



## **OMB's Uniform Guidance and Single Audit Threshold Changes**

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The Office of Budget and Management's new Uniform Guidance applies to all nonprofits receiving federal fund, not just those nonprofits qualifying for a Single Audit.

The OMB has issued its final guidance, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards also referred to as the "Uniform Guidance". This guidance streamlines and supersedes all previous eight OMB Circulars most notably OMB Circular A-133.

The Uniform Guidance was issued in December of 2013 and goes into effect for audits of organizations with fiscal years beginning on or after January 1, 2015, which are December 31, 2015 year-end Single Audits. Organizations receiving any amount of federal funds should familiarize themselves with the provisions for implementation during their fiscal year ended December 31, 2015 or after, to ensure compliance with the new Uniform Guidance during the fiscal year.

Many of the changes are complex in nature and may have little effect on your organization. The main provisions likely to affect small to medium sized nonprofit organizations are:

- The triggering threshold of federal expenditures by recipient during the fiscal for a Single Audit requirement will be raised from \$500,000 to \$750,000. If a recipient organization is determined to be a Single Audit and expends less than \$25 million in federal awards then the threshold of Type A program determination is raised from \$300,000 to \$750,000. Type A determination for entities expending over \$25 million will follow a sliding scale based on percentage of the total.
- The percentage coverage rules will be decreased for high and low risk auditees. A high risk auditee will have the percentage of its federal awards required to be covered under the Single Audit decrease from 50% to 40%. A low risk auditee will have the percentage of its federal awards required to be covered under the Single Audit decrease from 25% to 20%.
- The criteria used to evaluate the organization's low-risk auditee status will change as well as the criteria related to high-risk Type A program determination.
- The number of high-risk Type B programs that are required to be tested as major programs will be reduced and the Type B small program floor will be revised.
- When questioned costs are present the threshold of reporting findings will be raised to \$25,000 in questioned cost and more detail will be required to be reported.

Aside from the specific changes noted above the Uniform Guidance, which is located in Title 2 of the Code of Federal Conduct, has streamlined the format and offered more clarifications in all areas of the guidance. The most notable clarifications and policy enhancement relate to the following general areas:

- Enhancing oversight through pre-award requirements
- Focusing audit requirements to target risk of waste, fraud and abuse
- Clarifying language to limit costs
- Promoting the efficient use of IT functions
- Increasing the accountability for federal funds
- Removing duplicative and conflicting guidance
- Promoting a more consistent and transparent treatment of costs

For more information on the new Uniform Guidance or Single Audits or if you have questions regarding this topic, please contact a Zinner and Co. nonprofit professional.