

Audit and Federal Financial Requirements Training

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Federal Financial Compliance

Many Faces of Community Health Conference

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About Wipfli LLP

Wipfli is among the largest public accounting and business consulting firms in the nation with 700+ professionals in 16 offices. Of those offices, two are located in Minneapolis and St. Paul. Dedicated nonprofit group members are devoted to serving more than 500 nonprofit clients. A dedicated healthcare group serves more than 1,000 organizations including hospital, clinic, and skilled nursing facilities.

When our firm provides annual audit and consulting services, our people function as full-service business advisors who understand all key components of the client's operations.

To help each client identify and implement new ideas that will increase the value of their organization and help reach strategic goals, our Healthcare and Nonprofit Groups provide the following services:

- Audits – Financial and Compliance
- Internet Service for Grant-Funded Programs
- Computer Systems and Technology Solutions
- Tax-Exempt Compliance and Reporting
- Strategic Planning
- Training Seminars
- Financial Management Consulting
- Human Resource Consulting

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Our Goals

The purpose of this training session is to review the OMB management circulars.

We want you to understand the circulars, be able to find specific sections of the circulars, and have the ability to solve your organization's problems back home.

We are not able to solve individual problems at the training because we do not have the necessary information (copy of grant agreements, correspondence, source documentation, etc.).

We do hope to be able to point you to the appropriate regulations so that you will be able to solve problems.

We want each participant to learn to be able to quote from the regulations and not from someone who has never set foot in your organization.

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The Nonprofit Organization Customer Dilemma

Contributions

GENERAL PUBLIC

Tax \$

Stewardship

GOVERNMENT ENTITY

Grant \$

Risk

NON-PROFIT ORGANIZATION

Programs

Social or Individual change

CLIENTS

The non-profit has two masters - the GIVER of funds and the RECIPIENT of services.

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Federal Requirements

Public Laws
passed by Congress and signed by the President become part of the **United States Code**.

Federal Regulations
from Federal Departments to implement the laws (programs) are found in the **Code of Federal Regulations**.

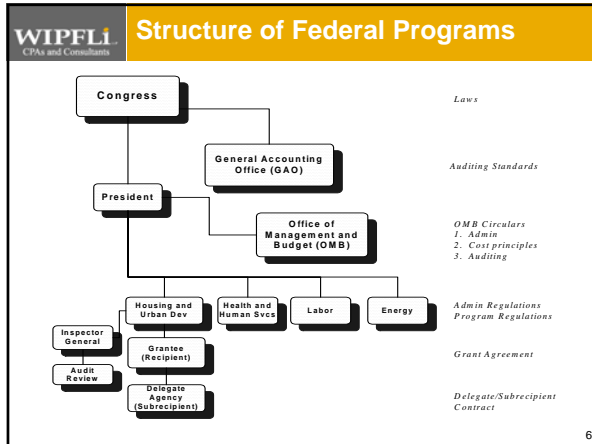
Administrative Requirements
from the Office of Management and Budget
(**OMB Circulars**)
are incorporated (codified) into administrative regulations from each Federal Department.

Specific Requirements
applicable to a recipient would be incorporated into a **grant condition**.

Additional guidance from Federal agencies could be
program instructions,
information memorandums,
technical assistance guides, etc.

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- ### List of OMB Circulars
- Nonprofit Grant-Funded Organizations**
1. [A-133](#) - Audits of States, Local Governments, and Nonprofit Organizations
 2. [A-110](#) - Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations
 3. [A-122](#) - Cost Principles for Nonprofit Organizations
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OMB CIRCULAR A-133 & The Single Audit Act

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Background of the Single Audit Act

- **What is a Single Audit?**
 - An audit including **both** the auditee's **financial statements** **and** **Federal awards**.
 - The primary mechanism used by Federal agencies to **ensure accountability** for Federal awards.
 - Over one-sixth of the Federal budget is expended **by non-Federal entities** (NFEs).
 - NFEs are states (including Federally recognized tribes), local governments, universities, or non-profit organizations.

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Background of the Single Audit Act

- **Inherent problems resulting from NFEs receiving grant awards from more than one Federal agency**
 - Grant by grant audit processes were not coordinated.
 - Audits overlapped, were conducted at different times, and had varying purposes and results.
 - Audit costs increased for the Federal government.
 - Undue administrative burden was placed on the NFEs.
 - Some NFEs were not audited at all.

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Background of the Single Audit Act

- **Attachment P, Audit Requirements, to OMB Circular A-102 "Grants and Cooperative Agreements with State and Local Governments"**
 - First organization-wide audit requirements.
 - Issued in 1979.
 - Prior to that, each Federal agency was responsible for auditing its own awards.

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