UC SANTA BARBARA

UCSB Audit and Advisory Services

Audit Memorandum

Foreign Influence

April 27, 2021

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Report No. 08-20-0020

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University of California, Santa Barbara

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April 27, 2021

To: Distribution

From: Ashley Anderson, Director
       Antonio Manas-Melendez, Associate Director

Re: **Foreign Influence**
       Audit Memo No. 08-20-0020

PURPOSE

In accordance with the fiscal year 2019-20 University of California (UC) audit plan, the systemwide Office of Ethics, Compliance and Audit Services (ECAS), in coordination with the internal audit departments at all UC campuses and the Lawrence Berkeley National Laboratory (LBNL), conducted a foreign influence audit. The purpose of this project was to evaluate the system of internal controls in place to manage risks identified by the federal government related to foreign influence.

SCOPE, OBJECTIVES, AND METHODOLOGY

Audit & Advisory Services conducted a campus foreign influence internal controls review, based on a systemwide audit program, and reported local processes and assessments to the Office of Ethics, Compliance and Audit Services (ECAS).

The scope of the audit included interviews and a review of activities in the following areas that were relevant to foreign influence risk which included:

- Conflicts of interest
- Conflicts of commitment
- Export controls
- Sponsored programs/grant processing
- Development and alumni relations
- Visas for international scholars and student/graduate studies
- International activities
- Academic departments and faculty
- Intellectual property security and control
- Training
- Policy

Our audit work involved interviews with relevant campus personnel to gain an understanding of processes and controls, and to access monitoring mechanisms in place to mitigate potential risks with foreign activity.

We reviewed campus processes to identify noncompliance with required disclosures related to conflicts of interest, conflicts of commitment, and other support. In addition, we focused on the following campus oversite: training and awareness programs, management of positive disclosures, monitoring and or reconciliation of disclosure information from various sources, adequacy of third-party screening, escalation procedures for discrepancies or concerns identified, record keeping procedures, and mechanisms to secure pre-publication data and research space.

In addition, a sample test was performed on selected National Institutes of Health (NIH) grants to evaluate and assess the accuracy of reporting foreign affiliations. We compared information in grant documents, sabbatical records, and publications to evaluate the accuracy of other support and affiliation reporting.

This audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

OBSERVATIONS

Our observations, findings, and recommendations were consolidated and included in the systemwide audit report, issued on April 8, 2021. This memo only consists of local recommendations and management corrective actions that have been discussed and accepted at the local level and by ECAS.

Appendix A includes all local recommendations and management corrective action items with estimated implementation dates.

We would like to thank the Office of the Executive Vice Chancellor, Office of Research, Office of Academic Personnel, Office of Technology & Industry Alliances, Office of International Students & Scholars, and the Office of Financial Aid and Scholarships for your assistance in completing our work.

Respectfully submitted,

Ashley Andersen
Director
Audit and Advisory Services

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APPENDIX A

Local Recommendations and
Management Corrective Actions

Table 1		Systemwide Foreign Influence Audit – Local Recommendations and Management Corrective Actions		
No	**Recommendation**	**Management Corrective Action**	**Owner**	**Implementation Date**
1.	**Protocols to Detect Undisclosed Faculty Affiliations**			
1.2	Evaluate the recommended baseline institutional protocols and modify them as necessary vis-à-vis their own infrastructure, resources, and communication and IT systems to implement them locally. For example, templates developed by the working group could be tailored to meet local needs.	Following receipt of workgroup product (1.1), and in consideration of the outcomes of Recommendation 3, Office of Research (OR) will partner with the Office of Academic Personnel and the Office of the Executive Vice Chancellor to coordinate with campus stakeholders to evaluate the impact of new baseline protocols and identify local protocols that could be modified. Campus will begin implementing these protocols with consideration for existing resources and local approval timelines.	• Office of Research • Office of Academic Personnel • Office of Executive Vice Chancellor	April 15, 2022 (300 days following release of UC baseline protocols in recommendation 1.1, estimated by June 30, 2021).
2. Conflict of Interest				
2.1	Implement protocols at the campuses, health systems, and LBNL to ensure that the compliance function (CECO and HCCO) regularly receives information (such as copies of determination letters sent to PIs after identification of significant financial interests in foreign entities) and is engaged, as appropriate for each location, on significant conflict of interest issues and management plans. An example of engagement by the compliance officer could be ex-officio membership on a financial conflict of interest committee.	The COI Administrator will copy the CECO on any COI Management Plans that are recommended by the COI Committee and implemented by the Vice Chancellor for Research.	• Office of Research	June 7, 2021 (60 days from final systemwide audit report issued April 8, 2021).
3. Conflict of Commitment				
3.6	Evaluate the protocols and measures developed to help ensure complete and timely submission and review of outside activity disclosures vis-à-vis their own infrastructure resources, and	Evaluate and implement recommended protocols and measures to help ensure complete and timely submission and review of outside activity disclosures, based on University infrastructure resources, communications, and IT systems. Those measures	• Office of the Executive Vice Chancellor • Office of Academic Personnel	January 1, 2022 (Within 6 months of UC developed protocols and measures following completion of protocols developed in

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	communication and IT systems to implement these or other measures to achieve the same goal.	would include potential consequences for late or missed outside activity disclosures.		systemwide recommendation 3.3 with a target date of June 30, 2021).
3.7	Evaluate the best practice solutions for institutional office compliance monitoring recommended by the OATS Governance Board and modify them as necessary to implement them locally.	Evaluate best practice solutions recommended by the OATS Governance Board to implement adequate controls to perform ongoing compliance monitoring.	• Office of the Executive Vice Chancellor • Office of Academic Personnel	October 1, 2021 (Within 6 months of the OATS Governance Board updates and enhancements to the system and communications of best practice solutions. OATS responded in March 2021).
4. Training and Awareness				
4.6	Implement the system-developed "Ethics and Compliance Briefing for Researchers" training module and require, at a minimum, all researchers receiving research funding to complete the training biennially. Consider expanding the training audience to graduate students, visiting scholars, and grant key personnel.	Implementation is dependent on final requirements and coordination required with campus stakeholders and UCOP/ECAS. If training is launched through LMS, then OR will coordinate with EVC/AP to determine the most efficient means to identify researchers who are required to complete training, and then implement the training.	• Office of Research	October 30, 2021 (6 months depending on effort required following completion of training module developed in systemwide recommendation 4.4 with a target date of April 30, 2021).
4.7	Address consequences for non-compliance with the completion requirement for the mandatory systemwide training.	1. Following implementation of the training by UCOP and the campus, OR will confirm that relevant control points have access to non-compliance reports. OR will implement any changes to UC policy that impact OR procedures. (9 months or less). 2. Office of Research will convene local stakeholders (e.g., Legal, Academic Senate, AP, EVC, HR) to discuss and implement appropriate consequences for non-compliance.	• Office of Research	February 24, 2022 1. January 20, 2022 (9 months from release of training module and instructions by UCOP based on completion of training module developed in systemwide recommendation 4.4 with a target date of April 30, 2021). 2. (OR will initiate campus discussion within 300 days based on completion of training module developed

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				in systemwide recommendation 4.4 with a target date of April 30, 2021).
4.8	Implement a local foreign influence risk communication plan, taking into consideration the systemwide guidance.	Implement communication plan based on systemwide guidance with consideration for campus-specific needs and requirements.	• Office of Research	March 30, 2022 (Est. 6 months from receipt of plan and guidance from UCOP, with consideration for delays surfacing with MCA for 4.6 and 4.7 following completion of communication plan developed in systemwide recommendation 4.2 with a target date of September 30, 2021).
5. Restricted Party Screening				
5.3	Create and implement export control procedures as outlined in the UC export control policy. At a minimum, these procedures should include: • Defined roles and responsibilities for restricted party screening as outlined in the export control policy. • Escalation procedures for positive screenings. • Periodic ECO monitoring to ensure that the responsible parties are performing these procedures.	Review and, where necessary, update campus export compliance manual and guidelines to ensure incorporation of procedures including, but not limited to: • Defined roles and responsibilities for restricted party screening as outlined in the export control policy. • Escalation procedures for positive screenings • Periodic ECO monitoring to ensure that the responsible parties are performing these procedures. As necessary, identify and train new groups that may be required to conduct RPS.	• Office of Research	June 30, 2022 (6 months from receipt of guidelines and training identified in MCA for 5.1 and 5.2 based on systemwide target date of December 31, 2021) and with consideration for campus resources.
5.4	Implement the system-developed training module to educate faculty and staff on the importance and requirements of restricted party screening.	Implement the system-developed restricted party screening training module.	• Office of Research	June 30, 2022 (6 months following availability of training module, dependent on effort required, based on systemwide target date of December 31, 2021).

Table 1	Systewide Foreign Influence Audit – Local Recommendations and Management Corrective Actions			
No	**Recommendation**	**Management Corrective Action**	**Owner**	**Implementation Date**
6. Export Control Red Flags				
6.2	Implement written procedures to address red flags in accordance with systemwide guidance, including escalation procedures that are specific to the location.	Implement systemwide guidance on export control red flags with consideration of existing resources and tools. Communicate procedure changes to campus, partner with impacted contracting units, and update published resources.	• Office of Research	October 27, 2022 (300 days from receipt of UCOP guidance, depending on complexity following development of written procedures developed in systemwide recommendation 6.1 with a target date of December 31, 2021).
6.3	Develop localized training on the red flags procedures leveraging the systemwide training content and implement the training for appropriate personnel.	Update or develop local training materials on export control red flags following release of applicable UC content changes and training.	• Office of Research	October 27, 2022 (300 days from receipt of UCOP guidance, depending on complexity following development of written procedures developed in systemwide recommendation 6.1 with a target date of December 31, 2021).
7. Vetting of International Scholars				
7.2	Implement the systemwide guidance, vis-à-vis the location's infrastructure, resource, communication and IT systems, etc., in the form of local procedures, which should include escalation procedures that are specific to the location.	The Office of International Students and Scholars (OISS) had a procedure in place for screening J-1 Exchange Visitors for export control issues prior to the Foreign Influence Audit. Through a collaboration with the Export Control Officer, basic information on incoming J-1 Exchange Visitors was forwarded to the Office of Research and Export Control for screening. With the recent implementation of OISS's new database, UCSBGlobal, this procedure has been updated. *UCSBGlobal – Current IT Infrastructure and Local Procedure*	• Office of International Students and Scholars	March 31, 2022 (This process has been implemented. However, OISS will update any outstanding systemwide guidance once published with a target date of 3 months after receiving systemwide recommendation 7.1 guidance with a target date of December 31, 2021).

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		With the launch of UCSBGlobal on February 8, 2021, an export control questionnaire and certification is embedded directly in our office's IT infrastructure, as recommended by the systemwide guidance. As part of the electronic invitation process initiated by a UCSB academic department, all faculty members hosting a J-1 Exchange Visitor are now required to complete a brief questionnaire that is automatically emailed to the faculty host upon submission of the J-1 DS-2019 request. Responses to the questionnaire are required and the submission cannot proceed until the questionnaire is answered and submitted by the faculty member. *The Export Control Questionnaire* After briefly informing the faculty host of their obligations under the export control regulations, the questionnaire uses a series of yes-no questions to obtain information about whether or not the incoming J-1 Exchange Visitor will be engaged in scientific research and will work with deemed exports. Responses for every incoming J-1 Exchange Visitor are then compiled in an "export control report" generated through the UCSB Global database. Every time a new J-1 Exchange Visitor request is processed by an OISS staff member, the "export control report" is produced and shared with the campus Export Control Officer who screens the biographical and export control information in accordance with export control procedures. *Escalation Procedure* After reviewing the information provided, the Export Control Officer can contact OISS and, in consultation		

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		with the J-1 Responsible Officer/Director of OISS, place a hold on the issuance of a DS-2019 until such time as all export control concerns have been addressed with the faculty host and the incoming J-1 Exchange Visitor. *Communication* OISS recently collaborated with the Export Control Officer on a memo distributed to campus in February 2021 regarding the new procedure, and clarifying each office's role in the export control screening and J-1 invitation processes. OISS will address and update any outstanding procedures outlined in the systemwide guidance once it has been published for assessing risk and identifying and vetting international scholars, including postdoctoral researchers, visiting scholars and graduate students, and their associated entities.		
8. Research Data Protections				
8.2	Implement guidelines for compliance with UC Research Data and Tangible Research Materials policy. At a minimum, these guidelines should establish responsibility for tracking compliance with sponsor research data protection requirements.	Office of Research will coordinate with campus stakeholders to establish and communicate responsibilities identified in the policy. With consideration for local resources, OR will identify responsibility for tracking compliance with sponsor research data protection requirements.	• Office of Research	October 27, 2022 (300 days following publication of UC Policy with a systemwide target date of December 31, 2021).
9. Oversight of Foreign Gifts and Contracts Reporting				
9.2	Convene a working group or committee to oversee Section 117 reporting that consists of representatives from all reporting departments. The working group should identify a central office with	UCSB has developed a tracking protocol that serves to record Section 117 reporting. We have identified key departments that we have historically worked with in regards to foreign gifts reporting, and we have identified a certifier/reviewer and submitter for each	• Office of Financial Aid and Scholarships	July 30, 2021

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	the appropriate *knowledge of the U.S. Department of Education* requirements to review each Section 117 report prior to submission.	department. We have established a workflow for this tracking to ensure the proper certification and submission of all entries. The departments that we are closely working with include the Office of Development; The Office of Institutional Research; Alumni Affairs; UC EAP; and Business and Financial Services/ Procurement, among others. This process is in place now. The Office of Financial Aid and Scholarships has been identified as the central office with the appropriate knowledge of the U.S. Department of Education of Section 117 requirements and experience in the review process. The review process includes the support of department reviewers, as described in the first part of this Management Corrective Action.		
9.3	Establish protocols to ensure individuals responsible for making determinations on selling membership agreements are not also receiving the benefit from associated fees.	Draft and distribute communication on campus reminding faculty and staff of the need to obtain the approval of the Office of Technology & Industrial Alliances for any proposed membership agreements that apply to research centers/programs/activities and involve either intellectual property terms or for-profit members.	• Office of Research • Office of Technology & Industrial Alliances	July 7, 2021 (90 days from systemwide final audit report issued April 8, 2021).

Source: Responses from Office of the Vice Chancellor, Office of Research, Office of International Students and Scholars, Office of Technology & Industrial Alliances, and Office of Financial Aid and Scholarships.