

### **Safe Harbor**

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The auditor may consider Section A of this Compliance Supplement a "safe harbor" for the identification of compliance requirements to be tested provided the auditor complies with the requirements stated in section .500 (d) of OMB Circular A-133. Among other things, this section requires the auditor to (1) perform reasonable procedures to ensure that the requirements in the Compliance Supplement are current and to determine whether there are any additional provisions of contract and grant agreements that should be covered by an audit under the 1996 Amendments, and (2) to update or augment the requirements contained in the Compliance Supplement as appropriate.

In regard to Sections B, C and D, the auditor should not consider the supplement to be "safe harbor" for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a "safe harbor" for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the supplement are current. The grantor agency may elect to review audit working papers to determine that audit tests are adequate.