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Single Audit Essentials: Requirements and Best Practices

Florida Government Finance Officers Association

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Speakers



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Over 19 years of experience with auditing and accounting services; focusing on governmental auditing with an emphasis on state and local government agencies. Leads CLA's state and local government practice, which serves over 3,700 governmental clients nationwide.



Learning Objectives

This session will cover an overview of a single audit and how best to navigate compliance requirements and have a successful audit. We will also cover recent changes and developments affecting single audits, equipping participants with the knowledge to remain compliant and efficient. You'll learn about updates to the Office of Management and Budget (OMB) guidance for federal financial assistance and how to adjust grants management policies and procedures to align with these changes.

At the end of this session, you will be able to:

- Identify what a single audit is, its purpose and reporting requirements
- Identify when a single audit is required
- Identify how to prepare for a single audit
- Identify management's responsibility for federal and state compliance and internal controls over compliance requirements
- Identify common grant management mistakes and errors related to documenting internal controls over compliance requirements
- Recall the changes to the Office of Management and Budget (OMB) updated and revised guidance for federal financial assistance
- Recognize how to update grants management policies and procedures in response to the changes and prepare for a single audit





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What Is a Single Audit? What is the Compliance Supplement?



Federal

- A Single Audit is an annual audit required when an entity expends \$1,000,000 or more in federal awards during its fiscal year.
- The Single Audit Compliance Supplement is a federal guidance document issued by the Office of Management and Budget (OMB) that tells auditors what federal grant rules must be tested during a Single Audit and how to test them.



State of Florida

- A Single Audit is an annual audit required when an entity expends \$750,000 or more in state financial assistance during its fiscal year.
- The State Projects Compliance Supplement is a state guidance document issued by the Florida Department of Financial Services (DFS) that tells auditors what state project compliance rules must be tested during a Single Audit and how to test them.



Why Does a Single Audit Matter?



A Single Audit matters because it shows that federal and state grant money is being used properly and responsibly.

It helps:

- *Protect public funds* by confirming money is spent only on approved purposes
- *Demonstrate accountability and transparency* to federal agencies, taxpayers, and oversight bodies
- *Identify problems early*, such as weak internal controls or noncompliance, before they become larger issues
- *Maintain eligibility for future federal and state funding*, since unresolved audit findings can put grants at risk



What Is included in a Single Audit?



- *Federal Grants List (SEFA/SEFASFA)*: a list of all federal grants and state project spent during the year.
- *Major programs and projects*: the largest or highest-risk federal grants and state projects are selected for testing.
- *Compliance testing*: auditors check whether those grants followed federal and state compliance rules .
- *Internal controls*: auditors look at whether controls are in place to prevent errors or misuse.
- *Audit reports and findings*: results are reported, including any problems found.
- *Corrective action plan*: management explains how issues will be fixed.



Federal Single Audit Compliance Requirements

What is tested during the single audit?



A – Activities Allowed or Unallowed

- 2 CFR 200.400 Subpart E- Cost Principles (general) and are distinctive to each federal program
- Activities allowed under grant's purpose
- Specific activities may not be funded under a specific program



B – Allowable Costs / Cost Principles

- 2 CFR 200.400 Subpart E- Cost Principles
- Costs that are reasonable and necessary for the program based on requirements of grant
- Direct and indirect costs
- Examples of direct costs procedures:
 - Costs were approved by the Federal awarding agency, if required
 - Costs were not included as a cost or used to meet cost-sharing requirements of other federally supported activities
 - Costs represent charges for actual costs, not budgeted amounts
 - Costs were estimated, accumulated, and reported consistently



C – Cash Management

2 CFR 200.305 Payment

- Treasury-State Cash Management I Act (CMIA) for states, payments are governed by Treasury-State CMIA agreements and default procedures codified at 31 CFR Part 205 “Rules and Procedures for Efficient Federal-State Funds Transfers” and TFM 4A-2000 Overall Disbursing Rules for All Federal Agencies.

General: advances or reimbursement

- If advances received:
 - Procedures in place to minimize time between receipt of funds and disbursement (generally 3 days)
 - Generally, cannot keep interest earnings on funds advanced
- If reimbursement received:
 - Costs must be paid for prior to submission of request for reimbursement



E – Eligibility

- Distinctive to each Federal program (program specific)
- Specifies the criteria for determining the individuals, groups of individuals, or subrecipients that can participate in the program and the amounts for which they qualify



F – Equipment and Real Property Management

- 2 CFR 200.310-316 Property Standards
- Applies when federal funds used to acquire property / equipment
- Equipment = cost > \$5,000 and useful life > 1 year
- Need to maintain records to track purchases and take a physical inventory every 2 years
- If equipment or real property sold, federal government / state entitled to a portion of sales proceeds depending on funding level



G – Matching, Level of Effort, and Earmarking

- *Matching* – provide contributions of a specific amount or percentage to match federal awards.
 - 2 CFR 200.306, must be non-federal source
- *Level of effort* – (program specific)
 - A specified level of service to be provided or expenditures to be maintained from period to period
 - Federal funds to supplement and not supplant non-federal funding of services
- *Earmarking* – (program specific)
 - A minimum or maximum amount or percentage of the program's funding to be used for certain activities



H – Period of Performance

- Federal awards may specify a time period during which the federal funds may be used
- Organization may charge only costs incurred during the funding period
- Generally specified in the grant award



I – Procurement, Suspension, and Debarment

2 CFR 200.317 Procurements by States

- When procuring property and services under a Federal award, a state must follow the same policies and procedures it uses for procurements from its non-Federal funds. The state will comply with §200.322 Procurement of recovered materials and confirm that every purchase order or other contract includes any clauses required by section §200.326 Contract provisions.

2 CFR 200.318 General Procurement Standards

- All other non-Federal entities, including subrecipients of a state, will follow §§200.318 General procurement standards through 200.326 Contract provisions.



I – Procurement, Suspension, and Debarment

- Must maintain records sufficient to detail the history of the procurement
 - Rationale for method of procurement
 - Selection of contract type
 - Contractor selection or rejection
 - Basis for contract price
- Procedures *must* be designed to:
 - Provide oversight of contractors' performance
 - Avoid acquisition of unnecessary or duplicative items (i.e. lease vs. buy)
 - Consider the use intergovernmental agreements
 - Encouraged to use federal surplus property in lieu of purchasing



I – Procurement, Suspension, and Debarment

- Suspension and Debarment – contracts can not be made with those on the “Excluded Parties List System” (www.sam.gov) “Covered transactions” include those procurement contracts for goods and services that are expected to equal or exceed \$25,000
- Contracting with small and minority businesses, women’s business enterprises, and labor surplus area firms
- Necessary affirmative steps to support minority businesses, women’s business enterprises, and labor surplus area firms are used *when possible*



J – Program Income

- 2 CFR 200.307 Program Income
- Gross income received directly generated by a federally funded project during the grant period
- Examples include:
 - Use or rental of real or personal property acquired with grant funds
 - Sale of commodities or other items
- Has to be deducted from outlays, added to the project budget, or used to meet matching requirements



L – Reporting

- Financial, performance, special, FFATA
- Reporting specified in grant agreements (program specific)
- Standard forms for reporting directly to federal government



M – Subrecipient Monitoring

- 2 CFR 200 330-332
- Pass-through entities must:
 - Perform risk assessments
 - Monitor subrecipient's program activities
 - Provide required information at the time of subaward



Critical Determination: Subrecipient vs. Contractor

Subrecipients. A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. Characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity:

- Determines who is *eligible* to receive what Federal assistance;
- Has its *performance* measured in relation to whether objectives of a Federal program were met;
- Has responsibility for *programmatic decision* making;
- Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and.
- In accordance with its agreement, uses the Federal funds to *carry out a program* for a public purpose specified in authorizing statute, as opposed to providing goods or services.



Subrecipient vs. Contractor, Continued

Contractors. A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor. Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the non-Federal entity receiving the Federal funds:

- Provides the goods and services within *normal business operations*;
- Provides *similar goods or services to many different purchasers*;
- Normally operates in a *competitive environment*;
- Provides *goods or services that are ancillary* to the operation of the Federal program; and
- Is *not subject to compliance requirements of the Federal program* as a result of the agreement, though similar requirements may apply for other reasons.



N – Special Provisions

- Distinctive to each Federal Program and are found in the laws, regulations and the provisions of the grant agreements.
- Compliance requirements identified in OMB compliance supplement part 4, examples:
 - Test compliance status of provider's licenses
 - Test the annual graduation rate report
 - Review the organizational structure



What Is a Single Audit Finding?

Audit finding means deficiencies which the auditor is required by CFR 200.516 and the Florida Single Audit Act to report in the schedule of findings and questioned costs.



What Is Reported in a Single Audit Finding?

200.516 Audit findings. (a) *Audit findings reported.* The auditor must report the following as audit findings in the schedule of findings and questioned costs:

- Significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs.
- Material noncompliance with the provisions of federal statutes, regulations, or the terms and conditions of federal awards related to a major program.
- Known questioned costs that are greater than \$25,000 for a federal program which is not audited as a major program.
- The circumstances concerning why the auditor's report on compliance for each major program is other than an unmodified opinion, unless such circumstances are otherwise reported as audit findings in the schedule of findings and questioned costs for federal awards.
- Known or likely fraud affecting a federal award, unless such fraud is otherwise reported as an audit finding in the schedule of findings and questioned costs for federal awards.
- Instances where the results of audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee in accordance with § 200.511(b) materially misrepresents the status of any prior audit finding.



Single Audit Findings Effect on the Grantee



The consequences of being found noncompliant can be costly and time-consuming.



If found noncompliant, the federal or state government may withhold funds until the deficiency is remedied, suspend or terminate the award, initiate suspension or debarment proceedings or withhold further federal or state awards for the program.



The government may also pursue other available legal actions.

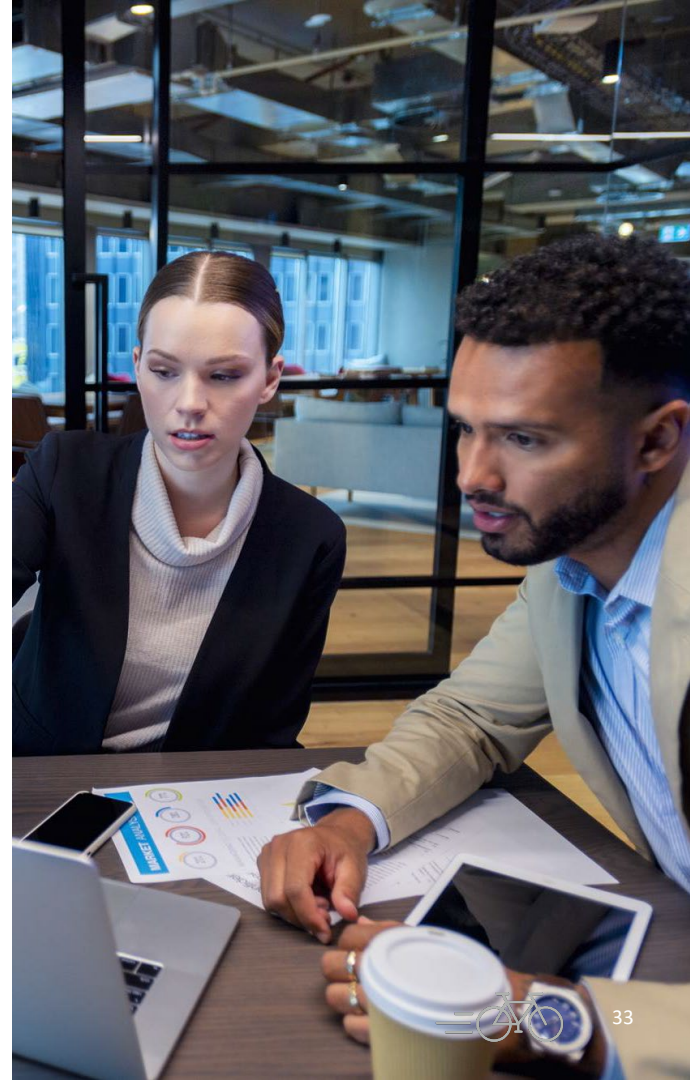
Single Audit Findings

- 2 CFR 200.516 Audit Findings / F.S. 215.97 Single Audit Act
- The auditee will prepare the corrective action plan
 - Must be on the auditee's letter head
 - Identified the date the corrective action will be implemented
 - Provide contact information for the employee responsible for the implementation of the plan
- Types of Reported Findings
 - Financial statement
 - Major federal program or state project
 - Prior year findings –
 - Reported until resolved



Summary of Prior Year Findings

- 2 CFR 200.511 Audit follow-up / F.S. 215.97 Single Audit Act
- Client prepares the summary of prior year findings
 - What to report
 - Reference number from the previous year, condition, current status
 - Finding status is either resolved, partially resolved or unresolved
 - Document should be on client letterhead
- Auditors are required to follow-up and corroborate the status of the prior year finding as reported by the client



Common Single Audit Findings



Common Single Audit Findings

Procurement

- Inadequate support for sole source vendor
- Lack of supporting documentation in the vendor file (i.e. vendor selection, three quotes for small purchases, cost analysis)
- Lack documentation to support contractor's suspension and debarment status

Reporting

- Untimely and inaccurate reporting
- Quarterly or annual reports are not filed timely
- Submitted reports are not supported by documentation
- Numerous errors in the reported data (most qualitative finding)
- Federal Funding Accountability and Transparency Act (FFATA) – most common finding



Common Single Audit Findings

Subrecipient monitoring

- Subs are not monitored timely (in accordance with pass-through entity procedures)
- Lack of written procedures over subrecipient process

Subrecipient monitoring

- Inadequate monitoring documentation maintained
- Subaward does not contain required information
- Lack of proper identification of noncompliant subrecipients and noncompliance remedies

Common Single Audit Findings

Time and effort

- Lack of written procedures for budgetary reporting of time and effort process
- Budgetary reporting – lack of documentation to support adjustments to employee hours charged to the grant

Internal control

- Internal control structure is not documented or consistently performed
- Lack of written procedures as a result continuity of procedures
- Increase in electronic processes – lack of documentation to support review and approval

Uniform Guidance Proposed Revisions

Proposed Revisions Released May 29, 2026

Proposed Effective October 1, 2026



Proposed Updates - Summary

Core change: Elevates OMB grant rules from guidance to legally binding federal regulations, significantly increasing compliance stakes for government grantees
“Uniform Grants Regulation”

Expanded federal authority to suspend or terminate discretionary grants if they no longer align with agency priorities, national interest, or policy objectives — even after awards have been made

New restrictions on DEI-related activities, gender identity programs, and anti-discrimination approaches based on disparate-impact theory — governments should review current programs and policies funded with federal dollars

E-Verify requirements for grant recipients and new national security restrictions on foreign collaborations and research partnerships

Increased political oversight of grant awards and broader applicant risk reviews — agencies will have more discretion in evaluating grantee risk profiles



Key Impacts and Action Items

- Subaward monitoring & reporting:
 - Strengthened requirements — governments acting as pass-through entities should review subrecipient oversight processes now
- Cost allowability changes:
 - Publication costs generally unallowable; membership dues allowable only if necessary for the award and pre-approved by the federal agency; conference and professional development costs require explicit grant approval
- Prohibition of certain advocacy activities funded with federal awards:
 - Review any government programs or initiatives that may be affected
- Grant termination risk:
 - Assess your discretionary grant portfolio — agencies may terminate awards that no longer align with evolving federal priorities, even mid-award
- Public comments due July 13, 2026:
 - Governments and associations should consider submitting comments during this window
- Proposed implementation date: October 1, 2026:
 - Begin internal readiness assessments and policy reviews now to prepare for potential rapid implementation



Key Changes Expected in the 2026 Compliance Supplement



Background

Important!

- The following information about the 2026 Supplement is based on the AICPA GAQC's review of drafts in April 2026.
- Please review the 2026 Supplement when it is issued by the OMB to identify actual changes!
- Effective date for audits of fiscal years beginning after June 30, 2025.
- Supplement anticipated to be posted on OMB's website:
- <https://www.whitehouse.gov/omb/>



Part 2 Matrix

- 5 new programs
- 9 deleted programs
- Realigned/decoupled programs
 - Federal agency creates separate Assistance Listing Numbers (ALNs) for an existing program
 - Will be treated as a cluster



Part 8 Higher Risk Programs and Next Steps

- There are 3 higher risk programs for 2026:
 - 93.778/93.777/93.775 Medicaid Cluster
 - 93.489/93.575/93.596 Child Care and Development Fund Cluster (CCDF)
 - 93.558 Temporary Assistance for Needy Families (TANF)
- There is 1 program removed from higher risk list:
 - ALN 15.252 – Abandoned Mine Land Reclamation (AMLR)
- Next steps
 - Hopeful for imminent issuance of 2026 Supplement
 - Changes for 2027 are uncertain given the current federal environment



Leading Single Audit Practices



What Can You Do Throughout The Year To Be Prepared?

- When grant is received, retain a copy and review it to reach out to the grantor with any questions.
- Flag any reporting or other required submissions and their due dates (keep a schedule).
- Set up a separate fund, organization, project to record all grant transactions.
- Maintain all grant related documentation (awards, invoices, procurement support, subrecipient monitoring documentation and schedule, drawdown requests, support for any judgments on why a cost was reasonable, allocable, allowable and necessary).
- If your grantor gives you special approval (i.e. permission to submit report late) keep record of the communications and approval.
- Stay in touch with your auditor throughout the year related to anything you are uncertain of and any new guidance.
 - Example: ARPA grant and obligations



Recommended Practices

- Keep program and accounting staff educated on Uniform Guidance compliance.
 - New changes are not always being communicated by grantor.
- There are many steps in a single audit so keep coordinated on due dates and project management both internally and with your auditor.
- Verify that all relevant policies are documented and available.
 - Many transactions are only allowable if under written policies (especially compensation).
 - Single audit will test that your entity's policies meet compliance requirements and then test transactions against your policy (procurement, subrecipient monitoring).



Recommended Practices

- Prepare a summary sheet for each award with all pertinent information (award period, amount, matching provisions and any special terms and provisions) for your program and accounting staff.
- Use accounting software to separately track all revenues and expenses of each award.
- Confirm corrective action plans are implemented or document why not. Follow up on management responses to prior year findings.
- Reporting:
 - Maintain submitted report and related documentation.
 - For electronically submitted reports, print out the report along with the electronic communications supporting submission.
 - Maintain evidence of supervisory review.



The Auditors Are Coming, What Do I Do Now?

Keep calm

Request listing of programs under audit and the proposed audit timeline, then inform grant staff.

Work with the auditors on the timelines if important staff are not available. The audit is not a one-person task.

Once audit request list is received, gather all requested information.

Ask questions if you are not sure what's being requested.

If issues are noted by your auditors that you do not agree with, have the discussion early on the clear things up.

Sometimes incorrect documents get provided and you have what the auditors need.

Learn from any findings or issues noted by the auditor



Top Five Ways To Prepare for a Single Audit

Make yourself available

- When scheduling your single audit (both preliminary and final fieldwork), be sure to communicate the schedule to all affected staff.
- The most efficient and effective single audits are those where the auditor has full access to the appropriate program and fiscal staff.

Review the audit request list and ask questions

- The list is designed to assist the fiscal and program staff in gathering the appropriate information for the audit, such as government contracts and summaries, narratives about internal controls over key transactions, and major program compliance.
- Take the time to review this letter with staff immediately upon receipt and start communicating any questions or concerns to your auditor as soon as possible.

Prepare your Schedule of Expenditures of Federal Awards and State Financial Assistance

- Prepare your Schedule of Expenditures of Federal Awards and State Financial Assistance
- It is important for you to understand the required elements of the SEFA, including:
 - Appropriate Assistance Listing Number (ALN) or Catalog of State Financial Assistance Number (CSFA)
 - Federal or state awarding agency
 - Federal or state expenditures by funding source
 - Grant numbers
 - Award period
 - Separate identification of funding under COVID-19
 - Separate identification and reporting of clusters of programs



Top Five Ways To Prepare for a Single Audit

Understand and identify applicable compliance requirements

- It is vital for program and fiscal staff to understand the applicable compliance requirements for each government grant.
- Obtain and review the OMB and DFS Compliance Supplement.
- Federal grants are generally assigned an ALN, State projects a CSFA number, and each ALN/CSFA can have up to 12 associated compliance requirements. Some examples of potential compliance requirements would include allowable costs, eligibility, and period of performance.

Be familiar with Uniform Administrative Requirements / Applicable cost circulars and Florida Single Audit Act

- Once all staff members are familiar with the appropriate administrative requirements and cost circulars, hold a staff meeting to discuss the types of expenditures that occur under each federal grant and state project, and whether potential unallowable costs can be identified and segregated in your accounting records
- Also consider proactively communicating with your auditors about any potential questionable areas when identifying allowable and unallowable costs





Other Tips

- Maintaining records in such a way that you could easily:
 - Segregate grant and non-grant award activity
 - Safeguard authorized use of assets acquired from federal funds
 - Comply with reporting disclosure requirement
- Keep up to date on all the latest guidance and developments.
 - Includes being aware of the changes that the Uniform Guidance and Florida Single Audit Act introduced
- Identify and address problem areas in advance.

Consequences of an Unsuccessful Audit

- Results of the audits made public
- Grantee having to pay back disallowed costs
- Suspension of the grant
- High-risk category, which increases the risk of additional audits
- Impact the organization's ability to win future awards



Learning From Your Single Audit

A lack of findings doesn't mean there isn't room for improvement

- Discuss any management comments not in the report
- Ask about what can be done differently in the future

When there are findings

- Learn from the finding and what needs to be done to mitigate it in the future
- Make program staff aware and implement appropriate policies or corrective actions
- Contact your auditors if you are not sure if your new policy/action will mitigate the finding in the future



I Know How The Audit Went, Who Else Should?

Internally

Management, your board, commissioners, and any individuals required by policy.

Externally

The grantor and any party affected by potential findings.

We recommend posting the audit report to your Town/City/County website, so it is openly available. If received as a subaward, your grantor is required to review a copy.



Resources

- *Uniform Guidance for Federal Financial Assistance*
 - <https://www.federalregister.gov/documents/2024/04/22/2024-07496/guidance-for-federal-financial-assistance>
- *Proposed Rule – Regulation for Federal Financial Assistance*
 - <https://www.federalregister.gov/documents/2026/05/29/2026-10817/regulation-for-federal-financial-assistance>
- *AICPA Governmental Audit Quality Center Resources*
 - <https://www.aicpa-cima.com/category/resources/government>
- *Federal Audit Clearinghouse Submission Guide*
 - <https://www.fac.gov/audit-resources/submission-guide/about/>
- *OMB Website for future Supplement issuance*
 - <https://www.whitehouse.gov/omb/>
- *Florida Single Audit Act*
 - <https://apps.fldfs.com/fsaa/>



Questions?



Thank you!

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