

Nonprofit Notes

OMB Issues Final 2025 Compliance Supplement

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After a lengthy delay, the U.S Office of Management and Budget (OMB) recently issued its final 2025 Compliance Supplement (the Supplement). The Supplement contains information and guidance for recipients of federal funding and is used by auditors when conducting Single Audits under Uniform Guidance. The final version replaces a draft released earlier this year and OMB has indicated it is essentially unchanged apart from some formatting and clarity refinements.

The Supplement is applicable for fiscal year-ends *beginning* after June 30, 2024. Entities with years ending June 30, 2025, September 30, 2025, December 31, 2025 and so forth, must follow the guidance contained in the final 2025 Supplement. Recipients of federal awards and their auditors must be careful to use the Compliance Supplement applicable to the year under audit, particularly if their Single Audits for earlier periods have not yet been completed.

Key Changes

- The final 2025 Supplement includes two separate sections for Uniform Guidance compliance requirements – those that apply to federal awards granted after October 1, 2024, and those in effect for awards granted prior to October 1, 2024.
 - The October 1, 2024, changes include new thresholds, terminology and dual frameworks. It is critical to understand which of the two periods above applies to any federal grants received, as changes in the threshold amounts can significantly impact the classification of amounts for audit purposes reported on the schedule of expenditures of federal awards.
 - Appendix VII of the Supplement contains discussion on the importance of using the correct version of the Uniform Guidance.
- The Part 2, Matrix of Compliance Requirements, has been revised to indicate which compliance requirements pertain to a federal award. The Matrix provides auditors with suggested guidance on which compliance areas they should apply audit procedures.
- Certain program-specific revisions have also been made to include changes in allowable costs, reporting, special tests and provisions testing and other individual agency testing requirements.
- Appendix V includes a comparison of the changes between the 2025 Supplement and the 2024 version.

How to Prepare for Single Audits

- Recipients of federal awards that are subject to Single Audits performed under Uniform Guidance can expect changes in certain audit procedures based on the new requirements in the 2025 Compliance Supplement, as well as the threshold and other changes contained in the Uniform

Guidance.

- Auditees should be prepared to demonstrate and document which version (old or new) of Uniform Guidance applies to each of their federal grant awards.
- Plan to coordinate early with auditors about the impact the various changes may have on the timing and completion of their Single Audit.

We Can Help

The OMB has heightened its scrutiny of federal grants awarded, as well as Single Audit submissions. The PKF O'Connor Davies [Not-for-Profit Services](#) team is available to provide guidance and answer any questions you may have about the 2025 Compliance Supplement, Uniform Guidance or other concerns.

[Click here to read the full 2025 Compliance Supplement.](#)

Contact Us

If you have any questions, please contact your PKF O'Connor Davies client service team or:

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