

August 4, 2015

SURESH SUBRAMANI
Executive Vice Chancellor – Academic Affairs
0001

Subject: *Affiliation Agreements*
Project 2015-03

The final audit report for Affiliation Agreements, Audit Report 2015-03, is attached. We would like to thank all departments involved for their cooperation and assistance during the review.

Because we were able to reach agreement regarding corrective actions to be taken in response to the audit recommendations, a formal response to the report is not requested. The findings included in this report will be added to our follow-up system. We will contact you at the appropriate time to evaluate the status of the management action plans.

UC wide policy requires that all draft audit reports be destroyed after the final report is issued. Please destroy any draft reports you have at this time.

David Meier
Director
Audit & Management Advisory Services

Attachment

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UC San Diego

AUDIT & MANAGEMENT ADVISORY SERVICES

Affiliation Agreements August 2015

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Project Number: 2015-03

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ATTACHMENT A – Draft Affiliation Policy

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I. Background

Audit & Management Advisory Services (AMAS) has completed a review of Affiliation Agreements as part of the approved audit plan for Fiscal Year 2014-15. This report summarizes the results of our review.

University officials across campus enter into numerous binding agreements including contracts, grants, sponsored research, service agreements, some memorandum of understandings (MOUs), and affiliation agreements. The Office of Office and Grant Administration (OCGA), Scripps Institute of Oceanography (SIO) Office of Contract and Grant Administration and Health Sciences (HS) Business Contracting are central offices responsible for the stewardship of sponsored research and research collaborations from government (federal and state), for-profit industry, non-profit, and foreign sponsors. In addition, certain department executives have delegated authority to execute agreements within their respective areas that may not be administered through these central offices.

Affiliation agreements are used to establish relationships or collaborations with regional partners to support mutually beneficial goals. Affiliation agreements generally require Regental approval. Standing Order 100.4 delegates authority to execute certain affiliation agreements to the President, who has re-delegated this authority to the UC San Diego Chancellor. The Chancellor further re-delegated this authority to selected Vice Chancellors (VCs), specifically to execute affiliation agreements with other institutions and hospitals, provided they do not involve the University in direct financial obligations or commitments to University programs not previously approved.

In 2011, an Affiliate Workgroup was convened with representatives from Academic Affairs, SIO, HS, Research Affairs, Business and Financial Services (BFS) and, Academic Computing and Telecommunications (ACT). The goals of the workgroup were to identify affiliation agreements, assess associated risks and build risk mitigation plans. A draft policy was developed “regarding establishing and management of mutually beneficial agreements between UC San Diego and external organizations or entities.” However, the policy (*Attachment A*) was never finalized.

The Office of Operational Strategic Initiatives (OSI), reporting to UC San Diego Chief Financial Officer (CFO), provides the campus with opportunities to improve administrative processes and enhance the University’s service-oriented culture. At the time of this review, OSI was conducting an evaluation titled the Affiliate Experience Project to create a more consistent experience for a sub-set of identified Affiliates that maintain a certain level of relationship with the University in an effort to improve their experience and satisfaction with campus services.

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II. Audit Objective, Scope, and Procedures

The objective of our review was to evaluate campus-wide practices for negotiating and executing affiliation agreements, and corresponding delegations of authority. As there is currently no working legal definition for an affiliation agreement, AMAS scope included binding agreements that were not processed or maintained through a central contracting office. The scope of the review included roles, responsibilities, and practices in each Vice Chancellor area, select academic departments, and central departments such as Procurement, and OCGA.

In order to achieve our objectives we completed the following:

- Interviewed the following department/Vice Chancellor (VC) area/unit heads:
 - VC, Research Affairs,
 - Assistant VC, Research Affairs,
 - Director, Office of International Affairs,
 - Manager, VC-Research Affairs,
 - Director, Office of Contracts and Grants Administration,
 - Associate Director, Office of Contracts and Grants Administration,
 - Assistant VC, Technology Transfer Office,
 - Director, SIO Office of Contract and Grant Administration,
 - Director, VC, Marine Sciences, Business Office,
 - Associate VC, University Extension,
 - Associate Dean, University Extension,
 - Director, Business Affairs, University Extension,
 - Assistant Director, Business Affairs, University Extension,
 - Director, Real Estate Development,
 - Manager, General Accounting Office, BFS,
 - Associate Controller, Procurement and Contracts, BFS,
 - Director, Resource Management, Student Affairs,
 - Director, Auxiliary Business Services,
 - Assistant Dean, Administration and Finance, Jacobs School of Engineering,
 - Assistant Dean, Finance and Administration, Rady School of Management,
 - Assistant VC, Resource Administration, Academic Affairs,
 - Dean, International Center,
 - Affiliations Business Manager, Health Sciences,
 - Director, Business Contracting Office, Health Sciences,
 - Associate Dean, Administration, Health Sciences,
 - Chief of Staff, Health System,
 - Assistant VC, Advancement Operations,
 - Manager, Advancement Services,
 - Chief Campus Counsel,
 - Director, Policy and Records Administration, and

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- Director of California Institute for Telecommunications and Information Technology (Calit2);
- Evaluated delegations and re-delegations of authority for affiliation agreements from the Regents to the President, Chancellor and UC San Diego VCs;
- Met with the OSI Executive Director and Senior Business Analysts to discuss their concurrent Affiliate Experience project;
- Reviewed a judgmentally selected sample of affiliation agreements identified by VC areas to determine that they were appropriately approved;
- Obtained all agreements (excluding data use, material transfer and confidentiality or non-disclosure agreements) with three entities [Qualcomm, Salk Institute and The Scripps Research Institute (TSRI)] and reviewed a judgmental sample of these agreements for conflicts in agreement purpose, and potential synergies.

III. Conclusion

Based on our review procedures, we concluded that campus-wide practices for negotiating and executing affiliation agreements were generally adequate, and that agreements were appropriately approved. For example, affiliation agreements that we reviewed were appropriately approved by the UC Regents as required by Standing Order 100.4, or fell within the delegated authority for Affiliation Agreements or Execution of Agreements.

We noted opportunities for improvement in further development and adoption of a policy that describes affiliation agreements in relation to their approval requirements (with references to associated delegations of authority), and that would entail a more standard vetting process to ensure that prospective affiliation agreements are assessed by all impacted VC areas prior to execution.

Discussions with representatives across campus also identified the need for of a central repository or database of agreements to facilitate preparation of new agreements and identify potential conflicts, or identify synergies between multiple agreements with a particular party. Development of such a repository would require a commitment of resources and support by a designated office.

IV. Observation and Recommendations

A. Affiliation Policy

A campus policy should be developed that describes affiliation approval requirements and vetting process. Consideration should be given to establishing a central repository or database for affiliation agreements.

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Affiliation Agreement Approval Requirements

Per UC Board of Regents Standing Order 100.4, Regental approval is required for affiliation agreements with other institutions or hospitals involving direct financial obligations or commitments to programs not previously approved. Authority to enter into certain affiliation agreements with other institutions and hospitals, provided they do not involve the University in direct financial obligations or commitments to University programs not previously approved, has been delegated to the President, re-delegated to the UC San Diego Chancellor, and further re-delegated to specific VCs. There are also delegations for the Execution of Agreements to certain UC San Diego VCs and Associate VCs granting the authority to execute various service agreements required with outside entities or individuals “to implement approved programs and activities, whether the University is the supplier or recipient of the service covered by the agreement.”

At the time of this review, a University policy that defines an “affiliation agreement” did not exist. During our interviews, there did not appear to be a consensus across campus on what constituted an affiliation agreement. Based on the UCSD delegation of authority for affiliation agreements, General Counsel has interpreted “direct financial obligations,” as referenced in Standing Order 100.4, to require Regental approval when the direct financial obligation or commitment is imposed on the University. However, the delegation does not adequately define agreements that fall under this delegated authority. Based on discussions with Policy and Records Administration, it is our understanding that this delegation is primarily intended for agreements with Hospitals where UC San Diego clinicians or medical students receive compensation for working with other Hospitals but there is no direct financial obligation to the University.

Approval authority for affiliation agreements could either require Regental approval, or fall within the delegated authority for Affiliation Agreements or Execution of Agreements. Based on our testing of a sample of seven of the agreements, it appears that agreements were appropriately approved either by the Regents or by someone with delegated authority. However, we noted that the Standing Orders and delegation letters did not provide a clear definition of the agreements that fall within the approval category. AMAS relied on input from Policy and Records Administration to enable us to distinguish between the approval requirements for the agreements selected. To reduce the ambiguity in approval requirements and ensure agreements are approved in accordance with UC regulations, it would be helpful to have an Affiliation Policy describing the affiliation agreements that require Regental approval, or fall under the delegations for affiliation agreements or Execution of Agreements.

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Affiliation Agreement Vetting Process

Historically, business contracting was centralized under the campus Business Office. All business agreements including service agreements and affiliation agreements were administratively routed through this office. However, the office was disbanded in 1991, and contracting responsibility for these agreements was decentralized to various segments of UCSD campus.

Outside the central contracting offices, some VC units have developed their own process for executing affiliation agreements. For example, the Office of International Affairs (OIA) under VC, Research Affairs, has developed a template for their MOU's and collaboration agreements with established approval requirements which helps to ensure that agreements are consistent, appropriately approved, and result in an efficient contracting process.

However, decentralization of administration of affiliation agreements has also created some challenges in the successful execution of agreements because agreements may be finalized without thorough analysis of the impact on all VC unit(s) resources, process and system limitations. A case in point is the affiliation with Ludwig Institute for Cancer Research (Ludwig) where they perceived that their faculty and staff received inconsistent experiences in level of access, services and pricing, even though affiliation agreements stipulated that Ludwig employees were to be afforded the same levels as UC San Diego employees¹. Issues extended across multiple campus units, but primarily related to services provided by Auxiliary Business Services and Facilities Management Services. Although various campus departments made significant efforts to address the issues over the years, the departmental level solutions sometimes resulted in negative impacts to other areas, frequently became ineffective, or were susceptible to changes in personnel. Consequently, the need to assess and communicate the financial consequences of an agreement on all VC areas was identified as a critical step in the development of affiliation agreements.

Interviews with department/VC representatives raised similar concerns in that affiliation agreements may impact multiple VC areas but all affected VC areas were not involved during the agreement drafting process to assess and approve their role in the agreement. This can, at times, make it difficult for other VC units to satisfactorily fulfill their role in the execution of the agreement.

A fully defined vetting process would help to ensure that all impacted VC areas or units have evaluated the financial, system, process and other resource commitments of the agreement to their respective areas. Designated positions from each VC area could be identified to evaluate the impact that proposed

¹ This issue was pivotal in the creation of the Draft Affiliation Policy (Attachment A)

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affiliation agreements have on their unit(s) available resources and/or existing agreements with the third party. This would improve visibility into the existing inventory of contractual agreements, corresponding University resource commitments, and potential liabilities. An affiliation template could also be developed which would incorporate standard terms to consider in the drafting process and include steps for approvals from designated VC representatives across campus.

OSI is in process of refining an Affiliate Policy as part of their Affiliate Experience Project. They plan to build upon the draft policy developed by the Affiliate Workgroup, which makes reference to a vetting process, to ensure all appropriate campus offices are given the opportunity to assess the impact of an affiliation agreement to University business processes and resources.

Central Repository of Agreements

Over the years, certain processes have been standardized by the development of electronic systems to process, approve and store contracting documentation. Electronic Proposal Development (ePD) is a web-based system developed by OCGA, that lets departments create, upload, route, approve, and store sponsored research proposals. Marketplace also has standard templates developed for processing and storing service agreements for certain approved recharge units that provide 100% recharge-based services to external UCSD customers. These systems streamline and standardize business processes and provide a repository of agreements and/or supporting documentation.

During interviews, most VC units concurred that a central repository of agreements would better enable them to understand existing contractual relationships with regional partners in their entirety. To evaluate the benefit of such a repository, AMAS reached out to all VC areas and central contracting offices to request a listing of agreements with the following three selected entities: Qualcomm, Salk Institute for Biological Studies (Salk) and The Scripps Research Institute (TSRI) that were executed on or after January 1, 2010. Our review excluded data use, confidentiality/non-disclosure, material transfer, grants and sponsored research agreements. A total of 2 Qualcomm, 31 Salk and 13 TSRI agreements were identified.

Development of a central repository would be in line with some of the other process initiatives across campus such as ePD and Marketplace. This would also be consistent with recommendations made by the International Strategy Workgroup to create and maintain a global engagement database to better coordinate engagement with global partners, promote cohesive and collaborative funding strategies, and enhance proactive risk management.

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Management Corrective Actions:

The Executive Vice Chancellor, Academic Affairs will charge a workgroup to develop an Affiliations Policy that clearly defines an affiliation agreement, and sets forth procedures for vetting and approving new agreements (or modifying existing agreements). As part of their charge, the workgroup will recommend ownership and platform for a new central repository for affiliation agreements.

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Effective: 5/07/2012

Issuing Office: Business and Financial Services

**POLICY AND GUIDELINES REGARDING ESTABLISHING AND
MANAGEMENT OF MUTUALLY BENEFICIAL AGREEMENTS
BETWEEN U.C. SAN DIEGO AND EXTERNAL ORGANIZATIONS OR
ENTITIES**

I. POLICY

It is the policy of U.C. San Diego that agreements with external organizations or entities must be formally documented and approved by authorized university officials. The following guidelines shall be followed as the principles and procedures for establishing and managing mutually beneficial agreements between U.C. San Diego and external organizations or entities.

II. GUIDELINES

A. Background on Agency Accounts and their Limitations in Regards to Applicability in Support of Relationships with External Organizations or Entities

Agency Funds are defined in policy through BUS A-54 and are generally only used to fund activities associated with the University or that benefit the University community, i.e., students, staff, and faculty.

Funds provided for an Agency account support activities closely related to the educational mission and activities of UC San Diego for research or instruction. The University accepts funds to support these defined activities but does not directly control use of these funds; control remains with the sponsored entity.

Funds provided to fund Agency accounts are not tax deductible donations. During the fiscal year, Agency fund transactions are reported to the U.C. Office of the President as balance sheet items, not as University income or expense.

If there is a credit or surplus balance in the Agency account, it is recorded as a liability of the University to the funding entity, organization, or individual concerned. If the Agency account is in deficit, the amount is recorded as a receivable owed to the University from the entity, organization, or individual concerned. At fiscal year-end, Agency funds are also reported as balance sheet items in the local campus ledgers.

However, during the fiscal year, transactions in the Agency Account are recorded in the local campus ledgers in non-reportable expenditure accounts so as to provide the University with the

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ability to provide General Ledger expenditure information to departments administering these accounts and for reporting to the entity, organization, or individual concerned.

Any current deficit in each reconciled Agency account must be corrected with additional funding by the next monthly fiscal close bringing the deficit to zero or a surplus. Any account not in good standing after this time (+30 days in arrears) is delinquent and after 60 days in arrears will be reported to the responsible Vice Chancellor for disposition and will be suspended pending corrective action. A suspended account will not be eligible for any further financial activity involving a future payable for eligible campus services. The account will be reinstated once it is in good standing without any deficit. Any exceptions require the approval of the Controller.

In the event the entity or third party does not provide adequate funds after 180 days, any deficit in an Agency account will be charged to the unrestricted funds of the sponsoring Vice Chancellor's office in order to fully fund and bring the receivable to zero before the Agency account is closed.

An Agency fund must be closed if no significant activity has occurred within the past twelve months unless a request has been made by the sponsoring Vice Chancellor and approval has been granted by the Controller for the Agency account to remain open for a defined period of time.

In very limited circumstances, Agency account funds may be held by the University to fulfill the financial terms of an affiliate agreement for the benefit of parties to the agreement.

B. External Agreements that exceed the Scope of Agency Accounts

It may at times be in the interests of the University to enter into these affiliate agreements to participate jointly in a project or undertaking with other legally separate organizations. These agreements will likely require terms, financial arrangements and obligations between U.C. San Diego and external entities beyond the limited scope prescribed for an Agency Account.

In such cases, the mutual terms of the relationship between the University and the external organization must be negotiated and formally documented in a formal, signed agreement conforming to the policies and general principles hereunder.

These terms must be clearly stated in the agreement between the parties to an affiliate agreement. Transactions between the University and the parties to the affiliate agreement are recorded as receivables and/or payables by the campus departments directly providing or purchasing products or services per the terms of the affiliate relationship. In general, all costs incurred by the university as a result of services performed or products sold within the terms of the affiliate agreement must be fully recovered, including indirect or overhead costs. Any waivers or exceptions to full recovery of costs must be fully justified and approved by appropriate university authorities in advance of any final agreement.

C. Affiliate Relationships:

The following requirements apply to external relationships hereby defined as affiliate relationships that cannot otherwise be categorized as an Agency Account relationship under the terms in paragraph II. A. above.

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All affiliate relationships must be clearly defined by a formal agreement between the University and the external entity. Affiliate agreements under this policy must fully disclose the terms of the relationship between UC San Diego and the external organization. This policy recognizes two types of affiliates: “Peer” and “Associate” Affiliates.

Peer Affiliates rely heavily on campus infrastructure and services and are typically physically located on campus and.

Associate Affiliates are all affiliates that cannot be classified as Peer Affiliates.

The relationship and responsibilities of U.C. San Diego and the affiliate organization will be clearly stated in the terms of the agreement. Further, the obligations of U.C. San Diego must be fully stated and be within the laws of the State of California and the existing policies of the University of California.

Principles, terms or guidelines specified in the agreement will likely be unique to each external relationship. The general principles, terms, and guidelines found in Appendix “A” must be considered and included where applicable.

D. General Responsibilities for Definition and Management of Affiliate Agreements at UC San Diego:

Proposed affiliate agreements must be fully vetted within the university before final agreements are reached to ensure all appropriate campus offices are given the opportunity to assess the impact to university business processes and resources.

All affiliate agreements must also be discussed with the Vice Chancellor Resource Management and the Controller’s office early in the drafting process so that a full assessment can be made on requirements for internal controls, compliance, and financial reporting as defined by the Governmental Accounting Standards Board or other applicable compliance requirements.

Subsequent modifications to affiliate agreements must be coordinated through all affected campus departments and approved (via signatures) by the sponsoring Vice Chancellor and Chancellor or their duly authorized designees prior to implementation.

E. Affiliate Agreements must have a sponsoring Vice Chancellor

All affiliate agreements must be initiated and managed by the sponsoring Vice Chancellor’s office under the requirements of this policy.

Affiliate agreements must be coordinated fully by the sponsoring Vice Chancellor’s office with all affected campus departments and approved by the Chancellor or designee. These agreements will be maintained by the sponsoring Vice Chancellor’s office and made available upon request by campus departments.

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A final, signed copy of the original affiliate agreement shall be provided to the Controller's office and all affected campus units as well as any subsequent modifications to the agreement. The sponsoring Vice Chancellor's office will be the office of record for all original signed copies of affiliate agreements including modifications.

The responsible, sponsoring Vice Chancellor's office will ensure the external organization continues to operate in accordance with this policy and the terms of the agreement through the life of the agreement. Corrective actions will be taken promptly if necessary to remain in compliance with the terms of the agreement.

The sponsoring Vice Chancellor's office is responsible for any management reporting required by the affiliate agreement including financial reporting.

F. Scope and Conditions of Campus Services that can be prescribed in an Affiliate Agreement

Campus services may be provided by UC San Diego for affiliate agreement activities which support the academic, research, and/or clinical goals outlined in the agreement between the entities. Any exceptions in regards to the provision of campus services must be fully documented, vetted, and approved in the affiliate agreement. Consideration must be given to establishing precedence that might apply to other or future affiliate agreements. Any proposal to extend campus services through affiliate agreements shall carefully and fully weigh the benefit(s) accruing to UC San Diego against the costs or risks incurred. All such costs or risk to the University must be fully considered and if in the best interests of the University, recovered or mitigated before they can be considered for approval. If applicable, costs will be charged at the normal sales and service administrative overhead/differential income rate applied to recharge activities and service contracts unless an overhead exemption is granted in writing by the Controller based on a clear quid pro quo. Clear documentation to support and account for cost recoveries through the full term of the agreement must be readily available for review, reporting, and audit.

G. Limitations of Conditions in Affiliate Agreements

All proposed affiliate agreements must consider the General Principles, terms and guidelines in Appendix A to this policy.

Employees of affiliated organizations cannot be paid through the University payroll system unless they also have a paid university appointment.

The use of University procurement and payment services is at the discretion of the Controller. There are federal and state tax liabilities to the University associated with the purchase and resale of goods to legally separate organizations acquired through the University's purchasing systems.

Services provided per terms in the agreement must consider the impact on rates charged to other funds being managed by the campus with specific consideration on rates charged in comparison

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to UC San Diego's Federal and State awards. These current and future awards must not be disadvantaged by any affiliate agreement pricing terms.

In general, access to the campus IT infrastructure and business systems will not be available to the employees of legally separate organizations under this policy. Access will be granted only where joint projects or undertakings require such access and only with approval of both Administrative Computing & Telecommunications (ACT) and that of the campusdata steward of the requested electronic information. Restricted access includes any access beyond that which is normally available to members of the general public to UC San Diego data and information. Restricted access normally requires one or more of the following: a UC San Diego IP address, username/password combination, or certificate provided by ACT as credentials for entry, and may require use of specialized software such as VPN. All affiliates approved for restricted access are subject to UC San Diego policies and procedures, including the provisions of PPM 135-3 (Network Security). The sponsoring department has the responsibility of ensuring compliance with University policy and ensuring integrity and qualification of individual access to the University's data resources.

Personally identifiable information (PII) will not be released to any affiliated organization for any reason. Any exception to this policy must be approved by the sponsoring Vice Chancellor and the Campus Controller.

H. Provision for Conflicts, Exceptions and Review

The affiliate relationship must continually conform to this campus policy. In the event of conflict, UC's Business & Finance Bulletin A-54 dated October 15, 1987 as modified or other existing and relevant California laws or UC policy shall prevail.

Any proposed exceptions to this policy for affiliate activities must first be coordinated with affected campus departments. Exceptions may also require the prior approval of the designated Vice Chancellor or Chancellor and in some circumstances the review and approval of the UC Regents absent delegated authority.

This policy should be reviewed and modified as needed at a minimum of once every five years.

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APPENDIX “A”: General Principles/Definitions & Terms/Guidelines

Access to business systems and data (if required)	Terms of access to business systems of the respective parties, if any, and terms of access to data generated as a result of the affiliate agreement. Required reports between parties to the agreement should be included here.
Access to records	Rights of parties to the agreement to have access to specific data records in order to fulfill the terms or assure the responsibilities within the agreement.
Attorney’s fees	Responsibilities of the parties to assume legal costs as a result of any litigation resulting from the affiliate agreement.
Authorized Signatures	Authorized by the governing authorities of each organization. In the case of UC San Diego authorized signatures must be supported by official delegations from the Regents of the University of California or by the Chancellor of UC San Diego.
Disclosure	Declaration of any matter that should be made known between the parties that could have impact(s) on any part of the affiliate agreement.
Disposition of Claims	Description of how claims between the parties will be addressed and resolved.
Disputes and arbitration	Statement as to how disputes between the parties will be addressed and resolved in the event of a disagreement between the parties including terms of when disputes will be settled by arbitration.
Expiration of agreement with terms of renewal if applicable.	Declaration of the expiration date of the agreement or period of time for future review and possible renewal.
Financial Obligations	Each organization’s responsibilities for timely fulfillment of payments, receipts, reporting requirements or financial compliance requirements contained in the agreement.
Funds management	Responsibilities and obligations of either or both parties for management of funds and sharing of cost information to meet the terms of the affiliate agreement. These obligations are most likely to be between the parties to the agreement for the successful execution of the obligations of the parties to one another. UC San Diego will not manage the other entity’s funds as part of an affiliate agreement.
Insurance and indemnification	Obligations of parties to the affiliate agreement to hold insurance policies and the indemnification rights in the event of the inability to comply with the terms of the agreement including the obligations of each party in the event of default.
Interruption of service	Conditions to be addressed and remedies to be considered as a result of any interruptions in service as a result of activity within the affiliate agreement.
IT access and responsibilities	Terms of access and responsibilities for access (if any) to the networks, systems, automated processes or reporting systems of the parties to the affiliate

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	agreement).
Modifications and Amendments	Statement under which the terms or conditions of the affiliate agreement should be revised to reflect new circumstances. Any changes to the agreement are required to be in writing and must be signed by all the parties to the original affiliate agreement.
Notifications and Notices	Legal mailing addresses of each party to the affiliation agreement and terms of delivery including a description of methods and expectations delivery for notifications and notices.
PII (Personally Identifiable Information)	Personally Identifiable Information protected by applicable laws and regulations to protect sensitive details of a person’s identity.
Protection of private data	Clear definition of the internal controls associated with the protection of personally identifiable information generated as a result of the affiliate agreement or access that might be required to PII data to fulfill the terms of an agreement.
Recovery and disclosure of revenue and costs	Declaration of known anticipated revenue and costs as part of the proposed agreement. While not necessarily all inclusive, they should document known major sources of revenue and elements of cost to each of the parties as a result of the agreement’s terms.
Responsibilities of all parties to the agreement	Key responsibilities of each of the parties to the agreement.
Rights to Intellectual Property and Inventions	Statements of rights to intellectual property and inventions as a result of activities associated with exercise of terms in the affiliate agreement.
Severability	A provision in the affiliate agreement which states that if parts of the contract are held to be illegal or otherwise unenforceable, the remainder of the contract should still apply. A statement of any provisions to the agreement so essential to its purpose that if they are deemed illegal or unenforceable, the contract as a whole will be voided. Statement of terms under which the agreement will be declared void, if required.
Shared facilities	The terms associated with the sharing of facilities between the respective parties to the affiliate agreement.
Staff responsibilities and benefits	Specific employee responsibilities called out in the agreement that requires action or accountability of the parties to each other through their staff.
Statement of Intent	Statements defining mutual benefits and obligations to support the agreement.
Taxes	Statement of obligations for tax consequences as a result of the affiliate agreement.

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Termination of agreement clause	In most contracts providing for automatic renewal, either party may exercise the right to terminate. The terms of this right should be declared here.
Terms of Assignment	Stated terms and conditions of any transfer of either party's rights responsibilities or property to another entity beyond those currently part of the agreement.
Use of Name	Statement permitting reciprocal use of University or affiliates name in accordance with California Education Code 92000 .
Waivers	Declaration that neither failure nor delay on the part of any party to exercise any right, remedy, power or privilege hereunder nor course of dealing between the parties shall operate as a waiver thereof, or of the exercise of any other right, remedy, power or privilege.

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