Single Audit Frequently Asked Questions

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When a municipality spends federal funds, it may be required to undergo a "Single Audit." The audit reviews financial statements, internal controls, and compliance with federal rules, regulations, and award requirements for major programs.

The U.S. Office of Management and Budget (OMB) sets the requirements for Single Audits.

This Frequently Asked Questions section provides answers about the audit process, key requirements, and steps municipalities can take to meet those requirements.

General Information on Single Audits

What is a Single Audit?

A Single Audit is a special audit that reviews both your financial statements and how federal funds were used. Its purpose is to help ensure federal funds are spent properly and in line with program requirements.

Single Audits follow federal auditing standards, including Generally Accepted Auditing Standards (GAAS), Generally Accepted Government Auditing Standards (GAGAS), and the Guidance for Federal Financial Assistance (2 CFR Part 200), which sets the rules for managing federal awards.

Who conducts Single Audits?

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Single Audits are performed by independent public accounting firms.

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

What do auditors look for when conducting a Single Audit?

What auditors review depends on the federal program. In general, they check key compliance requirements, such as:

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- activities allowed or disallowed,
- allowable costs/cost principles,
- cash management,
- eligibility,
- equipment and real property management,
- period of availability,
- purchasing,
- reporting,
- subrecipient monitoring, and
- special tests and provisions.

What are the most common Single Audit findings?

Examples of common Single Audit findings are available at Common Single Audit Findings - and How to Avoid Them | Vermont League of Cities and Towns.

When questions come up about federal grant requirements, it is always best to ask your funder for guidance before acting.

Can we charge the cost of a Single Audit to our federal grant?

Yes. If your municipality is required to have a Single Audit, a reasonable share of the audit cost may be charged to your federal awards under federal rules (

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2 CFR § 200.425). The audit must follow federal Single Audit requirements.

If you expect a Single Audit will be required, it is best to include those costs in your project budget from the start. Federal agencies typically do not provide extra funding later to cover audit costs.

What is an Assistance Listing Number (ALN)?

An Assistance Listing (AL) number is a five-digit number, XX.XXX. The first two digits represent the funding agency, and the last three represent the assistance listing.

Single Audit Criteria and Submission Requirements

When is a Single Audit required?

A municipality is required to have a Single Audit if it spends $1 million or more in federal funds during its fiscal year.

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For FEMA Public Assistance grants, spending is counted when FEMA approves the funding (i.e., approval of the Award Worksheet), because that is when the funds are officially obligated.

What does a Single Audit cover?

A Single Audit covers your municipality's entire financial operations and the federal awards managed during the audit period. This includes all departments, agencies, and organizational units that spent or administered federal funds.

What are we required to submit, and when?

Municipalities must submit a data collection form and a reporting package as part of the Single Audit process. Federal requirements for these submissions are listed in 2 CFR §§ 200.512(b-d).

The submission is due within 30 days after receiving the auditor's report or 9 months after the end of the fiscal year — whichever comes first. If the due date falls on a weekend or federal holiday, the deadline moves to the next business day.

Where and how do we submit our Single Audit report?

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Single Audit reporting packages must be submitted electronically to the General Services Administration's Federal Audit Clearinghouse (FAC). The FAC provides instructions, submission guidance, and FAQs to help with the process.

Your auditor may submit the Single Audit on your behalf. If you want this service included, be sure to include that information in your audit Request for Proposals and in the contract scope of work.

Are municipal Single Audit reports available to the public?

Yes. Single Audit reports and data collection information are available to the public on The Federal Audit Clearinghouse.

How can we revise or delete a previously submitted Single Audit from the Federal Audit Clearinghouse?

Once a Single Audit has been submitted to the Federal Audit Clearinghouse (FAC), it cannot be changed or removed. The submitted report is the official version available in the FAC system.

If you need help or have questions about a submission, you can contact the FAC Help Center.

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Late Audit Submissions and Extensions

Can we obtain an extension for Single Audit submissions to the Federal Audit Clearinghouse?

Possibly. Your cognizant or oversight audit agency may approve an extension if the 9-month deadline creates a hardship (2 CFR § 200.512(a)(1)). This is typically the federal or state agency that provided the most funding for the audit year.

Extension requests should be made in writing as soon as you expect a delay. The request and the agency's response must be kept in your grant files.

How do we document "Undue Burden"?

When reviewing an extension request, the cognizant audit agency looks at whether the delay is a serious and unavoidable problem that prevents timely submission of the audit.

Your explanation should show that the issue:

- Could not have been avoided with normal planning or reasonable effort.
- Did not only affect the audit, but also other parts of project work or performance.

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Be sure your written justification clearly addresses both points.

Who should we contact if our Single Audit will be submitted late to the Federal Audit Clearinghouse?

If you expect your Single Audit will be late, you should notify your federal funders in writing as soon as possible. You should also notify your cognizant federal agency, if you have one.

In your notice, explain why the audit will be late and give your best estimate of when it will be submitted. If you have not secured an auditor, include the steps you have taken or will take to find one. One of these steps should be posting your Request for Proposals to the Vermont Bid Registry.

Keep a copy of your notice and any responses in your grant files.

Can our funder penalize us if we are unable to complete our Single Audit?

Yes. If a municipality does not complete a required Single Audit, federal funders must treat this as noncompliance with the terms of the award (2 CFR § 200.505).

Funders may take actions to address noncompliance under 2 CFR § 200.208 and § 200.339. These actions can range from additional requirements to more serious steps, including limits on future funding.

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Before taking action, the funder will review factors such as risk, past compliance, performance history, and financial capacity. The funder must also notify you before applying any conditions and will remove them once Single Audit requirements are met.

Findings and Corrective Actions

What are audit findings?

Audit findings are issues identified during the audit related to financial reporting, compliance, or internal controls. They may point to weaknesses in how financial information is recorded, reviewed, or supported.

Findings are grouped by level of concern:

- **Material weakness** – A serious problem that could cause major errors in financial statements. These must be addressed right away.
- **Significant deficiency** – An important issue that is less severe than a material weakness but still needs attention.
- **Control weakness** – A smaller issue that may increase risk and can often be improved through better processes.

Addressing findings helps strengthen financial management and support future funding opportunities.

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What should we do if our Single Audit includes audit findings?

If your Single Audit includes findings, review them carefully and make sure you understand the auditor's comments and recommendations. Ask questions if anything is unclear.

You should provide a written "management response" to each finding. This response should explain how you will correct the issue or reduce the risk going forward. The auditor will include your response in the final report.

You may also need to prepare a corrective action plan and a summary of prior findings, following federal requirements (2 CFR § 200.511). If you disagree with a finding, you should clearly explain why in your corrective action plan.

Management Letters

Are we required to submit copies of management letters issued by the auditor?

You are not required to submit management letters unless a federal funder requests them. If requested, you must provide them as part of your Single Audit documentation (2 CFR § 200.512(e)).

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If a management letter was included with the Single Audit reporting package that was submitted to the Federal Audit Clearinghouse, where should any updated management letters be submitted?

If a management letter is updated after submission, you should send the updated version directly to your federal funder.

Audit Documentation Request

Is our auditor required to provide copies of audit documentation to funders?

If requested, your or your auditor must make audit documentation available to your cognizant or oversight agency and other authorized parties, such as funders. This may be needed for quality reviews, resolving findings, or oversight activities (2 CFR § 200.517(b)).

Is our auditor required to provide copies of management representation letters to funders?

Yes. If requested, you or your auditor must make audit documentation available to your cognizant or oversight agency and other authorized parties, such as funders. This includes written management representations when

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they are part of the audit file (2 CFR § 200.517(b)).

Need Additional Help?

The Federal Audit Clearinghouse Helpdesk has a Frequently Asked Questions (FAQ) webpage if you have additional questions. The FAC Helpdesk does not offer phone support. You can submit a request in writing through the webpage or via email to support@fac-gov.zendesk.com.

VLCT's Municipal Operations Support team may be able to assist with questions in some instances. VLCT members can Ask A Question through the Municipal Access Portal.

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