# RIVERSIDE: AUDIT & ADVISORY SERVICES

October 15, 2021

To: Rodolfo Torres, Vice Chancellor for Research and Economic Development

Subject: Systemwide Foreign Influence Audit - Local Report

Ref: R2020-03

We have completed our Systemwide Foreign Influence Audit in accordance with the University of California, Riverside Internal Audit Plan. Our local report is attached for your review. We will perform follow-up procedures in the future to review the status of management action. This follow-up may take the form of a discussion or perhaps a limited review. R2020-03 will remain open until we have evaluated the actions taken.

Should you have any questions regarding the report, please do not hesitate to contact me.

 Gregory Moore

 Director

cc: Ethics & Compliance Risk and Audit Controls (ECRAC) Committee

Associate Vice Chancellor for Research Greer

 Vice Provost International Affairs Princevac

Assistant Vice Provost for Academic Personnel Napper

CFAO Advancement Administration McDade

CFAO for CNAS Dean’s Office Farias

Assistant Dean and CFAO of COE Dean’s Office Rackstraw

Associate Dean and CFAO SOM Finance & Administration Aldana

Chief Compliance and Privacy Officer SOM Compliance Hackman

UNIVERSITY OF CALIFORNIA AT RIVERSIDE

AUDIT & ADVISORY SERVICES

MEMBER OF ASSOCIATION OF COLLEGE & UNIVERSITY AUDITORS

REPORT R2020-03

SYSTEMWIDE FOREIGN INFLUENCE AUDIT-LOCAL REPORT

OCTOBER 2021

Approved by:

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Principal Auditor Director

**UC RIVERSIDE**

**SYSTEMWIDE FOREIGN INFLUENCE AUDIT-LOCAL REPORT**

**REPORT R2020-03**

**OCTOBER 2021**

**I. MANAGEMENT SUMMARY**

In accordance with the fiscal year 2019-20 University of California (UC) Audit Plan, the Systemwide Office of Ethics, Compliance and Audit Services (ECAS) oversaw the Systemwide Audit of Foreign Influence. ECAS performed this audit in coordination with the Internal Audit departments at all UC campuses and the Lawrence Berkeley National Laboratory (LBNL) using a standard Systemwide audit program.

ECAS developed a summary report based on information gathered by each location’s Internal Audit department. This systemwide Foreign Influence Audit report (Project No. P20A004) was issued in February 2021. It provides a consolidation of the systemwide findings and a set of systemwide recommendations. Some recommendations are directed to systemwide units and some are directed to local campuses.

Only the responses/action plans from systemwide groups (e.g. Council of Vice Chancellors of Research, etc.) are included in the ECAS report. The objectives of this report are to document the local campus responses/action plans, establish responsibility for implementing the action plans, and set target dates. The local campus responses/action plans are documented in Section III, Observation A of this report.

Based upon the results of work performed within the scope of the review, we also observed one additional opportunity to strengthen campus internal controls and improve the efficiency and effectiveness of operations. This is explained in detail and has been addressed by the Research and Economic Development (RED) management as stated in Section III, Observation B of this report.

Also, discrepancies noted in our sample testing did not meet the criteria including Talent Program Participation, Grants from Foreign Government and Significant Time Commitment at a Foreign Entity or University for referral to the Campus Locally Designated Official (LDO). However, as recommended by ECAS, discrepancies (2 were noted) were referred to the Academic Personnel Office (APO). This is explained in detail in Section III, Observation C of this report.

Minor items not of the magnitude to warrant inclusion in this report were discussed verbally with management.

**II. INTRODUCTION**

**A. OBJECTIVES AND SCOPE**

The overall objective of the audit is to evaluate the system of internal controls in place to manage Foreign Influence risks identified by the Federal government.

The scope of the audit included evaluation of the design of internal controls in the following areas relevant to Foreign Influence risk:

• Conflicts of interest

• Conflicts of commitment

• Export controls

• Sponsored programs/grant processing

• Development and Alumni Relations

• Visas for international scholars

• Foreign collaborations

• Academic departments and faculty

• Intellectual Property security and control

• Training

• Policy

Additionally, audit procedures included sample testing of National Institutes of Health grants to assess the accuracy of reporting on affiliations and other support. The sample selection was limited to active grants in emerging technologies as identified in the list of “Representative Technology Categories” in the Bureau of Industry and Security 11.19.2018 Proposed Rule.

Internal Audit departments at each of the 10 UC campuses and LBNL performed audit procedures using a common audit program that ECAS developed for this review. These audit procedures generally consisted of interviews and process walkthroughs with location personnel in various departments. The local Internal Audit departments summarized the results of these procedures and provided them to ECAS for the development of their report. ECAS then reviewed this information and requested clarification and additional information, when necessary.

The ECAS report observations represent systemwide issues or any issues that did not arise from specific local conditions. Each campus has issued/will issue a separate audit report to address the systemwide issues as well as any specific local issues not addressed in the ECAS report. See the systemwide report (Project No. P20A004) for agreed-upon management corrective actions for each of the recommendations to systemwide units. For each location recommendation, the respective locations identified management corrective actions with assigned target dates. ECAS reviewed the campuses’ management corrective actions to ensure that they appropriately address the systemwide recommendations. The campus Internal Audit departments, with oversight from ECAS will track these management corrective actions to ensure completion.

**B. BACKGROUND**

In early 2018, UC observed increased concern regarding Foreign Influence in academia within the Federal government and amongst UC's peer institutions. Federal funding agencies have issued new requirements and guidance, Federal law enforcement agencies have increased prosecutorial activity, and Congress has passed new legislation and sought information on how the academic research community is responding to this evolving issue. The University recognized that these issues were significant. Then UC President Janet Napolitano addressed the essence of these concerns in her letter to the Chancellors and the LBNL Director on February 7, 2019. In her letter, she tasked the ECAS with designing a compliance plan to address these issues in a manner that supports the University of California's core mission and commitment to openness in research and international research collaborations.

Additional background can be found in the ECAS systemwide report (Project No. P20A004).

**III. OBSERVATIONS, RECOMMENDATIONS, RESPONSES**

1. **Local Campus ECAS Report Recommendations and Responses**

| **CAMPUS:**  |
| --- |
| **Recommendation** | **Management Corrective Action** | **Target Date** |
| Protocols to Detect Undisclosed Faculty Affiliations |
| 1. 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.
 | Responsible local (UCR) units: UCR Office of Research and Economic Development (UCR RED), UCR Academic Units[[1]](#footnote-2)UCR RED will implement the recommended baseline institutional protocols developed in 1.1 of the systemwide report (Project No. P20A004).UCR Academic Units: We are committed to partnering to the best of our ability, on the development of the required implementation strategies, once we have a better understanding of what those will be.   | UCR RED:August 31, 2022.  |
| Conflict of Interest |
| * 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.
 | Responsible local units: UCR Chief Compliance Officer (UCR CCO), UCR Health Sciences CCO (UCR HCCO)UCR CCO (Campus): The UCR CCO, Kiersten Boyce, serves as an ex officio member on the Promoting Research Objectivity (PRO) Committee within UCR RED’s Office of Research Integrity since August 2018. In addition, in December 2020, Ian Harazduk, Compliance Analyst and Privacy Officer within the CCO, was also added as an ex-officio member of the committee (to serve as an alternate to the CCO, when needed). A recommendation in line with this MCA would be to look at PRO’s terms of confidentiality and whether these too forcefully restrict the CCO from using information obtained in this committee for investigations or other compliance-related purposes.UCR HCCO: The UCR SOM has established its own Conflict of Interest Committee for vetting of industry opportunities, and providing oversight, education and guidance to faculty. The HCCO serves an *ex-officio* member. | UCR CCO (Campus): ImplementedUCR HCCO: Implemented |
| Conflict of Commitment |
| 1. 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 communication and IT systems to implement these or other measures to achieve the same goal.
 | Responsible local units: UCR APO, UCR CCO, UCR HCCO, UCR Academic UnitsUCR APO will implement protocols to help ensure complete and timely submission and review of outside activity disclosures developed in 3.3 of the systemwide report (Project No. P20A004). UCR CCO (Campus): The CCO currently has access to OATS. CCO strongly supports what we suggest should be a collaborative (APO, RED, CCO) effort to develop monitoring protocols. To date, the UCR CCO has used OATS access only in the context of an investigation or related matter (e.g., informal initial information-gathering in response to a concern raised).UCR HCCO: Per requirements of the Health Sciences Compensation Plan (HSCP), the UCR SOM faculty complete annual COC disclosures pursuant to either APM 025 or APM 671. The School works in collaboration with the UCR APO to identify those faculty members with reporting obligations, actively follows up with individual faculty and monitors, tracks, and reports on Compliance status.UCR Academic Units: We are committed to partnering to the best of our ability, on the development of the required implementation strategies, once we have a better understanding of what those will be.  | UCR APO: August 31, 2022.UCR CCO (Campus): Implemented.UCR HCCO: Implemented.  |
| * 1. 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.
 | Responsible local units: UCR Academic Personnel, UCR CCO, and UCR Academic UnitsUCR Academic Personnel will implement the best practice solutions for institutional office compliance monitoring developed in 3.5 of the systemwide report (Project No. P20A004) as appropriate locally.UCR CCO (Campus): The CCO currently has access to OATS. CCO strongly supports what we suggest should be a collaborative (APO, RED, CCO) effort to develop monitoring protocols. To date, CCO has used OATS access only in the context of an investigation or related matter (e.g., informal initial information-gathering in response to a concern raised).UCR Academic Units: We are committed to partnering to the best of our ability, on the development of the required implementation strategies, once we have a better understanding of what those will be.  | UCR Academic Personnel: August 31, 2022.UCR CCO (Campus): Implemented. |
| Training and Awareness |
| * 1. 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.
 | Responsible local units: UCR RED, UCR Academic UnitsUCR RED: UCR RED, UCR Academic Personnel and UCR Academic Units will work together to implement the “Ethics and Compliance Briefing for Researchers” training module and requirements as required by UCOP. UCR HCCO: The SOM monitors LMS course completions on a weekly basis and periodically reports completion rates to the Compliance Committee. Compliance status with course assignments is required as a condition of Good Standing; this is also required under each HSCP Departmental Compensation Plans.UCR Academic Units: We are committed to partnering to the best of our ability, on the development of the required implementation strategies, once we have a better understanding of what those will be.  | UCR RED: August 31, 2022UCR HCCO: Implemented.  |
| * 1. Address consequences for non-compliance with the completion requirement for the mandatory systemwide training.
 | Responsible local units: UCR RED, UCR HCCO, UCR Academic UnitsUCR RED: RED is committed to address consequences for non-compliance with the completion requirement for the mandatory Systemwide training. However, a mandatory training with consequences may require Academic Senate approval. This needs to be discussed by UCR RED, UCR APO, UCR Academic Units initially. UCR HCCO: UCR SOM has instituted a policy where faculty do not receive funding support for development activities unless they are current on all training assignments.UCR Academic Units: We are committed to partnering to the best of our ability, on the development of the required implementation strategies, once we have a better understanding of what those will be.  | UCR RED: August 31, 2022.UCR HCCO: Implemented.  |
| * 1. Implement a local foreign influence risk communication plan, taking into consideration the systemwide guidance
 | Responsible local units: UCR RED, and UCR Academic UnitsUCR RED: This was addressed by the Provost Taskforce on International Research and Scholarly Activities (IRSA). This will used as the guide to implement the communication plan, while also taking into account Systemwide guidance. Note: UCR CCO is participating with RED in some foreign influence risk communications, including a Commitment to Export Control Compliance Memo. UCR Academic Units: We are committed to partnering to the best of our ability, on the development of the required implementation strategies, once we have a better understanding of what those will be.  | UCR RED:August 31, 2022.  |
| Restricted Party Screening |
| * 1. 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.
 | Responsible local units: UCR RED, UCR HCCO UCR RED: UCR Export Control Office (ECO) will implement export control procedures as outlined in the UC export control policy. To that end UCR ECO will develop a standard operating procedure(s) that can be used by the units with a role and responsibility in performing RPS. ECAS/Export Control is working on further guidance for the campuses that will include escalation procedures for positive screenings and periodic ECO monitoring. Note: The implementation will involve various units on campus and not limited to Academic Units. UCR HCCO: The UCR SOM contracts with Streamline Verify, a third-party vendor who screens all SOM vendors, staff, and faculty for exclusion from federal programs on a monthly basis. The UCR SOM will collaborate with RED to ensure that the appropriate databases are screened against to comply with this requirement. | UCR RED: by June 30, 2022. UCR HCCO: by November 15, 2021.  |
| * 1. Implement the system-developed training module to educate faculty and staff on the importance and requirements of restricted party screening
 | Responsible local units: UCR RED UCR RED Export Control Office will implement the system-developed training and make available general RPS training and awareness as part of the standard operating procedure identified in action 5.3 of the systemwide report (Project No. P20A004). | UCR RED: June 30, 2022\*\*est. 6-9 months after system-developed training module is made available |
| Export Control Red Flags |
| 1. Implement written procedures to address red flags in accordance with systemwide guidance, including escalation procedures that are specific to the location.
 | Responsible local units: UCR RED UCR RED Export Control Office will develop written procedures in accordance a standard operating procedure, in accordance with Systemwide guidance, that can be used by all campus personnel.  | UCR RED: June 30, 2022\*\*est. 6-9 months after systemwide guidance is issued |
| * 1. Develop localized training on the red flags procedures leveraging the systemwide training content and implement the training for appropriate personnel.
 | Responsible local units: UCR RED UCR RED Export Control Office will develop localized training on the red flags procedures leveraging the Systemwide training content and implement the training for appropriate personnel.  | UCR RED: June 30, 2022\*\*est. 6-9 months after systemwide training content is made available |
| Vetting of International Scholars |
| * 1. 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.
 | Responsible local units: UCR International Affairs, UCR Academic UnitsUCR will review and implement the systemwide guidance (due to be received by 12/31/21), vis-à-vis the location’s infrastructure, resource, communication and IT systems, etc., in the form of local procedures that are specific to the location.UCR Academic Units: We are committed to partnering to the best of our ability, on the development of the required implementation strategies, once we have a better understanding of what those will be.  | UCR International Affairs:Estimated 6-9 months after systemwide guidance is issued. December 15, 2021.  |
| Research Data Protections |
| * 1. 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.
 | Responsible local units: UCR RED, UCR HCCO, UCR Academic Units, UCR Campus CISOUCR RED: The UC Research Data and Tangible Research Materials policy is still in draft. UCR RED will implement guidelines as required by the policy. This will include, at a minimum, establishing responsibility for tracking compliance with sponsor research data protection requirements in these guidelines. UCR HCCO: In the absence of a campus-wide guideline, the UCR SOM is piloting a workflow for IT procurement. This includes any purchases that may implicate University research data. The process includes deployment of a newly developed form that is intended to collect sufficient information to properly classify any research data and perform a comprehensive security risk assessment.UCR Academic Units: We are committed to partnering to the best of our ability, on the development of the required implementation strategies, once we have a better understanding of what those will be. UCR Campus CISO: ITS’ involvement in the areas addressed by this audit will be via our support of the applicable campus units in their implementation of technical systems related to these business areas. | RED: August 31, 2022.HCCO: Implemented.  |
| Oversight of Foreign Gifts and Contracts Reporting |
| * 1. 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 the appropriate knowledge of the U.S. Department of Education requirements to review each Section 117 report prior to submission.
 | Responsible local units: UCR CCO. UCR CCO (Campus): UCR has a committee that oversees the Section 117 reporting. The Chief Compliance Officer has oversight (working group lead) for the completion and submission of the report Per UCR Section 117 Reporting Procedures, the Chief Compliance Office requests and reviews the information from the working group and convenes the group if any questions/issues arise. The ultimate submission report is developed by the CCO from submissions provided by the working group, then reviewed by the working group prior to submission—as well as by Financial Aid who ultimately completed the submission. The working group consists of representative from: UCR CCO, UCR Sponsored Programs Administration, UCR Student Financial Aid, UCR Gift Administration, UCR Intellectual Property, Campus Counsel, UCR School of Medicine Compliance, Business & Financial Services, and Student Business Services. | UCR CCO (Campus): Implemented. |
| * 1. Establish protocols to ensure individuals responsible for making determinations on selling membership agreements are not also receiving the benefit from associated fees.
 | Responsible local units: UCR BCOEUCR BCOE currently has such membership agreements and will establish protocols.UCR SOM and UCR CNAS do not currently have nor foresee having such membership agreements, but if/when they do, they will establish protocols to ensure individuals responsible for making determinations for selling membership agreements are not also receiving the benefit from associated fees.  | UCR BCOE: Implemented.  |

1. **Export Controls Officer**

We noted during our audit fieldwork that UCR did not have a Campus Export Controls Officer. The Associate Vice Chancellor of Research & Economic Development was performing this role. The position has now been filled.

1. **Referrals to LDO and Local Units**

Discrepancies noted in our sample testing did not meet the criteria including Talent Program Participation, Grants from Foreign Government and Significant Time Commitment at a Foreign Entity or University for referral to the Campus LDO. However, as recommended by ECAS, discrepancies were referred to the Academic Personnel Office (APO).

We selected a judgmental sample of 15 Principal Investigators (PIs) and tested to determine if the annual Conflict of Commitment (COC) report was filed by these PIs, if applicable. This additional testing was requested by ECAS.

We observed that the annual COC report was not filed for four of 15 selected samples tested. Based on our discussion with the applicable department, two of the four PIs missing COC reports were actually graduate students or post-doctoral researchers and COC filing was not required. The two-remaining outstanding COC reports were not filed. We referred these two individuals who were missing COC reports to the APO.

1. Represented by UCR School of Medicine (UCR SOM), UCR College of Agriculture and Natural Sciences (UCR CNAS), UCR Bourns College of Engineering (UCR BCOE). [↑](#footnote-ref-2)