

Single Audit Basics

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#SOGF2025

Single Audit Questions Answered

- What is a single audit?
- Why is a SEFA a challenge to create?
- How do I track grant expenditures?
- What will my auditor need?
- What is being tested?
- Why are internal controls important?
- What if I don't manage all the grants?
- What if I don't have a single audit this year?



What is a single audit?

- A single audit is a standardized audit of a non-federal entity that includes the entity's financial statements and federal awards (*Single Audit Act*)
- Focuses on the federal awards (grants)
- Uniform Guidance are the federal regulations
- Only required if total federal expenditures are greater than \$1,000,000 (previously \$750,000)
- Main deliverable is the Schedule of Expenditures of Federal Awards (SEFA)
 - Includes all grant expenditures during the year
- Single audit also involves reviewing internal controls & compliance and how they relate to grant agreements
- Compliance Supplement determines compliance requirements



SEFA Example

Award type	Assistance		
Grantor	Listing/ CSFA	Agency or Pass-through	
Pass-through grantor	Number	Entity Grant Number	Expenditures
Grantor program title			
Federal Grants			
United States Environmental Protection Agency			
Drinking Water State Revolving Funds Capitalization Grants	66.468	LS642090	\$ 205,790
Passed through State of Florida, Department of Environmental Protection			
Drinking Water State Revolving Funds Capitalization Grants	66.468	DW642041	2,666,507
United States Department of Treasury			
Passed through State of Florida, Department of Environmental Protection			
Coronavirus State and Local Funds *	21.027	WG100	2,126,031
Coronavirus State and Local Funds *	21.027	23PLN32	140,000
United States Department of Justice			
Bulletproof Vest Partnership Program	16.607		3,070
Total federal awards			<u>\$ 5,141,398</u>



Why is a SEFA a Challenge To Create?

- What is my assistance listing number?
- How do I find the assistance listing number?
- Is my grant a federal grant?
- What expenditures are included?
- What do I do if my grant includes a match?
- Is it a grant or other funding source?



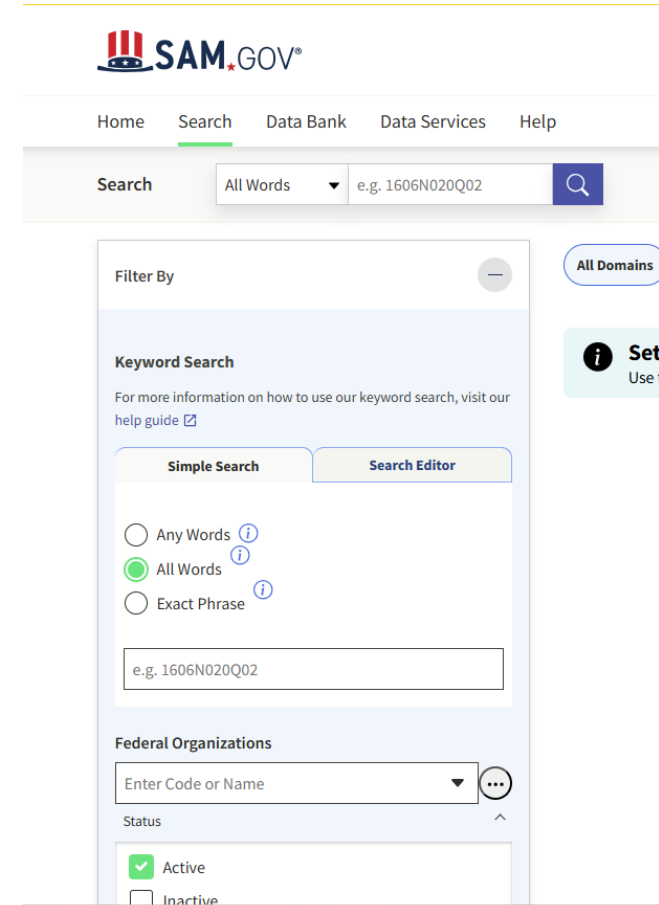
Why is a SEFA a Challenge To Create?

- What is my Assistance Listing Number (ALN)?
 - The Uniform Guidance defines assistance listings as: the publicly available listing of Federal assistance programs managed and administered by the General Services Administration (GSA) at *SAM.gov*.
 - ALN helps identify the program and serves as a guide for the compliance requirements
- How do I find the ALN?
 - Usually included in grant agreement
 - When in doubt, contact granting agency



Why is a SEFA a Challenge To Create?

- Find the ALN with the SAM.GOV site
 - Use the Search tab on the SAM.GOV site
 - Search by Keyword or Federal Organizations



The screenshot displays the SAM.GOV website's search functionality. At the top, the SAM.GOV logo is visible alongside navigation links for Home, Search, Data Bank, Data Services, and Help. The Search tab is currently selected. Below the navigation bar, there is a search input field containing the text "e.g. 1606N020Q02" and a search button. To the right of the search bar, there are links for "All Domains" and "Set Use t". The main search area is titled "Filter By" and includes a "Keyword Search" section. This section provides a link to a "help guide" and offers two search modes: "Simple Search" and "Search Editor". Under "Simple Search", there are three radio button options: "Any Words", "All Words" (which is selected), and "Exact Phrase". Below these options is a text input field with the placeholder text "e.g. 1606N020Q02". Further down, the "Federal Organizations" section features a dropdown menu labeled "Enter Code or Name" and a "Status" filter. The "Status" filter has two options: "Active" (selected with a green checkmark) and "Inactive".



Why is a SEFA a Challenge To Create?

- Is it a state grant or a federal grant?
 - Federal grants can be passed through state agencies
 - Most agreements clearly indicate if the grant is federal or state
- State Grants
 - State grants are subject to a state single audit
 - Similar identifying number to an ALN
 - Catalog of State Financial Assistance (CSFA)



Why is a SEFA a Challenge To Create?



The screenshot shows a web browser at the URL apps.fldfs.com/fsaa/compliance.aspx. The header features the Florida Department of Financial Services logo and navigation links: [FLDFS HOME](#), [CONTACT US](#), [SITEMAP](#), and [SEARCH FLDFS](#). The main content area is titled "State Projects Compliance Supplement" and includes a "Table of Contents" with the following links:

- [Part One: Background, Applicability, and Overview](#)
- [Part Two: Matrix of Compliance Requirements](#)
- [Part Three: Compliance Requirements](#)
- [Part Four: State Project Compliance Requirements](#)
- [Part Five: Internal Controls](#)
- [Part Six: Guidance for Auditing Projects Not Included in the Compliance Supplement](#)

At the bottom, there is a "Return To Top" link and a footer with additional links: [Florida Single Audit Act](#), [Catalog of State Financial Assistance](#), [State Projects Compliance Supplement](#), [Rules of the Department of Financial Services](#), [Section 215.97, Florida Statutes](#), [Florida Single Audit Act](#), [Links/Forms](#).

- State of Florida Department of Financial Services website includes a state compliance supplement
- Can search in part 4 and part 2 for state assistance listings (CSFA)



Why is a SEFA a Challenge To Create?

- What expenditures are included?
 - Costs related to grants incurred in the fiscal year
 - Reimbursement does not have to be received in the same period
 - Some exceptions
 - FEMA
- What do I do if my grant includes a match?
 - All expenditures on a project not necessarily grant related
 - Common mistake is including the match portion on the SEFA
 - Expenditures relate to those that are reimbursed by a federal agency
 - If a grant includes a 10% match, only 90% of the total costs are grant funded



Why is a SEFA a Challenge To Create?

- Is it a grant or is it an interlocal agreement?
 - Funding received from another agency might not be a federal grant
 - A county or other government may provide assistance, often accompanied by an interlocal agreement. The funding source may not be state or federal, and therefore not a single audit agreement.
 - Grant funded agreements should have either an ALN or a CSFA number



How Do I Track Grant Expenditures?

- Projects that have multiple funding sources
- Manual system
- Leverage software



How Do I Track Grant Expenditures?

Multiple Funding Sources

- Common examples with multiple sources:
 - Federal Grants with a match, and the match is funded by another grant (state or federal)
 - FEMA reimbursements- a portion of the reimbursement is federal, a portion is state, and a portion is a local match
- All expenditures should be allocated among funding sources
- Avoid duplicating expenditures among multiple sources
- Identify what grant is applied first



How Do I Track Grant Expenditures?

Multiple Funding Sources- Example

- City is awarded a FEMA grant, with 75% federal reimbursement, 12.5% state reimbursement, and 12.5% local match
- City has qualifying expenditures of \$2,000,000, what amount is the federal grant?
- Federal:
 - $2,000,000 \times 75\% = \$1,500,000$
- State:
 - $2,000,000 \times 12.5\% = \$250,000$
- Local:
 - $2,000,000 \times 12.5\% = \$250,000$



How Do I Track Grant Expenditures?

- Manual System
 - Spreadsheets summarizing expenditures
 - Paper/Electronic files with copies of all checks/expenditures
- Within Accounting Software
 - Separate funds for grants
 - Grant funds or project related funds
 - Could be separate reporting entities, or roll up into other funds for external reporting
 - Account Coding
 - Account number includes indicator that it relates to a project
 - Separate project coding that allows separate reports to be run by project detail



What Will My Auditor Need?

- Completed SEFA
 - Basis for selecting major programs and determining testing
 - Serves as the “trial balance” of the single audit
- Reimbursement Requests
 - Should be copies of what was submitted
- Documentation of Compliance
 - Includes any specific requirements of the grant, such as Davis Bacon Compliance



What Will My Auditor Need?

- Key Components to the grant file
 - Grant Agreement and amendments
 - Listing of grant expenditures
 - Reimbursement requests
 - Bids and quotes for purchases
 - Documentation of compliance
 - Grant specific reports



What is Being Tested?

- Major vs. nonmajor programs
- Internal Controls
- Compliance



What is Being Tested?

Major Program Determination

- Determine Type A and Type B programs
 - Type A programs
 - Generally larger expenditures
 - Type B programs
 - Not type A
- Determine if the entity is a low-risk auditee
 - Annual single audits
 - No findings or questioned costs
- Grants with the same assistance listing number
 - Treated as one program for major program calculations
 - Could have multiple grant agreements with the same assistance listing number



What is Being Tested?

Major Program Determination

- Evaluate the risk of the Type A programs
 - Have the programs been audited in the past two years
 - Is the program considered higher risk in the compliance supplement?
- If necessary, evaluate the risk of Type B programs
- Finalize Major Program List
 - Primarily Type A programs, with a mix of type B
 - Includes auditor judgement
 - Meet audit coverage requirements



What is Being Tested?

- Compliance supplement helps determine applicable requirements
- Programs generally limited to 6 compliance requirements
- Applicable requirement might not be applicable to your specific grant
 - Auditor judgement is involved



What is Being Tested?

- Compliance requirements
 - Activities Allowed or Unallowed
 - Allowable Costs/Cost Principles
 - Cash Management
 - Eligibility
 - Equipment and Real Property Management
 - Matching, Level of Effort, Earmarking
 - Period of Performance
 - Procurement and Suspension & Debarment
 - Program Income
 - Reporting
 - Subrecipient Monitoring
 - Special tests and provisions



What is Being Tested?

- Activities Allowed or Unallowed
 - What is allowed under the grant
 - Specific to each federal program
- Allowable Costs/Cost Principles
 - Cost accounting principles
 - Indirect costs
- Cash Management
 - Limit time elapsed for pass-thru grants
 - Cost reimbursement grants- expenditures occur in advance



What is Being Tested?

- Eligibility
 - Specific to each federal program
 - Criteria for determining eligibility
- Equipment and Real Property Management
 - Defined as tangible property with useful life in excess of one year, and acquisition cost greater than capitalization threshold or \$5,000
 - Management of property, including treatment on disposal



What is Being Tested?

- Select a sample of transactions
 - Test that compliance requirements are met for transactions
 - Test internal controls over transactions
- Review any grant reports submitted
- Test any additional grant requirements & special tests



What is Being Tested?

- Matching, Level of Effort, Earmarking
 - Matching or cost sharing- usually a specified percentage
 - Level of effort- level of service provided, specified level of expenditures and supplemental funds
 - Earmarking- minimum or maximum percentage of funding may be used for specific activities
- Period of performance
 - Expenditures within grant period



What is Being Tested?

- Procurement and Suspension and Debarment
 - Must follow procurement standards
 - Sets micro purchase level
 - Verify that transaction is not with a suspended or debarred contractor
- Program Income
 - Income generated by federal program
 - Can be used in three ways
 - Deducted from allowable costs for a net allowable cost
 - Added to the federal awards and spent in accordance with the award
 - Used to meet cost sharing or matching requirements, if allowed by awarding agency



What is Being Tested?

- Reporting
 - Reporting of grant activity
 - Includes requests for reimbursements
 - Includes any special or performance reporting required
- Subrecipient Monitoring
 - Identify the subrecipient, and award amounts
 - Evaluate risk related to subrecipients
 - Monitor activities of subrecipient
- Special Tests and Provisions
 - Unique to each program



What is Being Tested?

- Audit Findings and Questioned Costs
 - Report will include any material weaknesses or significant deficiencies
 - Report will include any questioned costs
 - 2 CFR 200.1 defines questioned cost as an amount expended or received from a federal award, that in the auditor's judgment: (1) Is noncompliant or suspected noncompliant with Federal statutes, regulations, or the terms and conditions of the Federal award; (2) At the time of the audit, lacked adequate documentation to support compliance; or (3) Appeared unreasonable and did not reflect the actions a prudent person would take in the circumstances



Why are Internal Controls Important?

- Compliance requirements have both internal control and compliance components
- Audit includes a report on internal controls and compliance
 - Transactions tested need to demonstrate controls in place
- Effective internal controls across all transactions
- Maintain documentation, including approvals



What if I Don't Manager All the Grants?

- Decentralized/Department Managed
 - When and how is finance notified of a new grant
 - Who is responsible for maintaining compliance with grant agreement
 - Are reimbursement requests being submitted timely
- Keys to manage a decentralized grant management system
 - Establish procedures for departments to notify finance of key activities
 - Open lines of communication
 - Inclusion of finance on all grant reports



What if I Don't Have a Single Audit this Year?

- All grant requirements still apply even if you aren't subject to a single audit
- Continue to maintain documentation of compliance
- Grantor agency could review grant activity
- Changes in expense or accruals might trigger a single audit



Questions?

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