



A-133 Update: It's Not Just For the Auditors Any More

Many nonprofits mistakenly assume that the provisions of the Office of Management and Budget's (OMB) Circular A-133 are "for the auditors." Not true.

Many parts of this regulation place significant burdens on the nonprofit recipient of federal funds. By not understanding the requirements that apply to the nonprofit and what applies to the auditor, nonprofit organizations could have incorrect audit findings or even jeopardize their very existence.

A Little Background

The Single Audit Act and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, impose uniform audit requirements on federal financial assistance (FFA) received by nonprofit organizations. FFA can take the form of cash donations, donated commodities, insurance, loan guarantees and property.

A recent change to the Circular is the increase of the audit threshold from \$300,000 to \$500,000, effective December 31, 2003. Therefore, if your nonprofit organization spends less than \$500,000 of federal awards during your fiscal year, an audit is no longer required by the Circular.

Your Responsibilities

Even if your organization does not top the threshold and require an audit, your records must still be available for review or audit. Additional responsibilities include:

Audit — Your responsibilities include not only procuring an audit, but also ensuring that audit findings are correct, responding to audit findings and ensuring that the auditor is doing a good job.

Follow-up — Greater responsibility has been placed on nonprofits to follow up on audit findings noted in prior years' reports. Nonprofits are responsible for preparing a summary schedule of prior audit findings with a discussion of what corrective action was taken or is planned.

Certification form — A certification form is required from the nonprofit stating that the audit complies with the Circular.

Please contact us if you have any questions or if you would like additional information on these revisions.