

Single Audits



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.



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



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

Why do 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.

Single Audits can feel complicated, but planning ahead and staying organized can make the process much easier. We hope these resources help your community prepare with confidence, avoid common problems, and better understand what to expect throughout the audit process.

Disclaimer: This summary provides general information about Single Audit requirements for municipalities that receive federal funding. Links included are



provided for convenience and do not imply endorsement of any external sites. This content is not legal or professional advice.

Publication Date

05/19/2026

