

Non-Profit Notes Newsletter

OMB Issues Final 2019 Compliance Supplement

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In July 2019, the Office of Management and Budget (OMB) released the final 2019 Compliance Supplement. The 2019 supplement is effective for Single Audits of fiscal years beginning after June 30, 2018. It supersedes the 2018 supplement. The full 2019 Compliance Supplement can be viewed [here](#).

Applicability and Significance

Auditors rely on the most current annual version of the Compliance Supplement to provide them with guidance as they perform their Single Audits. The Compliance Supplement identifies any changes from the prior year, delineates specific compliance requirements auditors should consider, and provides audit objectives and suggested audit procedures to meet the requirements.

Key Revisions

- The OMB now limits the number of compliance requirements subject to Single Audit to six per individual program or cluster. This is referred to as the six-requirement mandate. There is one exception – the research and development cluster is permitted to identify seven. All twelve compliance requirements are still contained in the 2019 Compliance Supplement, but federal agencies are allowed only to choose a maximum of six for compliance testing.
- The 2019 Compliance Supplement makes terminology changes to the terms “Yes” and “No” in reference to the applicability of compliance requirements in the matrix. “Yes” means that a requirement has been identified and is subject to audit. Under previous guidance, “yes” meant that a compliance requirement applies to a program. “No” now means that a specific compliance requirement is not subject to audit. Under the new guidance, an auditor is not expected to perform compliance audit procedures even if the requirement has been identified as direct and material.

Auditees

The 2019 Compliance Supplement provides some relief to auditees in following compliance requirements and regulations in certain areas that had been subject to audit in prior years; however, auditees are still required to comply with all applicable regulations whether or not a regulation is subject to an audit in a given year.

Contact Us

If your not-for-profit organization needs assistance understanding the revisions to the 2019 Compliance Supplement, or with any accounting, auditing, tax or business consulting services, please contact the partner in charge of your account or:

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