



LITTLE HOOVER COMMISSION

Daniel W. Hancock
Chairman

August 17, 2009

John Chiang
California State Controller
300 Capitol Mall, Suite 1850
Sacramento, CA 95814

Dear Mr. Chiang,

Thank you for your letter of July 17, 2009, and your comments about the Little Hoover Commission's study process and its report on the California Institute for Regenerative Medicine (CIRM). Your input as State Controller and Chair of the Citizens Financial Oversight and Accountability Committee (CFAOC) is appreciated and important.

As the Commission noted in its report, CIRM would benefit from having an outside entity continue to monitor its programmatic and strategic performance. Expanding the role of the CFAOC to go beyond reviewing CIRM's financial audits would create an important, regular check on CIRM as it enters a critical stage of maturing from its start-up phase into an operational mode.

While I understand your concern about the Commission's interpretation that the CFAOC could exercise its existing authority to pursue this course of action, the Commission recognized that there is sufficient ambiguity to warrant a broad interpretation as well as the need to cement that interpretation into revised statutory language.

Your staff has been most generous with their time and in sharing information and ideas about the CFAOC. Commission staff also has benefited from attending CFAOC meetings in person. The Commission, however, was not aware that a formal legal opinion had been drafted about the CFAOC's authority nor was a formal legal opinion provided to the Commission. Regardless, the Commission stands by its interpretation of the CFAOC mission.

Additionally, the Commission did, in fact, seek legal advice from the Attorney General's Office about the ability to amend statutes enacted by a ballot measure. The AG declined to comment on specific recommendations, citing a conflict of interest with the Commission because the AG has represented CIRM in litigation, though the AG has provided legal assistance to the Commission for many years.

I am encouraged that you support the Commission's recommendation to expand the CFAOC's statutory authority and look forward to discussing the report findings and recommendations with the CFAOC members and working with you on implementing our recommendations.

Sincerely,


Daniel W. Hancock
Chairman