



# Ask me Anything: Preparing for a Single Audit

April 13, 2026



# About Us

The **Environmental Finance Center Network (EFCN)** is a university- and non-profit-based organization creating innovative solutions to the difficult how-to-pay issues of environmental protection and water infrastructure.

The EFCN works collectively and as individual centers to address these issues across the entire U.S, including the 5 territories and the Navajo Nation. The EFCN aims to assist public and private sectors through training, direct professional assistance, production of durable resources, and innovative policy ideas.



# Financial Audit Basics

# What is a Financial Audit?

## Is:

- Review of financial controls
- Accuracy Test on Financial Statements
- Compliance Check
- Independent Review

## Is Not:

- Fraud Detection
- Punitive

A.K.A - Financial Statements, Annual Comprehensive Financial Report (ACFR)

# Why Complete a Financial Audit?

- Because I said so
  - Some programs/states require
- Clean & verified financial info for underwriting



# Results of a Financial Audit

- Auditor's Opinion
  - Unmodified (Clean)
  - Qualified
  - Adverse
  - Disclaimer
- Management Discussion & Analysis (optional)
- Financial Statements
- Notes on Financial Statements
- Required Supplementary Information
- Management letter



# Single Audit Components

# What is a Single Audit?

- Federal law requirement, not just an SRF requirement
- Focus is compliance
- Trigger - \$1,000,000 of federally-reimbursable expenses incurred in the borrower's fiscal year
  - Accrual basis accounting, expensed = incurred
- Incorporates “Entire Operations of Auditee”
- Preparation is like Financial Audit

# Single Audit - Scope & Standards

## General info:

- Frequency
- Auditee (you) responsibilities
- Auditor selection
- Financial Statements/SEFA
- Findings
- Report submission

## Audit Specific:

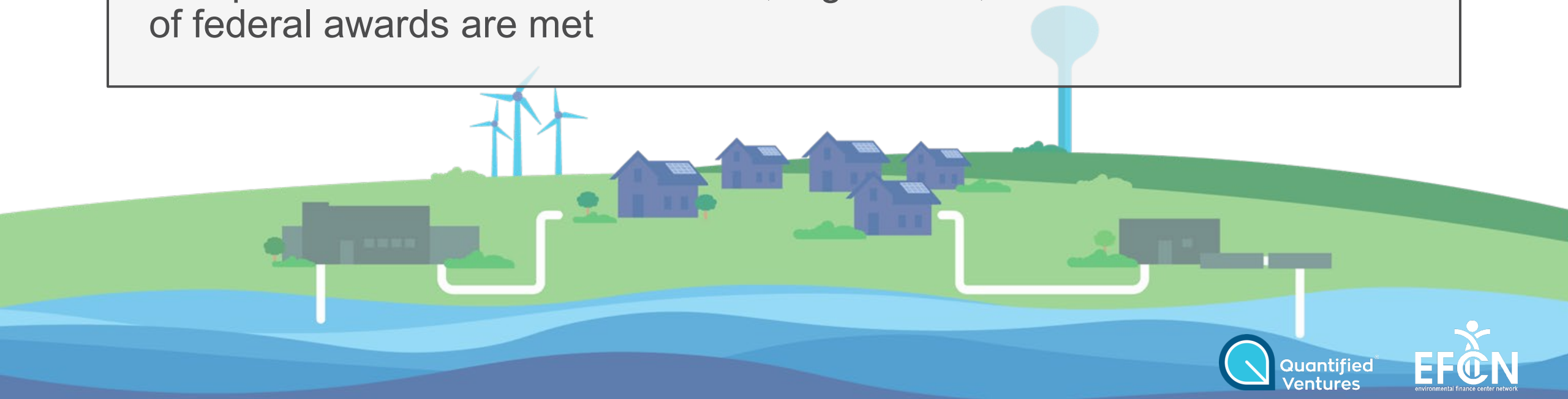
- Financial Statements/SEFA
- Internal Control
  - Compliance supplement guides auditors
  - Major Program can affect this
- Compliance
- Follow-up of prior audit findings

Federal Regulation: 2 CFR Part 200 Subpart F

# Single Audit- Compliance Statement

Compliance Supplement guides auditors

- <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-F>
- <https://www.fac.gov/assets/compliance/2025-Compliance-Supplement.pdf>
- Compliance means federal statutes, regulations, and terms and conditions of federal awards are met



# Major Program Determination

- Auditor makes this determination following 2 CFR 200 steps
- Tells auditor which program(s) to audit
- “Program” is by CFDA/Assistance #
- If not type A, type B
- Auditors determine risk for each A or B program



# Major Program Determination

Ex: If Municipality spends \$8M federal funds, Type A threshold is any CFDA# spending >\$1M

Total Federal awards expended	Type A threshold
Equal to or exceed \$1,000,000 but less than or equal to \$34 million	\$1,000,000.
Exceed \$34 million but less than or equal to \$100 million	Total Federal awards expended times .03.
Exceed \$100 million but less than or equal to \$1 billion	\$3 million.
Exceed \$1 billion but less than or equal to \$10 billion	Total Federal awards expended times .003.
Exceed \$10 billion but less than or equal to \$20 billion	\$30 million.
Exceed \$20 billion	Total Federal awards expended times .0015.

# Compliance Testing & Internal Controls



# Single Audit- Compliance



- Compliance Supplement tells auditors what to test for
- A big checklist for auditors
- Not everything checked
  - Auditors plan testing to “support a low level of control risk”
- Testing of internal controls over this compliance as well as transaction testing

PART 3 – COMPLIANCE REQUIREMENTS	
Introduction	
Part 3.1 – Compliance Requirements – Under 2 CFR 200 before October 1, 2024	
A. Activities Allowed or Unallowed	3.1-A-1
B. Allowable Costs/Cost Principles	3.1-B-1
2 CFR Part 225/OMB Circular A-87	3.1-B-10
2 CFR Part 220/OMB Circular A-21	3.1-B-27
2 CFR Part 230/OMB Circular A-122	3.1-B-40
C. Cash Management	3.1-C-1
D. [Reserved]	3.1-D-1
E. Eligibility	3.1-E-1
F. Equipment and Real Property Management	3.1-F-1
G. Matching, Level of Effort, Earmarking	3.1-G-1
H. Period of Performance	3.1-H-1
I. Procurement and Suspension and Debarment	3.1-I-1
J. Program Income	3.1-J-1
K. [Reserved]	3.1-K-1
L. Reporting	3.1-L-1
M. Subrecipient Monitoring	3.1-M-1
N. Special Tests and Provisions	3.1-N-1
Part 3.2 – Compliance Requirements – Under 2 CFR 200 on/after October 1, 2024	
A. Activities Allowed or Unallowed	3.2-A-1
B. Allowable Costs/Cost Principles	3.2-B-1
2 CFR Part 225/OMB Circular A-87	3.2-B-14
2 CFR Part 220/OMB Circular A-21	3.2-B-31
2 CFR Part 230/OMB Circular A-122	3.2-B-43
C. Cash Management	3.2-C-1
D. [Reserved]	3.2-D-1
E. Eligibility	3.2-E-1
F. Equipment and Real Property Management	3.2-F-1
G. Matching, Level of Effort, Earmarking	3.2-G-1
H. Period of Performance	3.2-H-1
I. Procurement and Suspension and Debarment	3.2-I-1
J. Program Income	3.2-J-1
K. [Reserved]	3.2-K-1
L. Reporting	3.2-L-1
M. Subrecipient Monitoring	3.2-M-1
N. Special Tests and Provisions	3.2-N-1

# Single Audit - Compliance

- Federal awards have rules to follow specific to that award
  - Federal Statutes
  - Federal Regulations
  - Terms & Conditions of Federal awards
- Compliance seen as met/not met



# Single Audit- Internal Control

## Auditors look for:

- Understanding your controls
  - Ask questions of staff
  - Review written documents
  - Walk through existing procedures with staff
- Look for areas of improvement
- Testing those controls on transactions

**WRITE IT  
DOWN!**

**Can receive finding if  
procedures not  
documented**

# Single Audit - Internal Control

## PART 6 – INTERNAL CONTROL

6-1

### Examples

- Procurement
  - Written procurement policy
  - Bid thresholds defined
  - Documentation of quotes/bids
- Allowable costs
  - Pre-approval documented
  - Invoices reviewed/approved by appropriate staff
  - Expense documented for federal grant work

### Ties to compliance:

- Controls tested in each compliance area

# SEFA not CIFA

# Single Audit- SEFA

- Prepared by auditee
  - Auditors can assist/prepare on your behalf if both parties agree
- Separate from standard Financial Statements
- List by Assistance Listing Numbers/CFDA (old term)
- Based on expenditures

City of Sample  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 20YY

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
<b>CDBG - Entitlement Grants Cluster</b>								
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218		-	23,577	23,577	-	1
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218		-	325,376	325,376	-	1
	<b>Total CDBG - Entitlement Grants Cluster:</b>			<b>-</b>	<b>348,953</b>	<b>348,953</b>		
U.S. Bureau of Justice Assistance (via City of Sample Drug Enforcement Administration)	N/A -Cooperative Agreement with Drug Enforcement Administration	16.U01	n/a	17,315	-	17,315	-	1,2
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027		-	6,002,286	6,002,286	-	1,2
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Department)	Hazard Mitigation Grant	97.039	D23-006	185,150	-	185,150	-	1,2
	<b>Total Federal Awards Expended:</b>			<b>202,440</b>				

# Findings & Solutions

# Finding of a Single Audit

- Auditors required to report in the Schedule of Findings and Questioned Costs
- Findings vary in severity, depending on compliance requirement

- Significant deficiencies



- Ex: Delayed bank reconciliations – control exists but not timely, errors can go unnoticed temporarily

- Material Weaknesses



- Ex: No system to track expenses by grant – can lead to material noncompliance and incorrect reporting on SEFA

- Goal is to identify solutions to problems
- Auditee creates corrective action plan for any findings

What is the correct answer to  
any SRF question?

Every state is different.  
It depends.

# In-Person Training

## Looking for in-depth Financial Management training? Located in New England?

- May 28-29, 2026, in University of Southern Maine, Portland Maine
- Free to attend. You pay for travel, meals, and lodging
- 1.5-day training; Approved for TCH in ME
- Registration link: <https://efcnetwork.org/event/me-training-financial-management-for-water-and-wastewater-utilities/>

## Located in the Mountain West?

- June 24-25, 2026, in Laramie County Community College, Cheyenne, WY
- Free to attend. You pay for travel, meals, and lodging
- 2 full day training; TCH TBD
- Registration Link: TBD

# Upcoming Trainings

## What is the Best Way to Calculate Rates?

May 6, 2026 / 11:00-1:00 pm ET

## Preparing for a Financial Audit

May 12, 2026 / 11:00-1:30 pm ET

## Federal Award Compliance, Part 1

May 18, 2026 / 2-4 pm ET

## Federal Award Compliance, Part 2

June 3, 2026 / 11:00-1:00 pm ET

Guest Speaker:  
Jean Devlin

This is **NOT** an Ask Me Anything session.  
To register, go to:  
<https://efcnetwork.org/event/online-training-preparing-for-a-financial-audit/>

Updated  
link!!!

For more information and to register visit:

<https://efcnetwork.org/event/virtual-office-hours-ask-me-anything-srf-technical-assistance-open-discussion-2/>

## Quantified Ventures

<https://www.quantifiedventures.com/our-team>



### Bob Fitch

- *Director of Finance & Operations*
- Former Financial Manager with the State of Vermont's SRF programs
- Former staff auditor for a local firm serving municipalities
- [fitch@quantifiedventures.com](mailto:fitch@quantifiedventures.com)

## Quantified Ventures

<https://www.quantifiedventures.com/our-team>



### Ashley Lucht

- *Community Finance Team*
- Former Director of Capital Planning at the Vermont Municipal Bond Bank
- Former DWSRF Project Manager for the State of Vermont
- [Lucht@quantifiedventures.com](mailto:Lucht@quantifiedventures.com)