

## What the 2025 Federal Compliance Supplement Delay Means for Governments and Nonprofits

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Delays persist in the release of the Office of Management and Budget's (OMB) 2025 Federal Compliance Supplement (FCS). With few exceptions, the FCS has been issued on an annual basis, providing auditors and recipients of federal funds guidance relative to the funding received from federal agencies and the compliance requirements specific to the myriad of federal grants provided.

Because annual FCS guidance is date-specific and referenced in single-audit reports issued by auditors, professional guidelines prohibit the issuance of single-audit reports until the 2025 FCS has been released as final. The 2025 FCS applies to single audits for the fiscal periods beginning *after* June 30, 2024.

### Other Considerations

In addition to changes contained in the 2025 FCS that may affect audit procedures or reporting, the Uniform Guidance (UG) has also been revised, in some ways significantly. Unlike the FCS, the UG revisions are final and effective for federal awards issued *on or after* October 1, 2024. There are some exceptions to the date the revisions apply and so we encourage our clients to contact their federal funding agencies to confirm the applicability of the UG revisions, particularly for grant awards that straddle the periods before and after October 1, 2024.

Although the final 2025 FCS has not been issued, [a draft version is available from the Single Audit Resource Center](#) for planning audits for fiscal years beginning after June 30, 2024.

Some of the changes and updates include:

- A **dual-framework compliance model** distinguishing “old” and “new” UG rules.
- Revised sections on **allowability, procurement and reporting** to reflect the 2024 UG revisions.
- A **higher audit threshold**, increasing from \$750,000 to \$1,000,000 of federal expenditures for grants awarded on or after October 1, 2024.
- The **phase-out of COVID-era programs** and updated terminology (from *non-federal entity* to *recipient/subrecipient*).

OMB has indicated that no major changes are expected between the draft and final versions of the 2025 FCS, but governmental organizations and nonprofits should still anticipate **technical clarifications**, such as program mapping, risk designations or cross-references that can require adjustments to audit planning.

### Implications of the Delay

As stated above, federal single audits cannot be finalized or released until the 2025 FCS is issued as final. For governments and nonprofits depending on timely reporting to maintain eligibility for federal awards, a late single audit filing can cause a potential delay in funding approval and cash flow.

In recent years, OMB has granted extensions of three to six months for various reasons. If an extension for 2025 is eventually granted, entities may benefit from the additional time to file but can expect audit timeframes to be condensed once the 2025 FCS is issued.

The concurrent federal government shutdown adds friction: agency contacts may be unavailable under Reduction-in-Force (RIF) orders and funding communications can be delayed. This heightens the need for appropriate preparation.

### What Public Entities Can Do Now

- **Stay audit-ready.** Keep the Schedule of Expenditures of Federal Awards (SEFA), grant ledgers and documentation current so audits can begin immediately when the FCS is made available.
- **Map awards to guidance versions.** Determine which federal awards fall under the revised UG requirements versus previous guidance.
- **Monitor OMB and Federal Audit Clearinghouse (FAC) communications.** Filing extensions announcements appear first in the *Federal Register* and on [FAC.gov](https://www.fac.gov).
- **Communicate early.** Notify governing boards, funders and pass-through entities that timing is outside your organization's control. Transparency now avoids last-minute surprises later.

### Beyond the Deadline

Guidelines for federal award compliance, auditing and reporting occasionally lag behind the receipt and expenditure of federal funds by recipients. The caution for public entities and not-for-profits is clear: **effective compliance requires ongoing preparedness and readiness for changes in federal guidelines.** Establishing well-defined documentation and communication habits – from the time of grant application and/or award acceptance, through reporting and closeout – will demonstrate your organization's faithful stewardship of the federal funds with which it has been entrusted.

### Contact Us

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*This article was originally published on October 31, 2025.*

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