

INSTITUTE FOR SYSTEMS BIOLOGY

Single Audit Reports

For the Year Ended December 31, 2016

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**Report 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***

Independent Auditor's Report

**To the Board of Directors
Institute for Systems Biology
Seattle, Washington**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Institute for Systems Biology (the Institute), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 19, 2017.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Institute's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control.

A deficiency in internal control 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, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Institute's financial statements are free from 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*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark Nuber P.S.
Certified Public Accountants
June 19, 2017

**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Independent Auditor's Report

**To the Board of Directors
Institute for Systems Biology
Seattle, Washington**

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the Institute for Systems Biology's (the Institute's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Institute's major federal programs for the year ended December 31, 2016. The Institute's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Institute'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 (CFR) 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 Institute'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 for each major federal program. However, our audit does not provide a legal determination of the Institute's compliance.

Opinion on Each Major Federal Program

In our opinion, the Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002. Our opinion on each major federal program is not modified with respect to these matters.

The Institute's responses to the noncompliance finding identified in our audit are described in the accompanying schedule of findings and questioned costs. The Institute's responses were not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Institute 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 Institute'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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Institute'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 a 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002 that we consider to be significant deficiencies.

The Institute's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Institute's responses were not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The 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.

REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the financial statements of the Institute as of and for the year ended December 31, 2016, and have issued our report thereon dated June 19, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Clark Huber P.S.

Certified Public Accountants
June 19, 2017

INSTITUTE FOR SYSTEMS BIOLOGY

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016**

<u>Program Title/Federal Grantor/Pass-Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Number</u>	<u>Passed Through to Subrecipients</u>	<u>Fiscal Year Expenditures</u>
Research and Development Cluster				
U.S. Department of Health and Human Services:				
National Institutes of Health-				
Cancer Genomics Cloud	93.HHSN261201400007C		\$ 1,298,254	\$ 3,185,672
Systems Biology of Influenza	93.HHSN272201501403P			94,443
Analysis of Transcriptome Profiling of Blood From Individuals Challenged With Influenza Virus	93.HHSN272201601335P			50,249
Systems Approach to Immunity and Inflammation-				
Passed through OriGene Technologies, Inc.	93.HHSN261201500049C	ISB-1359		89,902
High Affinity SISCAPA Antibodies				
Passed through OriGene Technologies, Inc.	93.HHSN26120130072C	2013ISB001		734
Human Genome Research	93.172			437,912
Trans-NIH Research Support-				
Passed through Pacific Northwest Research Institute	93.310	126496-S01		83,283
National Center for Advancing Translational Sciences	93.350			72,591
Cancer Cause and Prevention Research-				
Passed through University of Washington	93.393	UWSC7980		15,395
Passed through University of Washington	93.393	UWSC8481		174,459
Passed through University of Washington	93.393	UWSC8877		12,040
Total for CFDA 93.393				201,894
Cancer Detection and Diagnosis Research-				
Direct	93.394		49,892	828,578
Passed through British Columbia Cancer Agency	93.394	2017-0286		38,501
Passed through PreCyte	93.394	CA2016-01-ISB-002		83,954
Total for CFDA 93.394			49,892	951,033
Cancer Treatment Research	93.395		63,105	593,331
Cancer Biology Research-				
Passed through John Hopkins University	93.396	PO2002979490		115,765
Passed through University of Southern California	93.396	56883310		557,402
Total for CFDA 93.396				673,167
Cardiovascular Diseases Research				
Direct	93.837			95,276
Passed through Des Moines University	93.837	08-16-05 sub 3		130,889
Total for CFDA 93.837				226,165
Diabetes, Digestive and Kidney Diseases Extramural Research-				
Direct	93.847		117,450	369,278
Passed through University of Washington	93.847	UWSC8377		39,447
Total for CFDA 93.847			117,450	408,725
Child Health and Human Development Extramural Research	93.865			294,044
Aging Research-				
Passed through University of Florida	93.866	UF13201		301,275
Passed through PreCyte	93.866	AG2015-01-ISB-001		132,087
Total for CFDA 93.866				433,362
Biomedical Research and Research Training-				
Direct	93.859		403,901	3,070,900
Passed through University of Colorado, Boulder	93.859	1553848		36,725
Passed through University of Colorado, Boulder	93.859	1554625		53,907
Passed through Rockefeller University	93.859	1R01GM112108-01A1		195,842
Passed through Rockefeller University	93.859	P41GM109824-01		199,453
Total for CFDA 93.859			403,901	3,556,827

See independent auditor's report and notes to schedule of expenditures of federal awards.

INSTITUTE FOR SYSTEMS BIOLOGY

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016**

<u>Program Title/Federal Grantor/Pass-Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Number</u>	<u>Passed Through to Subrecipients</u>	<u>Fiscal Year Expenditures</u>
Allergy and Infectious Disease Research-				
Direct	93.855			143,954
Passed through University of California, San Diego	93.855	66400420		99,952
Passed through Seattle Biomedical Research Institute	93.855	ISB-10135		516,883
Passed through Seattle Biomedical Research Institute	93.855	ISB-10135DC		204,239
Passed through Seattle Biomedical Research Institute	93.855	ISBpilot-10135		140,253
Passed through Seattle Biomedical Research Institute	93.855	ISB-10125-Pilot4		103,739
Passed through Seattle Biomedical Research Institute	93.855	ISB-12005		50,863
Passed through Seattle Biomedical Research Institute	93.855	ISB-13534		32,998
Passed through Seattle Biomedical Research Institute	93.855	ISB-12001		32,313
Passed through University of Washington	93.855	UWSC8312		66,883
Total for CFDA 93.855				<u>1,392,077</u>
Total U.S. Department of Health and Human Services			1,932,602	12,745,411
National Science Foundation:				
Engineering Grants-				
Passed through University of Washington	47.041	UWSC8578		98,720
Computer and Information Science and Engineering	47.070			13,334
Biological Sciences-				
Direct	47.074		21,278	1,419,791
Passed through Portland State University	47.074	206THO552		24,032
Passed through San Diego State University	47.074	SA0000545		15,753
Total for CFDA 47.074			21,278	1,459,576
Polar Programs	47.078			13,053
Total National Science Foundation			21,278	1,584,683
U.S. Department of Defense:				
U.S. Army Medical Command-				
Systems Approach to Immunity and Inflammation	12.HDTRA1-13-C-0055		74,118	1,821,152
Military Medical Research and Development-				
Direct	12.420			55,556
Passed through Seattle Biomedical Research Institute	12.420	W81XWH-15-1-0249		21,141
Total for CFDA 12.420				76,697
Basic Scientific Research-				
Passed through University of California, Santa Barbara	12.431	W911NF-10-2-0111		428,209
Passed through Harvard College	12.431	W911-NF-16-2-0015		869,502
Passed through University of Washington	12.431	W911-15-2-0127		225,451
Total for CFDA 12.431				<u>1,523,162</u>
Total U.S. Department of Defense			74,118	3,421,011
U.S. Department of Energy:				
Electron Flow and Energy Conservation				
Passed through University of Washington	81.049	DE-FG02-05ER15709		10,097
Advanced Research Projects Agency, Energy-				
Passed through University of Michigan	81.135	DE-AR0000426		343,639
Experimental Design, Implementation-				
Passed through Lawrence Berkeley National Lab	81.DE-AC02-05CH11231	6953601		882,254
Total U.S. Department of Energy				<u>1,235,990</u>
Total Research and Development Cluster/Expenditures of Federal Awards			\$ 2,027,998	\$ 18,987,095

See independent auditor's report and notes to schedule of expenditures of federal awards.

INSTITUTE FOR SYSTEMS BIOLOGY

**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016**

Note 1 - Method of Accounting

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Institute for Systems Biology (the Institute) under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the 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)*. Because the Schedule presents only a selected portion of the operations of the Institute, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Institute.

Note 2 - Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Institute has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

INSTITUTE FOR SYSTEMS BIOLOGY

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weaknesses identified?

Yes

No

- Significant deficiencies identified?

Yes

None reported.

Noncompliance material to financial statements noted?

Yes

No

Federal Awards

Internal control over major programs:

- Material weaknesses identified?

Yes

No

- Significant deficiencies identified?

Yes

None reported.

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

Unmodified

Any audit findings disclosed that are required to
be reported in accordance with 2 CFR
200.516(a)?

Yes

No

Identification of Major Programs

CFDA Numbers

Name of Federal Program or Cluster

12.420 12.431 47.041 47.070
 47.041 47.070 47.074 47.078
 81.049 81.135 81.DE-AC02-05CH11231
 93.172 93.393 93.394 93.395
 93.396 93.310 93.350 93.837
 93.847 93.865 93.866 93.859
 93.855 12.HDTRA1-13-C-0055
 93.HHSN261201400007C 93.HHSN272201501403P
 93.HHSN26120130072C 93.HHSN261201500049C
 93.HHSN272201601335P

Research and Development Cluster

Dollar threshold used to distinguish between
Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Yes

No

INSTITUTE FOR SYSTEMS BIOLOGY

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016**

Section II - Financial Statement Findings

No matters reported.

Section III - Findings and Questioned Costs for Federal Awards

Finding 2016-001

Significant deficiency in internal controls and noncompliance with the allowable costs/cost principles compliance requirement.

Federal Agencies: All Awards within the Research and Development Cluster.
CFDA Number/Title: All Awards within the Research and Development Cluster.
Award Numbers: All Awards within the Research and Development Cluster.
Award Periods: All Awards within the Research and Development Cluster.

Criteria

2 Code of Federal Regulations *Uniform Administrative Requirements, Cost Principles and Audit Requirements* (CFR) 200 Subpart E and OMB Circular A-122 require that indirect costs be charged to federal awards based on allowable costs included in the indirect cost pool.

Condition/Context for Evaluation

During the year ended December 31, 2016, from a sample of 25 allowable costs included in the preliminary 2016 indirect cost pool, we identified one instance of alcohol that was not excluded from the indirect cost pool. The sample was not a statistical sample.

Effect or Potential Effect

The Institute did not fully comply with the allowable cost principles as specified in 2 CFR 200 Subpart E and OMB A-122. As a result, unallowable expenses could have been included in the final indirect cost pool.

Questioned Costs

\$324.50

Repeat Finding

Not applicable, as no similar finding was noted in the prior year audit for the Institute.

Cause

The Institute's internal controls did not require a detail review of indirect costs for the removal any unallowable expenses charged to the indirect cost pool.

Recommendation

We recommend that management review travel and entertainment costs to ensure that any unallowable expenses are excluded from the indirect cost pool.

View of Responsible Officials of Auditee

Management agrees with the finding and has provided the corrective action plan following the Single Audit Report.

INSTITUTE FOR SYSTEMS BIOLOGY

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016**

Finding 2016-002

Significant deficiency in Internal controls over specialized service facility costs and noncompliance with the allowable costs/cost principles compliance requirement.

Federal Agencies: U.S. Department of Health and Human Services - National Institutes of Health
CFDA Number: 93.859
CFDA Program Title: Biomedical Research and Research Training
Award Numbers: 4P50GM076547-10 (Direct); P41GM109824-01 (Pass-Through); 1R01GM112108-01A1 (Pass-Through)
Pass-Through Agency: Rockefeller University
Award Periods: 09/01/2016-08/31/2017; 05/01/2016-04/30/2017; 03/01/2016-02/28/2017

Criteria

2 CFR 200 Subpart E require that specialized service facility costs be charged directly to awards based on actual usage of the services and on the basis of a schedule of rates or established methodology that (1) does not discriminate against federally supported activities of the nonprofit organization, including usage by the nonprofit organization for internal purposes and (2) is designed to recover only the aggregate costs of the services. Rates should be adjusted at least biennially and shall take into consideration over/under applied costs of the previous period.

Condition/Context for Evaluation

During the year ended December 31, 2016, from a sample of 40 allowable costs, we identified 2 instances which shared service invoice rates did not conform to the rates included in the most current internal rate sheet. The sample was not a statistical sample.

Effect or Potential Effect

The Institute did not fully comply with the allowable cost principles as specified in 2 CFR 200 Subpart E. As a result, invoices included improper rates that did not agree to the current rate sheet and were calculated inconsistently.

Questioned Costs

\$97

Repeat Finding

Not applicable, as no similar finding was noted in the prior year audit for the Institute.

Cause

The Institute's internal controls did not allow for proper review of shared services invoices to ensure that rates used were in accordance with the current rate sheet.

Recommendation

We recommend that management review all shared services invoices to ensure that rates are used in accordance with the current rate sheet.

View of Responsible Officials of Auditee

Management agrees with the finding and has provided the corrective action plan following the Single Audit Report.

INSTITUTE FOR SYSTEMS BIOLOGY

**Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2016**

Financial Statement Findings

Finding 2015-001

Internal controls over financial reporting.

Condition/Context for Evaluation

Under accounting principles generally accepted in the United States of America (U.S. GAAP), temporarily restricted net assets can only be released to the extent of the balance in restricted net assets. During 2015, management over released temporarily restricted net assets for one program due to program expense exceeding program income. This resulted in a negative \$272,575 temporarily restricted net asset balance. An audit adjustment was recorded to increase temporarily restricted net assets and reduce unrestricted net assets by \$272,575.

Recommendation

We recommend that management ensure that temporarily restricted net assets are not over released by developing a new methodology for tracking income and expenses for programs.

Current Year Status

The Institute implemented new processes and procedures over releases of temporarily restricted net assets to ensure proper treatment under U.S. GAAP during the year ended December 31, 2016.

Findings and Questioned Costs for Federal Awards

No matters were reported.

INSTITUTE FOR SYSTEMS BIOLOGY

**Management's Corrective Action Plan
For the Year Ended December 31, 2016**

Finding Number

2016-001

Contact Person(s)

Gary Streicher
Director of Finance
Gary.Streicher@systemsbiology.org
206.732.1227

Explanation and Specific Reasons for Disagreement With the Audit Finding or That Corrective Action is not Required (if Applicable)

No disagreement.

Corrective Action Planned

The Institute has or will take the following steps in response to this finding:

[1] Prospectively effective June 1 2017, all expenditures for alcoholic beverages classified as travel & entertainment, meetings and events, and faculty and staff recruiting will be charged to separate expense codes set up in the Institute's accounting system to segregate any unallowed costs. These segregated costs will include any related gratuities and taxes.

[2] Expense reporting policies will be revised to emphasize the need to classify separately unallowed costs such as alcoholic beverages.

[3] The Institute will review all 2016 and 2017 YTD (prior to June 1) transactions classified as travel & entertainment, meetings and events, and faculty and staff recruiting to identify and quantify all expenditures for unallowed alcoholic beverages (and related gratuities and taxes). Amounts so categorized will be reclassified to the unallowed expense codes described in [1] above.

[4] All calculations of indirect cost rates used to determine provisional/settled rates will be modified so that the expense codes described in [1] above are properly excluded from any indirect cost pools.

Anticipated Completion Date

June 1, 2017 - Steps [1] and [2]
July 31, 2017 - Steps [3] and [4]

Finding Number

2016-002

Contact Person(s)

Gary Streicher
Director of Finance
Gary.Streicher@systemsbiology.org
206.732.1227

Explanation and Specific Reasons for Disagreement With the Audit Finding or That Corrective Action is not Required (if Applicable)

No disagreement.

INSTITUTE FOR SYSTEMS BIOLOGY

**Management's Corrective Action Plan
For the Year Ended December 31, 2016**

Corrective Action Planned

During April 2017, Institute staff compared the billing rates used for all specialized service facilities activity in 2016 and 2017 YTD with the established rates set for each instrument and/or service. All billed rates except for one instrument conformed with established rates; the instrument which did have rate discrepancies was the Hamilton liquid handling robot.

On April 10, 2017, the Institute corrected the rate set up for this instrument in its facility management system. The correct rate has been applied prospectively from that date. Correction of 2017 transactions prior to that date were included with the April 2017 billings: 2 awards; 9 transactions; aggregate credits of \$83. Corrections for the 2016 transactions will be included in the May 2017 billings: 3 awards; 23 transactions; aggregate credits of \$299.

Annually, when standard rates are determined and published, the Institute will have an independent review of all rate settings in its specialized service facility management system to determine that the system rates conform with the published standard rates.

Anticipated Completion Date

June 3, 2017