bachelor's degree and must be enrolled in a degree-awarding graduate program. A pre-doctoral student must be enrolled in a doctoral degree program in a basic science program or medically-related professional program such as medicine, dentistry, or veterinary medicine. Post-doctoral fellows must have earned a Ph.D., M.D., or equivalent degree. Clinical fellows must have received a professional doctoral degree in a medically-related field and should be training in a residency or immediate post-residency program.

3. Training Period

The training period for any individual trainee is limited to 36 months and should not be less than 12 consecutive months (clinical trainees may request prior approval for a shorter training period, but only with written

justification). An awarded trainee position cannot be shared among multiple individuals. CIRM trainees must devote full time to training activities, which, in addition to their research, may include relevant coursework, workshops, and scientific conferences. Clinical trainees ~~must~~ should confine clinical duties to those that are an integral part of their training experience. Clinical trainees may not expend more than 25 percent of their appointment time on clinical duties that are unrelated to or independent of the CIRM training program.

Program directors of CIRM training grants are encouraged to appoint individuals who are committed to a career in research, particularly stem cell research and related areas, and plan to remain in the CIRM training program for a minimum of 2 years. The CIRM training grant is not intended to provide opportunities to participate in short-term research assignments during the summer or other "off-quarter" periods.

C. Allowable Costs and Activities for Training Grants

CIRM supports direct project costs for the training program that are specifically associated with trainee support (i.e., parts 1-4 below) and program administration (i.e., part 5), including administrative support salaries. Indirect costs, which cannot be specifically associated with the training grant program, are limited to 10 percent of the direct project costs.

1. Stipend Levels

Trainee stipend levels should be commensurate with the individual's experience and the level of training. Unless otherwise specified in the RFA, grantees may request support for: pre-doctoral students with a maximum annual stipend of $25,000; postdoctoral fellows at a range of $36,000 to $52,000 per year, depending on years of experience; and clinical fellows at a range of $65,000 to a maximum of $75,000 per year, depending on experience. CIRM encourages the grantee organization to supplement trainee stipends when necessary to meet institutional requirements and maintain equity among trainees, provided the supplementation is without obligation to the trainee.

CIRM grantees must rebudget within the total amount already awarded to accommodate any variation in stipend levels. CIRM will not provide additional funds for this purpose. (See section D, *Prior Approval Requirements for Training Grants*)

Since CIRM trainee stipends and allowances are not provided as a condition of employment with CIRM, the state government, or the grantee organization, institutions may not seek funds, or charge training grant awards, for costs that normally would be associated with employee benefits (e.g., FICA, workman's compensation, and unemployment insurance). This requirement does not

include health insurance for trainees, which is described under part 3 of this section.

A CIRM trainee may not be concurrently supported with another fellowship or similar award that provides a stipend or otherwise duplicates provisions of the CIRM training grant award.

2. Tuition and Fees

"Tuition and fees" means costs charged by the grantee organization for the enrollment and instruction of a student. This definition does not include costs of health insurance for a trainee, which is an allowable cost addressed separately in part 3, *Health Insurance*, of this section. Tuition and fees are allowable CIRM training grant costs only if such charges are applied consistently to all individuals in a similar training status at the grantee organization, without regard to the source of support. Grantees may request up to 100 percent of the first $3,000 incurred for tuition and fees and 60 percent of expenses in this category incurred thereafter. CIRM does not cover tuition and fees that are otherwise subsidized by the grantee organization.

Tuition and fees at the postdoctoral or clinical trainee level are allowable only for costs related to specific courses in support of the approved CIRM training program.

3. Health Insurance

If the trainee's health insurance is not otherwise covered by the grantee institution, the grantee may request up to 100 percent of basic health insurance costs for the trainee and immediate family (if applicable). Health insurance may include coverage for costs such as vision and/or dental care if consistent with organizational policy.

4. Trainee-Related Research and Travel Funds

Grantees may request an annual allowance for trainees for research training-related expenses such as books and laboratory supplies and for trainee travel to scientific conferences or workshops.

Grant funds may be used to cover the costs of a trainee's travel to attend a scientific meeting that would benefit the trainee's research experience. Funds may not be expended to cover the costs of travel between the trainee's place of residence and the training institution or to the training institution for the purpose of recruitment.

Research training experiences away from the grantee organization must be justified on the basis of the type of opportunities for training available, the opportunities offered that are different from those at the grantee organization, and the relationship of the proposed experience to the trainee's career stage

and career goals. Expenditure of CIRM grant funds for this type of research training requires prior approval by CIRM.

Textbooks required for coursework, specialty volumes that will enhance training, laboratory and technical manuals are appropriate for purchase provided they are not available in the grantee organization's library. Professional journal subscriptions covering the period of the appointment are not allowable costs to the CIRM training grant.

If personal computers are purchased under the CIRM training grant, they are to remain at the grantee institution for the benefit of all trainees in the CIRM training grant program.

5. **Program Administration Funds**
   Grantees may request funds for administrative costs for the program with an annual direct project cost allowance. Allowable program administrative direct project costs include administrative support salaries, seminar speakers, outside speakers for courses, audio-visual equipment or supplies, and costs of developing or delivering new courses. Up to 25% of the amount awarded in this category (i.e., program administration funds) may be used for the program director's salary.

   The cost of advertising the training program to all prospective candidates may be allocated to program administration costs under the CIRM training grant.

   The cost of food and meals served at a seminar or meeting may not be charged to the CIRM training grant.

D. Prior Approval Requirements for Training Grants

CIRM grantees must perform project activities as described in the approved application. A grantee must request approval for any post award changes by submitting to the GMO such requests in writing together with appropriate justification for the proposed change (see chapter V, section D, part 7, *Submitting Prior Approval Requests*). The request must be signed by the grant program director and the authorized organizational official. Such approval must be obtained in writing before expending CIRM funds for the proposed activity. Notwithstanding chapter V, section D, *Prior Approval Requirements*; the following are examples of post-award changes for training grants that require approval:

1. **Stipends** – Rebudgeting funds out of the stipend category.

2. **Training Period for Clinical Trainees** – Appointing a clinical trainee for a period that is less than 12 consecutive months.

3. **Trainee-Related Funds/Program Administration Support/Indirect Costs** – Rebudgeting between any of these categories; however, funds may be re-budgeted into the stipend category without prior approval.

4. **Carry Forward of Funds** –Carrying forward unexpended funds from one budget period to the next that exceed 25 percent of the annual ~~direct~~ project costs ~~award amount~~ for the expiring budget period. If the carry forward amount is greater than 50 percent of the expiring budget period's project costs, payment of funds for the next budget period may be postponed.

5. **Extensions** – Extending the project period beyond the scheduled end date. A one-time no-cost extension for up to one year beyond the scheduled project period end date is allowed with prior approval. The written prior approval should be submitted to CIRM at least 30 days in advance of the scheduled award project period end date.

6. **Change in Program Director** –Appointing a new program director for the training grant program.

7. **Change in Sponsor or Mentor** –Appointing a new trainee sponsor or mentor. Any mentor changes approved by CIRM should be reported in the annual programmatic report (see section E, *Reporting Requirements for Training Grants*).

Additions to the total number of approved trainee positions or to any one type of trainee position are not permitted. The grantee organization must submit a competitive application for a supplement to request an increase in the number of approved trainees.

E. Reporting Requirements for Training Grants

Notwithstanding chapter V, section H, *Reporting Requirements*, the program director of a CIRM training grant must report financial and programmatic progress as described in this section to CIRM on an annual basis. The programmatic report is due 60 days prior to each anniversary of the award start date indicated in the NGA. The subsequent year's funding will not be awarded until this report has been received, reviewed, and approved by CIRM. In addition, the program director must submit an annual financial report within 90 days after each anniversary of the award start date.

1. **Annual Financial Report**
   The grantee shall submit to the GMO an annual financial report, within 90 days after each anniversary of the award start date indicated in the NGA. The annual financial report must include all actual costs incurred under the CIRM grant during the expired budget period~~,~~ and any carry forward amounts~~, and any anticipated budget changes for the next budget period~~.

Upon initial appointment of a trainee and on each subsequent annual reappointment, costs for stipend and tuition and fees that cover an entire 12 months should be charged to the current budget period of the award. The full amount not yet expended at the end of the award budget period should be reported on the financial reports as a cost incurred but not yet paid.

2. Annual Programmatic Report

The grantee shall submit to CIRM an annual report detailing progress and activities of the training program during the project period. This report is due 60 days prior to each anniversary of the award start date indicated in the NGA. The programmatic report for training grants includes two components: a description of the training program and an account of the appointed trainees.

a. Training Program Report

A programmatic description of progress made since the initiation of the award is required. The training program report must provide the following information:

- **i.** Trainee selection process
- **ii.** Current number and type of trainees in the program
- **iii.** Program activities (e.g., seminars, workshops, retreats)
- **iv.** Course developments or changes
- **v.** Course roster, syllabus, and evaluations
- **vi.** Changes in the administration of the program
- **vii.** Plans for the upcoming year
- **viii.** Anticipated budget changes in future budget periods

b. Trainee Report

In addition to the training program description, the annual programmatic report must include data for all trainees who were or are supported by the training grant. The trainee report must include the following information:

- **i.** Mentor and trainee assignments
- **ii.** Description of proposed trainee research and progress
- **iii.** Curriculum vitae of each trainee
- **iv.** List of relevant publications
- **v.** For trainees who have completed the program, a list of their current position, affiliation, and contact information.

3. Appointment and Termination

a. Trainee Appointment Form

A Trainee Appointment Form must be completed for each trainee and submitted to CIRM at the time of appointment. The form requests information about the appointment such as the name of trainee, name of mentor, anticipated period of training, level of stipend support, and anticipated program of training (e.g., proposed research project). The mentor, trainee, and program director must sign the form and in so doing

all parties agree to comply with the proposed training program, period of support, stipend level, and the terms and conditions specified in this grants administration policy statement. The completed and signed form is the official document for establishing the stipend, which should be reflected in the annual financial reports and on the Trainee Termination Form.

b. Trainee Termination Form
The Trainee Termination Form is the basis for validating the total period of support. The grantee must submit to CIRM a Trainee Termination Form for each trainee within 30 days of the end of the trainee's support.

4. Other Reports
The *CIRM Intellectual Property Policy for Non-Profit Organizations* (Appendix B) outlines reporting requirements for publications, CIRM-funded inventions, patent applications for CIRM-funded inventions, licenses of CIRM-funded inventions and invention utilization activities. Please see Appendix B for details and specific reporting requirements on intellectual property that apply. Intellectual property sharing requirements are also specified in Appendix B.

5. Overdue Reports
Failure to provide financial, progress, or other reports on time will result in CIRM's reducing, delaying or suspending a CIRM award until required materials are received. Further, if a report is delinquent for more than 90 days beyond its established due date, CIRM may take action as described in chapter V, section J, *Failure of Compliance*.

6. Ethical Research Practices
Appointed trainees and their faculty mentors must conduct research in accordance with the highest medical and ethical standards, including compliance with institutional requirements, and standards and regulations set forth and approved by the ICOC.

Upon appointment of a trainee, the program director must submit to CIRM documentation (where appropriate) pertaining to the trainee's research project that:

a. certifies organizational approval for any project or activity involving biohazards; or
b. verifies IACUC review and approval of the project's proposed use of live vertebrate animals; or
c. certifies SCRO, ESCRO committee (or equivalent) notification or review and approval of the project's proposed use of "covered stem cell lines" as specified in Appendix A; or

d. certifies IRB review and approval (including applicable documents outlined in the chapter III, section C, part 6, *Research Involving Human Subjects*) of the project's proposed use of human subjects.

APPENDIX A. CIRM MEDICAL AND ETHICAL STANDARDS

[PLACEHOLDER FOR APPENDIX A]

APPENDIX B. INTELLECTUAL PROPERTY POLICY FOR NON-PROFIT ORGANIZATIONS

[PLACEHOLDER FOR APPENDIX B]