

## **Section IV**

### **Findings**

**California Institute of Technology**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2012**

---

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? None Reported

Noncompliance material to the financial statements noted? No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? None Reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings that are required to be reported in accordance with OMB Circular A-133? Yes

Identification of major programs:

<b>Program Name</b>	<b>CFDA Number</b>	
Research and Development Cluster	Various	
Student Financial Aid Cluster	Various	
Dollar threshold used to distinguish between type A and type B programs:		\$3,000,000
Auditee qualified as a low-risk auditee?		Yes

**California Institute of Technology  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2012**

---

**SECTION II – FINANCIAL REPORTING FINDINGS**

None reported

**California Institute of Technology  
Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2012**

---

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 12-01: Federal Funding Accountability and Transparency Act (FFATA) Reporting Not Performed Timely**

Sponsor Award Number: HR0011-11-2-0006, R03DE022521A, 1120890

Sponsoring Agency: Defense Advance Research Project Agency, National Institutes of Health, National Science Foundation

CFDA Number: 12.910, 93.121, 47.041

Caltech Award Number: DARPA.LRS2011, NIH.R03DE022521, NSF.SNM

**Condition**

In testing the Institute's reporting of subrecipients subject to the Federal Funding Accountability and Transparency Act, we sampled seven files involving subawards of \$2,900,000 out of a total population of subawards of \$10,300,000. We noted that FFATA reporting was performed for all awards tested. However, for three of the seven subrecipients tested, we noted that FFATA reporting was performed 29 days after the deadline.

**Citation**

Transparency Act, implementing requirements in 2 CFR part 170 and the FAR.

**Criteria**

When utilizing subrecipients to perform certain tasks under receipt of federal awards, the Institute is responsible for reporting those subawards that are subject to Transparency Act requirements on a timely basis on USASpending.gov to ensure that information is made available to the public.

**Questioned Costs**

None identified.

**Cause**

Management did not have a mechanism to track all required subawards to ensure FFATA reporting was performed on a timely basis.

**Effect**

Failure to follow FFATA reporting for subawards does not allow for full transparency of how the Institute is using Federal funding.

**Recommendation**

We recommend that the Institute enhance the controls and processes for timely FFATA reporting.

**Management's Views and Corrective Action Plan**

Management's views and corrective action plan are included at the end of this report.

**California Institute of Technology**  
**Summary Schedule of Prior Year Audit Findings**  
**and Questioned Costs**  
**For the Year Ended September 30, 2012**

---

There are no prior year audit findings that require an update in this audit report.

# *CALIFORNIA INSTITUTE OF TECHNOLOGY*

Pasadena, California 91125

Office of the Associate Vice President for Research Administration  
Financial Services Administration Building, Mail Code 201-15  
626-395-6073

June 26, 2013

PricewaterhouseCoopers LLP  
350 South Grand Avenue  
Los Angeles, California 90071-2889

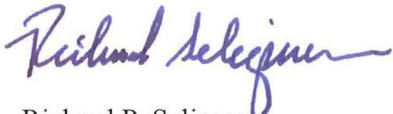
Subject: California Institute of Technology Management's Views and Corrective Action Plan

Reference: OMB Circular A-133 Audit for Fiscal Year 2012

Enclosed is the California Institute of Technology's OMB Circular A-133 Management's Views and Corrective Action Plan for fiscal year ended September 30, 2012.

Please feel free to call me if any further information or clarification is required.

Sincerely,



Richard P. Seligman  
Associate Vice President for Research Administration

Enclosure

# ***CALIFORNIA INSTITUTE OF TECHNOLOGY***

Pasadena, California 91125

Office of the Associate Vice President for Research Administration  
Financial Services Administration Building, Mail Code 201-15  
626-395-6073

**Fiscal Year 2012**

<b>Finding Number</b>	<b>Condition</b>	<b>Management's Views and Corrective Action Plan</b>	<b>Responsible Individual</b>	<b>Planned Completion Date</b>
12.1	In testing the Institute's reporting of subrecipients subject to the transparency act, we sampled seven files involving subawards of \$2.9 million out of a total population of subawards of \$10.3 million. We noted that FFATA reporting was performed for all awards tested. However, for three of the seven subrecipients tested, we noted that proper transparency act reporting was not performed timely.	During FY2011-12, we were working on understanding the FFATA fields relative to Caltech's (Oracle) PO system. The Office of Sponsored Research leads the effort to determine an appropriate methodology for FFATA reporting, implement procedures and work with Information Services and Purchasing to design special queries to capture key data elements. Compliance is impacted also by the federal agencies that are not always consistent or timely in submitting to the FFATA system those awards that are subject to FFATA reporting. Caltech has made good faith effort to comply with the requirements and has submitted accurate data to the FFATA Subaward Reporting System. Caltech will work to improve compliance in this area, including more frequent communication with supporting offices and validation of subject awards.	Director, Office of Sponsored Research	9/30/2013