

REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
IN ACCORDANCE *GOVERNMENT AUDITING STANDARDS* AND WITH THE  
OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133

**GEORGIA TECH RESEARCH CORPORATION AND SUBSIDIARY  
AND GEORGIA INSTITUTE OF TECHNOLOGY**

For the year ended June 30, 2006

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Georgia Tech Research Corporation

We have audited the financial statements of Georgia Tech Research Corporation and its subsidiary, Georgia Tech Applied Research Corporation (collectively hereinafter referred to as the "Organization") as of and for the year ended June 30, 2006, and have issued our report thereon dated September 25, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financing Reporting**

In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we express no such opinion. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2006-1 through 2006-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Grant Thornton LLP*

Atlanta, Georgia  
September 25, 2006

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Trustees  
Georgia Tech Research Corporation and Georgia Institute of Technology

**Compliance**

We have audited the compliance of Georgia Tech Research Corporation and its subsidiary, Georgia Tech Applied Research Corporation, and the Georgia Institute of Technology (collectively hereinafter referred to as the “Organization”) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. The Organization’s major programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Organization’s management. Our responsibility is to express an opinion on the Organization’s compliance based on our audit and the reports of the other auditors. As part of this coordinated audit, we did not audit compliance with requirements as described in OMB Circular A-133 related to equipment and real property management; procurement and suspension and debarment; and real property acquisition and relocation assistance for each of the major programs. Those compliance requirements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to those requirements, is based solely on the reports of the other auditors.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Organization’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion. Our audit and the reports of the other auditors do not provide a legal determination of the Organization’s compliance with those requirements.

As described in items 2006-3 through 2006-5 in the accompanying schedule of findings and questioned costs, the Organization did not comply with requirements regarding reporting, subrecipient monitoring, and special tests and provisions that are applicable to the Research and Development programs and compliance requirements regarding reporting that are applicable to the Education and Human Resources programs. Compliance with such requirements is necessary, in our opinion, for the Organization to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Organization complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

### **Internal Control Over Compliance**

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 and not to provide an opinion on the internal control over compliance. Accordingly, we express no such opinion.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Trustees, management of the Organization, Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Grant Thornton LLP*

Atlanta, Georgia  
December 1, 2006

**Georgia Tech Research Corporation and Subsidiary and  
Georgia Institute of Technology**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the year ended June 30, 2006**

**I. SUMMARY OF AUDITOR'S RESULTS**

Financial Statements – (Georgia Tech Research Corporation and Subsidiary only)

Type of auditor's report issued: Unqualified

Internal Control over financial reporting:

Material weaknesses identified? No

Reportable conditions identified that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

Federal Awards – (Georgia Tech Research Corporation and Subsidiary and Georgia Institute of Technology)

Internal control over major programs:

Material weaknesses identified? No

Reportable conditions identified not considered to be material weaknesses? Yes

Type of auditor's report on compliance for major programs:

Research & Development Cluster - Qualified

Education and Human Resources - Qualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes

Identification of major programs:

Research and Development Cluster under various CFDA numbers. These grants are funded by various sponsoring agencies.

Education & Human Resources under CFDA number 47.076. This grant is funded by the National Science Foundation.

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as a low-risk auditee: No

**Georgia Tech Research Corporation and Subsidiary and  
Georgia Institute of Technology**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**For the year ended June 30, 2006**

**II. FINANCIAL STATEMENT FINDINGS**

**Finding No. 2006-1**

Statement of Condition

We identified payments received in advance from sponsors that were prematurely recognized before the revenue was earned. These payments related to recurring invoices set up in the accounting application system when the payment was received for contracts with fixed payment schedules. For example, under the terms of certain contracts, payments were due on July 1, 2006; however, the related revenue was recognized when the sponsor payment was received which was prior to the due date. This resulted in a revenue cut-off error at year end.

Criteria

Contract revenue should be recognized in the period earned.

Effect

The condition could result in misstatements in the Organization's financial statements.

Recommendation

We recommend that the Organization establish procedures and accounting application controls to ensure revenue payments received for fixed payment schedule contracts and sponsor payments received in advance are accounted for in accordance with the contract terms and generally accepted accounting principles.

Management's Response

Management concurs in this recommendation and engaged its Oracle Financials consultant to assist in developing a new procedure to minimize the possibility of revenue being recognized in advance of the actual billing date. A new automated procedure has been implemented to delay recognition of revenue until the time the recurring invoice is generated.



**Georgia Tech Research Corporation and Subsidiary and  
Georgia Institute of Technology**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**For the year ended June 30, 2006**

**II. FINANCIAL STATEMENT FINDINGS – CONTINUED**

**Finding No. 2006-2**

Statement of Condition

The Organization does not recognize revenue for some reimbursement basis contracts in accordance with generally accepted accounting principles. The Organization recognizes revenue when the sponsor is billed, as opposed to when the costs are incurred and the revenue is earned.

Criteria

Contract revenue and expense should be recognized in accordance with generally accepted accounting principles.

Effect

The condition could result in misstatements in the Organization's financial statements.

Recommendation

We recommend the Organization implement a revenue recognition policy to recognize revenue related to reimbursement basis contracts when the costs are incurred and accumulated as research in process.

Management's Response

Management agrees that revenue should be recognized when costs are incurred as research is conducted. However, current systems and staffing levels limit the ability to do this on a monthly basis and, in addition, such monthly adjustments would create reconciliation problems with the sub ledgers. To prevent misstatements in the organization's financial statements, an annual, June 30, adjusting entry will be made.

**Georgia Tech Research Corporation and Subsidiary and  
Georgia Institute of Technology**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**For the year ended June 30, 2006**

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding No. 2006-03**

See Exhibit 6-3 for a listing of agency names, contract numbers and CFDA numbers associated with this finding.

Statement of Condition

Certain financial reports required by grant and contractual agreements entered into by the Organization with various Federal agencies were not submitted on time or were inaccurate as to the information presented.

Criteria

The OMB Circular A-133 Compliance Supplement Section 3.L suggests that recipients use the standard financial reporting forms or such other forms as may be authorized by OMB. Each recipient must report program outlays and program income on a cash or accrual basis, as prescribed by the Federal awarding agency. The awarding agency may accept identical information from the recipient in machine-readable format, computer printouts, or electronic outputs in lieu of the prescribed formats. These financial reports should agree to the general ledger and be traceable to source documentation without exception in order to assure accurate accounting and billing procedures.

Effect

The submission of inaccurate or untimely reports could result in the possible delay of grant funding or affect other projects from the federal sponsoring agency.

Cause

The cause of inaccurate or untimely reports, as stated to us, was the unavailability of data at the report due date necessary for the completion of the required reports.

Recommendation

Efforts should continue to be made by the Organization to institute policies and procedures to ensure that all contractual deliverables include the required components, are authorized by the proper personnel, and are submitted to the contracting agencies by the specified due dates.

**Georgia Tech Research Corporation and Subsidiary and  
Georgia Institute of Technology**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**For the year ended June 30, 2006**

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - CONTINUED**

**Finding No. 2006-03 - Continued**

Questioned Cost

None.

Management Response

We concur with this finding and recommendation. Prior to June 30, 2007, actions identified below will be taken to address the weaknesses identified in this finding to help ensure that all required Financial Reports are submitted in a timely fashion:

1. Study the findings identified above and notify each Project Accountant responsible for preparation and completion of the report that this report was identified as a finding in the Annual A-133 Audit report as having been inaccurate or Filed Late This notification will indicate the need for improved performance.
2. If the report had been filed late due to transactions or other reports not being prepared and/or submitted by the Project Director or Campus Financial Officer, notify each participant the report was identified as a finding in the Annual A-133 Audit report as having been Filed Late. This notification will indicate the need for improved performance.
3. Develop new Grants and Contracts management report(s) to identify specific reporting requirements and deadlines.

**Georgia Tech Research Corporation and Subsidiary and  
Georgia Institute of Technology**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

For the year ended June 30, 2006

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - CONTINUED**

Finding No. 2006-03 - Continued  
Exhibit 6-3

	<u>Agency</u>	<u>CFDA Number</u>	<u>Cluster/ Major Program</u>	<u>Pass-Through Grantor/ Program Title</u>	<u>Contract Number</u>	<u>Reference Number</u>	<u>Report Type</u>	<u>Date Due</u>	<u>Delivery Date</u>	<u>Reason for Finding</u>
1	Air Force	12.800	R&D	Research in Science and Engineering	21066T4	R4530	SF 272	10/15/05	10/13/06	Errors in Report
2	Air Force	12.800	R&D	Research in Science and Engineering	1606V91	R4686	SF 272	01/15/06	01/25/06	Late Submission
3	Army	12.431	R&D	Basic Scientific Research	1606X20	R5711	SF 272	01/15/06	01/31/06	Late Submission

**Georgia Tech Research Corporation and Subsidiary and  
Georgia Institute of Technology**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**For the year ended June 30, 2006**

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS--CONTINUED**

**Finding No. 2006-04**

See Exhibit 6-4 for a listing of agency names, contract numbers and CFDA numbers associated with this finding.

Statement of Condition

Numerous progress/special performance reports required by grant and contractual agreements entered into by the Organization with various Federal agencies were not submitted, not submitted on time, or were not authorized by a proper official as specified in the grant and contractual agreements.

Criteria

The OMB Circular A-133 Compliance Supplement Section 3.L requires recipients to submit performance reports at least annually. In addition, the grant award may stipulate additional performance reporting requirements. Performance reports generally contain, for each award, brief information on each of the following:

- A comparison of actual accomplishments with the goals and objectives established for the period.
- Reasons why established goals were not met, if appropriate.
- Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

Effect

The submission of inaccurate or untimely reports could result in the possible delay of grant funding or affect other projects from the federal sponsoring agency.

Cause

The cause of untimely reports, as stated to us, was the unavailability of data at the report due date necessary for the completion of the required reports.

Recommendation

Efforts should continue to be made by the Organization to institute policies and procedures to ensure required reports are submitted to the contracting agencies by the specified due dates and authorized by proper personnel.

**Georgia Tech Research Corporation and Subsidiary and  
Georgia Institute of Technology**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**For the year ended June 30, 2006**

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - CONTINUED**

**Finding No. 2006-04 - Continued**

Questioned Cost

None.

Management Response

We concur with this finding and recommendation. Prior to August 31, 2007, actions identified below will be taken to address the weaknesses identified in this finding to help ensure that all required contractual deliverables are submitted to the contracting agencies in a timely fashion:

1. Study the findings identified in this report and notify each Project Director, Department Head and Unit Financial Officer that their report was identified as a finding in the Annual A-133 Audit report as having been filed late, not filed, or not completed properly.
2. Publish information that OSP has expanded its capability to provide a list of all project deliverable information to each PD/PI and all levels of management within a unit via a web-based query tool.
3. Publish information about the fact that the full grant/contract documents and associated terms & conditions for each sponsored award are available as a scanned file using our web-based contract information system to all Project Directors and Campus Officers.
4. Enhance the information presented in OSP training programs about the importance of submitting all Project Deliverables accurately and on time.
5. Continue to make available Upcoming Deliverables Due and Overdue Deliverables Lists for all sponsored research projects. This report is made available to members of upper administration, including Deans, School Chairs and Lab/Center Directors, as well as all Project Directors.
6. Continue to encourage the use by Project Directors and Campus Officers of a new web-based system that sends automatic E-mail reminders for upcoming deliverables due and facilitates submission of those deliverables to project sponsors and OSP via E-mail attachments.

**Georgia Tech Research Corporation and Subsidiary and  
Georgia Institute of Technology**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

For the year ended June 30, 2006

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS--CONTINUED**

**Finding No. 2006-04 – Continued  
Exhibit 6-4**

	<u>Agency</u>	<u>CFDA Number</u>	<u>Cluster/ Major Program</u>	<u>Pass-Through Grantor/Program Title</u>	<u>Contract Number</u>	<u>Reference Number</u>	<u>Report Type</u>	<u>Date Due</u>	<u>Delivery Date</u>
1	Air Force	12.800	R&D	SSAI/Melbourne, FL	0A7574000	A7574	Monthly Status Report	8/15/2005	8/19/05
2	U.S. Army	12.431	R&D	Aquatic Plant Control	0A7722000	A7722	Quarterly Status Report	5/11/2006	5/26/06
3	DOD	12.OFA	R&D		0A7755000	A7755	Progress Status Report	2/20/2006	2/21/06
4	U.S. Navy	12.300	R&D	Basic and Applied Scientific Research	0A79160000	A7916	Monthly Status Report	4/20/2006	4/21/06
5	DOE	81.OFA	R&D		2106F60	R2315	Quarterly Progress Report	1/30/2006	2/28/06
6	DOE	81.OFA	R&D	Southeastern University Research Association	6526610	R3017	Final Process Report	12/31/2005	Not Submitted
7	NIH	93.859	R&D	Discovery and Applied Research for Technological Innovations to Improve Human Health	21066JT	R4065	Annual Progress Report	6/1/2006	7/12/06
8	NSF	47.076	R&D	Education and Human Resources	3606A98	R4289	Annual Progress Report	10/15/2005	12/14/05
9	Air Force	12.800	R&D	Basic, Applied, and Advanced Research in Science and Engineering	21066T4	R4530	Annual Performance Rpt	9/1/2005	Not Submitted
10	Cornell University	47.041	R&D	Engineering Grants	1306648	R5472	Annual Report	3/1/2006	Not Submitted
11	Army	12.431	R&D	Basic Scientific Research	1606X20	R5711	Interim Progress Report	12/31/2005	Not Submitted
12	Air Force	12.800	R&D	Air Force Defense Research Sciences Program	36166CY	R5878	Quarterly Tech. Status Rpt	4/15/2006	Not Submitted
13	Army	12.100	R&D	Raytheon	21066YU	R6290	Monthly Summary Report	9/15/2005	9/26/05
14	NSF	47.076	NSF	Education and Human Resources	12566B4	R4855	Annual Progress Report	05/12/06	08/28/06
15	NSF	47.076	NSF	Education and Human Resources	5006691	R4254	Annual Progress Report	08/30/05	Not submitted
16	NSF	47.076	NSF	Education and Human Resources	9986871D0	N71D0	Annual Progress Report	09/30/05	09/28/06
17	NSF	47.076	NSF	Education and Human Resources	3626602	R3772	Annual Progress Report	05/31/05	06/28/06

**Georgia Tech Research Corporation and Subsidiary and  
Georgia Institute of Technology**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**For the year ended June 30, 2006**

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS--CONTINUED**

**Finding No. 2006-05**

See Exhibit 6-5 for a listing of agency names, contract numbers and CFDA numbers associated with this finding.

Statement of Condition

The Organization did obtain OMB Circular A-133 audit certification letters which indicate the subrecipient met the audit requirements from their subrecipients selected for testing. However, the Organization, as the subgrantor agency, did not evaluate the impact of certain subrecipients findings identified in their OMB Circular A-133 audits.

Criteria

Pursuant to OMB Circular A-133 Compliance Supplement Section 3.M a pass-through entity is responsible for:

- *Award Identification* - At the time of the award, identifying to the subrecipient the Federal award information (e.g., CFDA title and number, award name, name of Federal agency) and applicable compliance requirements.
- *During-the-Award Monitoring* - Monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- *Subrecipient Audits* - (1) Ensuring that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient's audit period, (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report, and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.
- *Pass-Through Entity Impact* - Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.



**Georgia Tech Research Corporation and Subsidiary and  
Georgia Institute of Technology**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**For the year ended June 30, 2006**

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS--CONTINUED**

**Finding No. 2006-05 - Continued**

Effect

The Organization's failure to adequately monitor subrecipients with findings identified could result in potential unallowable activities or unallowable costs or other noncompliance with Federal grant regulations.

Cause

The Organization did not evaluate the audit certification letters received from subrecipients in a timely manner to ascertain whether or not additional follow up actions were warranted.

Recommendation

The Organization should perform a documented review of the audit certification letters received from subrecipients in a timely manner. The Organization should evaluate the impact of any findings identified and determine whether or not follow up action is required. For subrecipients with findings identified that may impact the Organization's pass-through awards, Management should ensure the subrecipient takes timely and suitable corrective actions for findings identified.

Questioned Cost

None.

Management Response

We concur with this finding and recommendation. Prior to March 31, 2007, we will implement a modified procedure to require specific written documentation that no follow-up action is required by the pass-through entity (Georgia Tech) when the sub-recipient provides proper certification stating that there was no audit findings related to the Federal awards provided by Georgia Tech.

**Georgia Tech Research Corporation and Subsidiary and  
Georgia Institute of Technology**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

For the year ended June 30, 2006

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS--CONTINUED**

**Finding No. 2006-05 - Continued  
Exhibit 6-5**

	<u>Agency</u>	<u>CFDA Number</u>	<u>Cluster/Major Program</u>	<u>Pass-Through Grantor/Program Title</u>	<u>Contract Number</u>	<u>Reference Number</u>	<u>Subrecipient</u>	<u>Audit Report Received</u>	<u>Results</u>
1	NIH	93.837	R&D	Heart and Vascular Diseases Research	12566C2	R4946	Baylor College of Medicine	4/18/2006	Corrective action plan was not requested or obtained in a timely manner.
2	Air Force	12.63	R&D	Basic, Applied, and Advanced Research in Science and Engineering	1606V91	R4686	The Regents of the University of California	4/3/2006	Corrective action plan was not requested or obtained in a timely manner.

**Georgia Tech Research Corporation and Subsidiary and  
Georgia Institute of Technology**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**For the year ended June 30, 2006**

**IV. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

FINANCIAL STATEMENT FINDINGS

05-1 Failure to Monitor Sponsor/Grantor Receivables (Finding Number: FS-503-05-03)  
**Status: Corrective Action Plan Implemented**

05-2 Failure to Monitor Sponsored Projects (Finding Number: FS-503-05-01)  
**Status: Corrective Action Plan Implemented**

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
REPORTING

05-3 Progress/Special Reports Not Submitted, Not Submitted on Time, Or Submitted with Missing Components (Finding Number: FA-503-05-04)  
**Status: Corrective Action Plan Implemented**

05-4 Financial Reports Not Submitted or Not Submitted on Time (Finding Number: FA-503-05 05)  
**Status: Corrective Action Plan Implemented**

05-5 Reports with Missing or Conflicting Information on Schedule of Deliverables  
(Finding Number: FA-503-05-06)  
**Status: Corrective Action Plan Implemented**

05-6 Subrecipients were Not Adequately Monitored (Finding Number: FA-503-05-07)  
**Status: Corrective Action Plan Implemented**

05-7 Financial Reports Not in Agreement with General Ledger (Finding Number: FA-503-05-08)  
**Status: Corrective Action Plan Implemented**

05-8 Lack of Adherence to Sponsor Invoice Instructions (Finding Number: FA-503-05-09)  
**Status: Corrective Action Plan Implemented**

05-9 Matching Funds Not Timely Submitted to Sponsor (Finding Number: FA-503-05-10)  
**Status: Corrective Action Plan Implemented**

05-10 Late Labor Cost Transfers (Finding Number: FA-503-05-11)  
**Status: Corrective Action Plan Implemented**

05-11 Lack of Adherence to Requests for Reimbursement (Finding Number: FA-503-05-12)  
**Status: Corrective Action Plan Implemented**

05-12 Failure to Comply with Federal Property Management Standards (Finding Number: FA-503-05-01)  
**Status: Corrective Action Plan Implemented**