



2026 ANNUAL CONFERENCE OAKLAND, JANUARY 11 - 13

AUXILIARY ORGANIZATIONS ASSOCIATION

THE NEXT ERA OF AUXILIARIES
SHAPING TOMORROW

Uniform Guidance, Uncommon Challenges

Navigating Single Audits in a
New Era



RESEARCH ADMINISTRATION



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Session Objectives

- Identify **high-risk compliance areas** driving audit findings
- Apply **practical audit-readiness tools**
- Understand what **guidance has changed** and what is to come
- Self-assess organizational vulnerabilities

Most single audit findings related to compliance and internal controls, not fraud

Why this matters now

- **Increased federal scrutiny of sponsored programs**
- **Rising dollar thresholds = fewer, but riskier audits**
- **Cuts to Federal funding**
- **CSU auxiliaries face:**
 - Complex award structures
 - Shared services with campus
 - Frequent staff turnover

\$6.9 trillion
in federal awards were
subject to single audit
scrutiny (2017–2021)

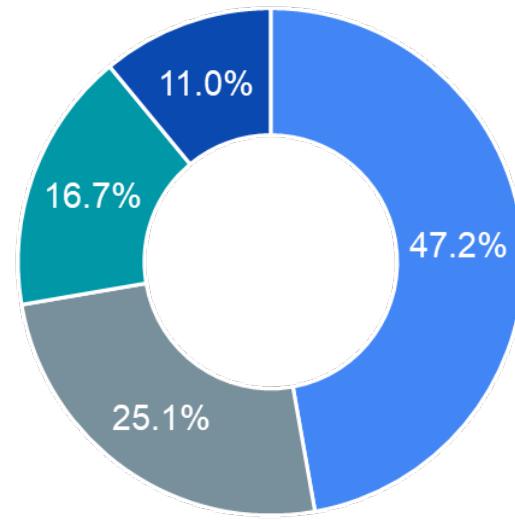
SINGLE AUDIT Findings

Study by GOA

Study performed in 2024 by the GOA of single audits submitted from 2017 to 2021:

- \$6.97T in direct Federal awards
- 40,000 single audits were submitted in 2023 alone
- 52.8% had findings
- 213 findings reported in 2015 were unresolved by 2021

*<https://www.gao.gov/products/gao-24-106173>



- No findings
- Findings are either severe or consistent
- Findings are both severe and consistent
- Findings are neither severe nor consistent

Where CSU Auxiliaries Commonly Struggle

High-risk areas we consistently see

- Subrecipient monitoring
- Time & effort / payroll allocation
- Procurement & vendor justification
- Cost allowability and classification
- Inconsistent policies vs. practice
- SEFA misalignment with accounting
- Recording funding in the incorrect accounting period

Subrecipient monitoring and payroll consistently rank among the top audit risk areas.

Case Study #1: Subrecipient Monitoring

Scenario

- Auxiliary passes funds to another CSU or nonprofit
- Agreement executed, but monitoring is informal

Common Findings

- Missing risk assessments
- No evidence of monitoring
- Late or missing subrecipient audits

*Pass-through entities
retain responsibility,
even when funds stay
within the CSU.*

Case Study #2: Payroll & Time Reporting

Scenario

- Sponsored project staff split across grants
- Effort reporting completed late or retroactively

Common Findings

- Unsupported allocations
- After-the-fact adjustments
- Inconsistent certifications

Payroll is typically the largest cost tested in a single audit.

Case Study #3: Procurement

Scenario

- Sole-source vendors justified verbally
- Emergency purchases become routine

Common Findings

- No cost/price analysis
- Missing competition documentation
- Policy misalignment with UG thresholds

Missing procurement documentation can result in questioned costs up to 100%

Interactive Risk Self-Assessment

What is your highest-risk area today?

- Subrecipients?
- Payroll?
- Procurement?
- Documentation & retention?
- Or something else?

Repeat findings often stem from risks that were never formally addressed.

Audit Readiness: What actually works?

Practical tools we see succeed:

- Compliance calendar tied to award lifecycle
- Standardized subrecipient checklist
- Pre-audit internal walkthroughs
- Centralized documentation repository
- Ongoing training (not just pre-audit)

*Organizations that
prepare year-round
report fewer repeat
findings*

Internal Controls That Auditors Expect

- Clear ownership (who does what)
- Timely controls (performed during, not after the fact)
- Evidence of review, not just preparation
- Consistency across awards
- Written policies that match reality
- Retention of documentation

Pro tip: Controls don't have to be complex – just consistent.

Controls must operate during the year, not just at audit time.



The 3 Things to keep in mind

Documentation > Intent

"If it isn't documented, it didn't happen"

Know the rules before you spend the \$

"Compliance starts at award acceptance"

Responsibility must be clear and provable

Shared services ≠ shared accountability

Auditors test what you did...and what you can prove

What's Changing in 2026?

NEW Uniform Guidance:

- Plain-language rewrite and clarity improvements
- Terminology updates
- Dates to remember
 - Effective for **awards issued on or after 10/1/24**
 - **Audit requirements** effective FYE on or after 10/1/24
- Updated definitions and thresholds:
 - Single audit: \$750k → \$1M
 - Capitalization threshold: \$5,000 → \$10,000
 - Terminology clarified and modernized
- Subaward reporting and SAM/GUID updates
- Focus on alignment with statutory authorities
- Emphasis on risk, internal control & compliance culture

*FY 6/30/26 CSU audits
are the 1st to comply
with the revised
Uniform Guidance*

What to do in the next 90 days?

- Are roles clearly defined between campus and Auxiliary?
- Could we hand an auditor documentation **today**?
- Have we **formally documented** our contractor versus subrecipient determinations?
- Is subrecipient monitoring occurring **and evidenced**?
- Are effort reports and payroll allocations being **reviewed timely** and independently?
- Do procurement files stand alone **without verbal explanations**?
- Have we performed a “mock audit” walkthrough of one major award?

Most audit findings originate months before fieldwork begins

Resources

- **Uniform Guidance (2 CFR 200)**
<https://www.ecfr.gov/current/title-2 subtitle-A/chapter-II/part-200?toc=1>
- **Federal Audit Clearinghouse**
<https://www.fac.gov/>
- **Compliance Supplement**
<https://www.whitehouse.gov/omb/information-resources/guidance/compliance-supplement/>
- **AICPA Audit Guides & Practice Aids**
<https://www.aicpa-cima.com/home>

Also:

- Chancellor's Office
- Your current auditor
- Granting agencies
- Continuing education courses





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THANK
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