Single Audits

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Federal single audits can feel complicated, especially for organizations managing federal grants and reporting requirements. This resource center is designed to help municipalities better understand the single audit process and prepare with confidence.

Whether you are getting ready for your first single audit or looking to improve your current process, the resources below have practical guidance in a format that's clear and easy to understand.

Good planning, clear communication, and strong recordkeeping can help make the single audit process smoother and more successful.

What Is a Single Audit?

If your organization receives federal grant money, you may need a federal single audit. A single audit is a special type of audit that looks at both your financial statements and how federal funds were used.

The goal is to make sure federal money is spent correctly and that your organization follows the rules tied to those funds.

When Is a Single Audit Required?

A single audit is required when an organization spends $1 million or more in federal funds during its fiscal year.

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Federal funds may come directly from a federal agency or pass through another organization, such as a state agency. The funding agreement should indicate whether the funds your municipality receives are federal in origin.

The most common federal funds Vermont municipalities receive are:

- FEMA disaster grants,
- Highway and transportation grants,
- Community development grants,
- Drinking water and wastewater loans and grants,
- Housing assistance programs, and
- Policing grants.

Occasionally, municipalities receive special purpose federal funds, such as ARPA funds.

What Happens During a Single Audit?

A single audit has two main parts:

Financial Statement Audit - Auditors review your financial statements to make sure they are accurate and complete.

Federal Program Compliance Testing - Auditors also test selected federal programs to make sure your organization followed federal rules. This may include reviewing:

- Allowable costs

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- Procurement (purchasing) procedures
- Payroll records
- Reporting requirements
- Grant agreements
- Internal controls

Why Single Audits Matter

Single audits help:

- Protect public funds
- Improve financial management
- Strengthen internal controls
- Reduce the risk of fraud or misuse of funds
- Build trust with grant agencies and the public

A successful audit can also make future grant applications and funding opportunities easier.

Preparing for a Single Audit
Recommended Timeline for Audit Prep and the Audit Itself
Common Findings - and How to Avoid Them
Single Audit FAQs

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