



DEPARTMENT OF AUDITS AND ACCOUNTS

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Members of the Board of Regents of the
University System of Georgia and
Dr. G. P. "Bud" Peterson, President
Georgia Institute of Technology

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Ladies and Gentlemen:

Report on Compliance for Each Major Federal Program

We have audited the compliance of the Georgia Institute of Technology (Institution) with regard to two compliance requirements that relate to (1) equipment and real property management and (2) procurement and suspension and debarment. These two compliance requirements are described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Institution's major Federal programs for the year ended June 30, 2016. Our audit of these two compliance requirements was applied solely to two major Federal programs administered by the Institution. The major Federal programs are the Research and Development Cluster and Student Financial Aid Cluster (CFDA 84.038 and 84.268).

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance related to the two compliance requirements listed above for each of the Institution's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program

occurred. An audit includes examining, on a test basis, evidence about the Institution's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance related to the two compliance requirements listed above for each major federal program. However, our audit does not provide a legal determination of the Institution's compliance.

Opinion on Each Major Federal Program

In our opinion, the Institution complied, in all material respects, with the two compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2016. As discussed in the first paragraph, our audit opinion applies only to the Research and Development Cluster and Student Financial Aid Cluster (CFDA 84.038 and 84.268) awards.

Report on Internal Control over Compliance

Management of the Institution is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Institution's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Institution's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Institution's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Additionally, as noted in the first paragraph, audit procedures were limited to specific requirements for the identified major federal programs only. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Greg S. Griffin
State Auditor