



DEPARTMENT OF AUDITS AND ACCOUNTS
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December 13, 2012

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

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditor's Report

Ladies and Gentlemen:

Compliance

We have audited the compliance of Georgia Institute of Technology (GIT) with regard to three compliance requirements that relate to (1) equipment and real property management; (2) procurement, suspension and debarment; and (3) real property acquisition and relocation assistance. These three compliance requirements are described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of GIT's major Federal programs for the year ended June 30, 2012. Our audit of these three compliance requirements was applied solely to two major Federal programs administered by GIT. The major Federal programs are Research and Development Cluster Program and College Access Challenge Grant Program (CFDA 84.378). Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of GIT's management. Our responsibility is to express an opinion on GIT's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, and OMB Circular A-133. 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 programs occurred. An audit includes examining, on a test basis, evidence about GIT'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. Our audit does not provide a legal determination on GIT's compliance with those requirements.

In our opinion, GIT complied, in all material respects, with the three compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs. As discussed in the first paragraph above, our audit opinion applies only to the Research and Development Cluster Program and College Access Challenge Grant Program (CFDA 84.378) awards.

Internal Control Over Compliance

Management of GIT is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered GIT'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 internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we express no such opinion.

A *deficiency in internal control* over compliance exists when the design or operation of a control 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.

Our consideration of the internal control over compliance was for the limited purpose described in the fourth paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. 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, as defined above.

This report is intended solely for the information and use of the audit committee, management, Members of the Board of Regents of the University System of Georgia, 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.

Respectfully submitted,



Greg S. Griffin
State Auditor

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