

## **Section IV**

### **Findings**

**California Institute of Technology**  
**Independent Auditor's Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2013**

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

**Financial Statements**

Type of auditor's report issued: Unmodified

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: Unmodified

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

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**  
**Independent Auditor's Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2013**

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**SECTION II – FINANCIAL REPORTING FINDINGS**

None reported

# California Institute of Technology

## Independent Auditor's Schedule of Findings and Questioned Costs

### For the Year Ended September 30, 2013

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#### Section III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

##### **Finding 2013-001: Federal Funding Accountability and Transparency Act (FFATA) Reporting Not Performed Timely**

Sponsor Award Number: HR0011-12-C-0065, R01AI096226, P01AI100148A

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

CFDA Number: 12.910, 93.855

Institute Award Number: DARPA.ATCG, NIH.FLUOROFM, NIH.P01AI100148

##### **Condition**

In testing the Institute's reporting of subrecipients subject to the FFATA, we sampled ten reports from a population of 55 reports. This represents reports for seven subrecipients involving subawards of \$2,100,000 out of a total population of subawards of \$38,800,000. We noted that FFATA reporting was performed for all awards tested. However, for three of the ten reports tested, we noted that FFATA reporting was not performed timely. One report was submitted 31 days past the deadline, and one report was submitted 22 days past the deadline and the final report was submitted one day past the deadline.

##### **Citation**

2 CFR part 170.200 and Appendix A.

##### **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 FFATA requirements on a timely basis on USASpending.gov to ensure that information is made available to the public.

##### **Questioned Costs**

None identified.

##### **Cause**

Management implemented a process for reporting of subawards subject to FFATA that was not adequate to ensure all required subawards were being identified. Management's process did not enable timely communication between the office responsible for identifying award modifications and the office responsible for reporting modifications. Additionally, management did not have a mechanism to track all required subawards to ensure FFATA reporting was performed timely.

##### **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. The Institute should create a report to identify all awards to be reported and the applicable deadlines.

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

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

**California Institute of Technology**  
**Summary Schedule of Status of Prior-Year Audit Findings**  
**and Questioned Costs**  
**For the Year Ended September 30, 2013**

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**Condition**

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

**Current Status**

Refer to Finding 2013-001 and Management's Views and Corrective Action Plan included at the end of this report.

# *CALIFORNIA INSTITUTE OF TECHNOLOGY*

Pasadena, California 91125

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May 5, 2014

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

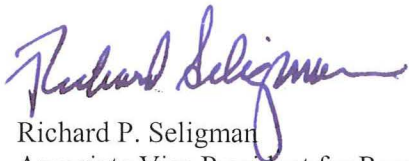
Subject: California Institute of Technology Management's Views and Corrective Action Plan

Reference: OMB Circular A-133 Audit for Fiscal Year 2013

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, 2013.

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

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Fiscal Year 2013

Finding Number	Condition	Management's Views and Corrective Action Plan	Responsible Individual	Planned Completion Date
2013-001	<p>In testing the Institute's reporting of subrecipients subject to the Federal Funding Accountability and Transparency Act, we sampled ten reports from a population of 55 reports. This represents reports for seven subrecipients involving subawards of \$2,100,000 out of a total population of subawards of \$38,800,000. We noted that FFATA reporting was performed for all awards tested. However, for three of the ten reports tested, we noted that FFATA reporting was not performed timely. One report was submitted 31 days past the deadline, and one report was submitted 22 days past the deadline and the final report was submitted 1 day past the deadline.</p>	<p>During FY2012-13, Caltech has continued to fine-tune the data extract that provides the information necessary for FFATA reporting. The FFATA Subaward Reporting System, the Federal database to which Caltech submits its FFATA reports, does not contain 100% accurate information regarding FFATA covered awards. In order to increase accuracy with FFATA compliance and to eliminate late reports, the Caltech Office of Sponsored Research now validates each month those federal awards subject to FFATA. This ensures that all subawards issued from covered awards are captured in the monthly reports submitted to the FFATA Subaward Reporting System.</p> <p>Also, given that all of the information reported under FFATA is managed by Caltech's Procurement Services, Caltech's Office of Sponsored Research will be transitioning this reporting requirement to Procurement Services by 9/30/2014.</p>	Director, Office of Sponsored Research	10/01/2014