Preparing for a Single Audit

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Getting ready for a federal single audit can feel big, but with some steady steps, you'll be in great shape. The goal is simple: show how federal money was used and that strong controls are in place to protect it.

Below are the most important things to focus on.

Keep Strong Documentation

Good records make the audit smoother and faster.

- **Grant documentation** — Keep copies of grant agreements, award letters, budgets, and any rules tied to each grant.
- **Spending records** — Save invoices, receipts, contracts, payroll records, and anything that shows how money was spent.
- **Policies and procedures** — Have written policies and procedures for how you handle money, approvals, and reporting.
- **Tracking system** — Make sure you can clearly show which costs belong to which federal program.

Think of documentation as your "proof" that everything was done the right way.

Strengthen Internal Controls

Internal controls are the steps you take to prevent mistakes and protect public money.

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- **Segregation of duties** — Try to make sure no one person handles everything from start to finish.
- **Approval processes** — Have clear rules for who can approve spending.
- **Reconciliations** — Regularly compare your records to bank statements and grant reports.
- **Monitoring** — Check throughout the year that spending follows grant rules.

These controls help show the auditors that the municipality is careful and responsible.

Review Federal Compliance Requirements

Federal grants have specific rules related to allowable costs, procurement, reporting, and record retention. Municipalities should review grant requirements and make sure staff understand them.

Allow Enough Time

Single Audits usually takes more preparation than expected. Starting early gives staff time to gather documents, ask questions, and address any issues before fieldwork begins.

Hire an Auditor Early

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Many municipalities struggle to find an auditor because firms are very busy, and some do not respond to proposal requests. Starting early helps you avoid delays.

- **Release your Request for Proposals (RFP) several months before year end.** Ask firms to indicate their availability as part of their proposal.
- **Advertise your RFP on the Vermont Bid Registry** to increase your chances of finding an audit firm. Listings are free. Our *Finding Auditors* document has other ideas you can use.
- **Sign an engagement letter early** so your spot is reserved

Hiring early gives you more choices and helps ensure the audit can be completed on time.

Prepare the Schedule of Expenditures of Federal Awards (SEFA)

The **Schedule of Federal Awards (SEFA)** is one of the most important parts of the single audit.

- **List all federal programs** — Include every federal award you spent money from during the year. Spending for FEMA Public Assistance awards should be based on when the funds are approved (i.e., approval of the Award Worksheet) since that is when FEMA actually obligates funds.
- **Use correct Assistance Listing Numbers** — These numbers identify each federal program. Look for them on your funding agreement.

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- **Report total federal spending** — Show how much was spent for each program.
- **Note pass through funds** — If you received money through the state or another agency, mark it clearly.

A clean, accurate SEFA helps the audit start on the right foot.

Communicate Early and Often

Talking with your auditors ahead of time makes everything easier.

- **Ask what they need** — They can tell you exactly what documents to gather.
- **Share any concerns** — If something is unclear, it's better to ask now than later.
- **Set timelines** — Agree on when information will be ready.

Preparing for a single audit is really about being organized, clear, and consistent. If you keep good records, follow your controls, and build a solid SEFA, you'll be well prepared.

Publication Date
05/18/2026

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Current as of: 11/1/2026