

Navigating the New Single Audit Landscape: Key Changes & Common Pitfalls for NFPs



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Firm Facts

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Learning Objectives

- **Uniform Guidance from 5,000 feet**
- **Uniform Guidance 2024 Changes**
- ***Government Auditing Standards* 2024 Changes**
- **What Those Two Regulatory Changes Mean for NFPs and Practitioners**
- **Common Pitfalls**
- **Q&A and Resources**



Uniform Guidance from 5,000 feet

- UG is contained in six subparts of *2 CFR Part 200*
- Objectives of a Single Audit
- Definition of Federal Awards and Payment Methods
- Subrecipient and Contractor Determinations
- Auditee Responsibilities
- Pass-through Entity Responsibilities

Uniform Guidance 2024 Changes



Uniform Guidance 2024 Changes

Subpart F of the revised 2024 UG includes the following audit changes:

- An increase to the type A threshold to \$1,000,000 with an increase to the amount of awards expended for which it applies (from \$25 million to \$34 million)
- For audit findings in which there are questioned costs but the dollar amount is *undetermined or not reported*, a requirement to include a description of why the dollar amount is undetermined or could not be reported
- Change in term from the term “non-federal entity” has been replaced with “recipient” and/or “subrecipient”
- A change from the OMB to the cognizant or oversight agency for audit as the entity that can authorize and extension to the audit submission deadline
- §200.303(a) - Recipients must establish, “**document**,” and maintain effective internal control over the Federal and State awards that provides reasonable assurance that the recipient or subrecipient is managing the Federal and State award in compliance with Federal and State statutes, regulations, and the terms and conditions of the Federal award.

| Year end | UG Federal Threshold | North Carolina State Single Audit Threshold |
|----------|----------------------|---|
| 6/30/25 | No, \$750,000 | \$750,000 |
| 9/30/25 | Yes, \$1,000,000 | \$1,000,000 |
| 12/31/25 | Yes, \$1,000,000 | \$1,000,000 |
| 3/31/26 | Yes, \$1,000,000 | \$1,000,000 |
| 6/30/26 | Yes, \$1,000,000 | \$1,000,000 |

The single audit threshold for non-State entities subject to 09 NCAC 03M.0205 is the same as the federal single audit threshold found in Uniform Guidance, 2 CFR 200.501(a).

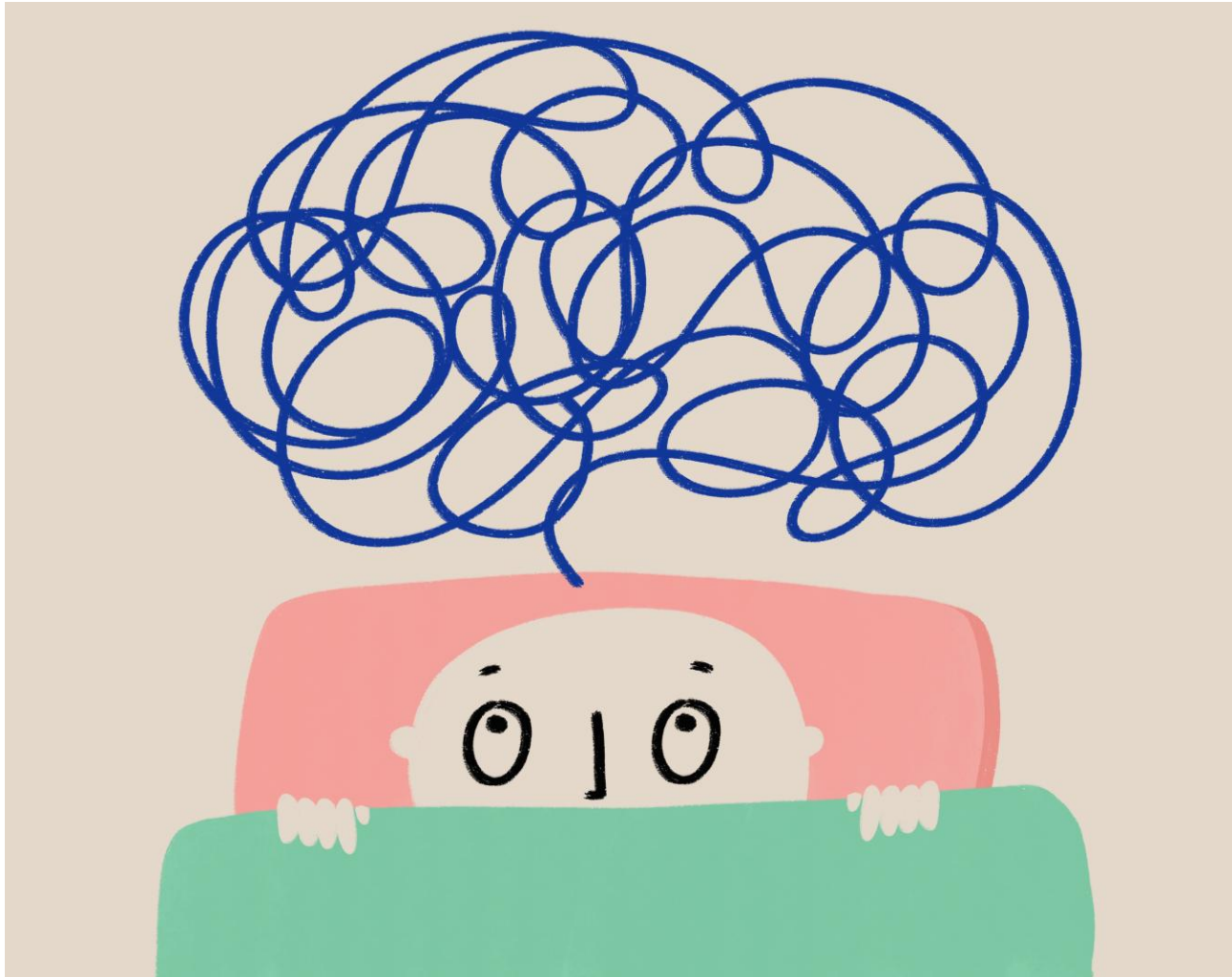
Government Auditing Standards

2024 Changes



Government Auditing Standards 2024 Changes

- In February 2024, the Government Accountability Office (GAO) released an updated *Government Auditing Standards* (also referred to as the Yellow Book).
- The 2024 revision is effective for financial audits, attestation engagements, and reviews of financial statements for periods beginning on or after December 15, 2025, and for performance audits beginning on or after December 15, 2025.
- Practitioners: SQMS implantation: A system of quality management that complies with *Government Auditing Standards* is required to be designed and implemented by December 15, 2025. An audit organization should complete its evaluation of the system of quality management by December 15, 2026. Early implementation is permitted.
- The 2024 Yellow Book does not dramatically change WHAT is audited, but significantly changes HOW audits are performed.



OK, but what does that mean to me?

**What Those Two Regulatory Changes Mean for
NFPs and Practitioners**

What's all that mean for me?

Practitioner/Auditor

- Greater focus on risk-based auditing
- Proactive quality management replaces reactive quality control
- Increased documentation and independence expectations
- Higher expectations for nonprofit internal controls and compliance processes
- Increased Governance Communication Expectations
- Increased Costs

Not-For-Profit Organization

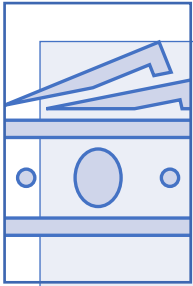
- Increased audit rigor
- Organizations that invest in strong controls and documentation will be best positioned for efficient and successful audits.
- Heightened Independence Scrutiny
- Greater Focus on Internal Controls
- Increased Findings that Lead to Governance Communications
- Increased Costs



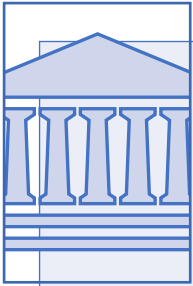
Common Pitfalls

**Top 5
plus one to grow on!**

Common Pitfalls



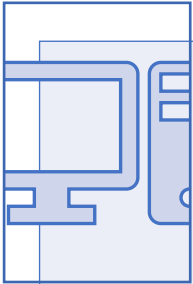
Inadequate Documentation of Allowable Costs



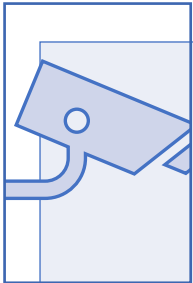
Failure to Track and Report Federal Awards



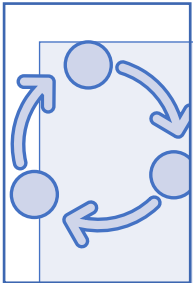
Weak Internal Controls over Compliance



Procurement Noncompliance



Subrecipient monitoring gaps



Failure to operationalize policies into consistent, documented processes

Thank you for your participation today!



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Q&A

Resource
Handouts



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