Common Single Audit Findings and How to Avoid Them

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Many municipalities get similar findings during their federal single audits. The good news is that most of these issues can be prevented with good planning and steady habits.

Internal Control Problems

Internal controls are the rules and steps that help protect public money. Findings happen when controls are not followed or not written down.

Examples:

- One person handles everything (no checks and balances)
- Approvals are missing
- Bank accounts aren't reconciled regularly

How to avoid it:

- **Clearly assign responsibilities.**
- **Separate duties** so no one person controls a whole process.
- **Use clear approval steps** for spending.
- **Reconcile accounts** every month.
- **Write down procedures** and follow them consistently.

Strong controls show that the municipality is careful and trustworthy.

Weak or Missing Documentation

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Auditors often find that a municipality didn't keep enough proof to show how federal money was used.

Examples:

- Missing invoices
- Not keeping copies of grant agreements, amendments, and approvals

How to avoid it:

- **Keep all grant records** in one place.
- **Save receipts and invoices** for every purchase.
- **Maintain clear approval records** for purchases and payments .
- **Retain records** according to grant requirements.

Good documentation is like keeping a trail of breadcrumbs — it helps auditors see exactly what happened.

Payroll and Timekeeping Problems

Federal grants require detailed support for payroll costs charged to a grant. Findings may occur when timesheets or salary allocations are not properly documented.

Examples:

- No timesheets for activities charged to federal funding
- No support for payroll charges

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- No documentation of payroll changes

How to avoid it:

- **Document payroll time** when employees work on federal programs - Timesheets need to indicate all time worked, not just the grant-funded time.
- **Review payroll charges** regularly.
- **Document how payroll costs are allocated** among programs.

Clear payroll records and accurate timekeeping reduce the risk of questioned costs or audit findings.

Procurement Issues

Federal grants have specific purchasing and bidding rules. Findings can occur if required quotes, bids, or conflict-of-interest disclosures are missing.

Examples:

- Not putting work out to bid when required
- Not including required contract clauses
- Not documenting all steps of a purchase to meet federal requirements

How to avoid it:

- **Follow written procurement policies** - You must follow federal procurement rules, and if your municipality's rules are stricter, you must

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follow those too.

- **Document all quotes and bids received.**
- **Keep records** showing how you advertised bids and why vendors were selected.
- **Review federal procurement requirements** before large purchases.

Strong procurement practices and clear documentation help demonstrate compliance with federal requirements and can help protect your municipality from fraud or abuse.

Errors in the Schedule of Expenditures of Federal Awards (SEFA)

The Schedule of Federal Awards (SEFA) is one of the most common places where findings occur.

Examples:

- Wrong Assistance Listing Numbers (ALN)
- Missing federal programs
- Incorrect amounts reported
- Not identifying pass‑through funds

How to avoid it:

- **List every federal program** you spent money from.
- **Double check Assistance Listing numbers**. They should be included in your funding agreement.

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- **Match SEFA totals** to your accounting system.
- **Mark pass through funds** clearly.
- **Submit the SEFA to the State on time** and amend it if you find errors.

A clean SEFA helps the audit start smoothly.

Late or Missing Reporting

Most grants require regular reports to the state or federal government. Findings happen when these reports are late or incomplete.

How to avoid it:

- **Create a reporting calendar** with all deadlines.
- **Assign responsibility** to specific staff.
- **Review reports** before submitting them.

Not Following Grant Rules

Each federal program has its own rules. Findings happen when a municipality doesn't follow them.

Examples:

- Spending money on unallowed costs
- Not getting required quotes or bids

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- Not meeting program requirements
- Not including Davis Bacon requirements in bid packages or contracts or not documenting required verifications

How to avoid it:

- **Read the grant agreement and grant application guidance** carefully.
- **Check cost allowability** before spending.
- **Ask questions** before charging unusual expenses to a grant.
- **Follow procurement rules** for purchases and contracts.

For federal funding compliance, it is better to ask permission than to seek forgiveness.

Overall, the best way to avoid findings is to stay organized, document decisions and approvals, and review grant activity regularly throughout the year instead of waiting until the audit begins.

Most findings come from small gaps in documentation, controls, or understanding the rules. Reconciling records before the audit begins can help you spot - and potentially fix - potential issues. With good organization, clear procedures, and steady communication, your municipality can avoid these issues and feel confident going into the audit.

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