

Single Audit Requirements for Federally Qualified Health Centers (FQHCs)



FQHCs that spend more than \$750,000 or more in federal funding must complete a Uniform Guidance single audit each year (increasing to \$1 million for grant agreements as of 10/1/24). This guide outlines what the audit involves, why it matters, how to prepare, and what's at stake if you're not in compliance. It also emphasizes the value of working with an experienced auditor to help protect your funding and keep your focus on patient care.



If your Federally Qualified Health Center (FQHC) receives federal funding, you're not alone. Over 9.7 million patients were served through federal grant funding in 2023 alone, making compliance essential for FQHCs that provide critical care to millions across the country. But with that funding comes responsibility, including meeting FQHC requirements.

Put simply, a single audit is a financial and compliance check-up required by the federal government when an organization spends \$750,000* or more in federal funds in a year. It's part of what's called the Uniform Guidance single audit, and while it might sound technical, it's really about making sure your health center is using public funds properly, and keeping future funding secure.

In this guide, we'll cover:

- What a single audit actually involves
- Why it matters for your FQHC
- How to prepare without feeling overwhelmed
- What can happen if you're not in compliance
- The value of working with an experienced auditor who understands FQHC federal grant audits

WHAT ARE SINGLE AUDIT REQUIREMENTS FOR FQHCs?

A single audit is not just a financial audit. It also looks at how well your organization is following the rules tied to that funding, like proper use of grant money, documentation, and reporting.

The audit is based on federal guidelines known as the [Uniform Guidance \(2 CFR Part 200\)](#), and it's designed to help ensure taxpayer money is being used the way it's intended. That means if your health center receives grants from HRSA or other federal agencies, you must go through this process every year your organization meets that funding threshold.

While it might sound intimidating, the goal of the single audit is simple: protect your funding and keep your organization in good standing with federal agencies.

WHY DO FQHCs NEED A SINGLE AUDIT?

FQHCs often rely on federal programs like the [Health Center Program](#) and American Rescue Plan (ARP) to help serve underserved communities. These programs come with specific rules and a high level of accountability.

- Your grant funds are being used for their intended purposes
- Your internal controls are working effectively
- You're following the rules laid out by federal grant programs

The audit doesn't just benefit funders. It can also help FQHCs spot weak points in financial systems, improve internal processes, and build trust with future grant-makers.

*Threshold increases from \$750,000 to \$1 million for grant agreements as of 10/1/2024

HOW TO PREPARE FOR A SINGLE AUDIT

Preparing for a single audit doesn't have to be stressful if you start early and stay organized. Here are a few practical steps to set your FQHC up for success:

1. **Keep good records year-round**

Stay on top of your documentation. Keep detailed records of all federal grant expenditures, including receipts, invoices, and time and effort reports.

2. **Know what goes in your SEFA**

Your Schedule of Expenditures of Federal Awards (SEFA) is one of the most important pieces of the audit. It shows how much federal money you received and spent during the year. Work closely with your finance team to make sure it's accurate.

3. **Strengthen internal controls**

Federal auditors want to see that you have policies and procedures in place to prevent mistakes, fraud, or misuse of funds. This includes approval processes, segregation of duties, and consistent financial oversight.

4. **Communicate with your auditor early**

Don't wait until audit time to build a relationship with your auditor. Share updates, ask questions, and understand their timeline. A proactive approach makes everything smoother.

WHAT HAPPENS IF YOU'RE NOT COMPLIANT?

If your FQHC isn't following single audit requirements, the fallout can be serious and stressful. Federal funding comes with rules, and ignoring them can create both financial and operational problems.

Here's what can happen:

- **Negative audit findings:** If your paperwork is missing or expenses don't comply with regulations, these issues will show up in your audit. These findings are reported to the government and may be seen by others.
- **Paying money back:** If federal funds were used incorrectly, even by accident, you may have to return that money. That could affect your programs and patients.
- **Losing funding:** If there are repeated problems or major errors, your federal funding could be paused or stopped altogether.
- **Your reputation suffers:** When problems appear in an audit, it can make other funders or partners nervous about supporting your health center.

Even small mistakes can lead to big issues. But with early planning and the right support, your FQHC can stay in compliance and keep its focus where it belongs, on patient care.

WHY WORK WITH AN EXPERIENCED AUDITOR?

A single audit isn't just a task to cross off your list. It plays an important role in protecting your funding and keeping your FQHC operating without issues. That's why it's important to work with an auditor who truly understands FQHCs and the specific compliance requirements they need to follow.

Here's how an experienced auditor can make a big difference:

- **Avoiding common mistakes:** They've seen what trips up other FQHCs and can help you steer clear of those issues.
- **Making grant management easier:** They'll share tips and tools that make it simpler to manage your federal funds correctly.
- **Improving your processes:** A good auditor can help you strengthen your internal controls so your systems work better year-round.
- **Being a trusted partner:** The right auditor doesn't just show up once a year. They support your FQHC over time and care about your long-term success.

When your auditor understands the ins and outs of Uniform Guidance single audits, you'll feel more confident going into the process – and more focused on what really matters: caring for your patients.

NEED HELP WITH YOUR FQHC'S SINGLE AUDIT?

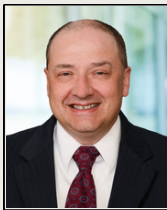
A single audit can feel overwhelming, but you don't have to go it alone. With the right guidance, your FQHC can avoid costly mistakes, stay compliant, and keep its mission on track.

Whether you're determining if a single audit is required or ready to request a quote, we're here to help – contact us today. We specialize in FQHC federal grant audits and can walk you through every step of the process.

Your funding and your patients depend on getting this right. Let's make sure you do.

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Learn more [on our website](#) or contact one of our FQHC team leaders below to discuss your specific needs today. We are here to provide expert guidance and tailored solutions for your FQHC's unique situation, ensuring compliance and maximizing your resources.



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