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REGULATION

AUDITS / FINANCIAL MONITORING

Each program, instructional unit, and department shall prepare and maintain such financial records as are directed by the Superintendent. The documents shall be accurate and of essential sufficiency to enable the District to comply with all requirements for financial monitoring and audits, both internal and external.

Requirements for Proper Management

In addition to special reviews that may be conducted as necessary, the District will comply with the following minimum requirements to demonstrate proper management of and accountability for its fiscal resources:

- ~~Whenever the District's expenditure expends less one million dollars ($1,000,000) in of federal grants in a fiscal year (starting with fiscal year 2026 audits; financial assistance is less than~~ ~~**seven hundred fifty thousand dollars ($750,000) for earlier**~~ ~~five hundred thousand dollars ($500,000) during a fiscal years, the District shall be subject to a procedural review conducted by the Office of the Auditor General at times determined by the Auditor General, subject to the following provisions:~~

- **Whenever the District expends less than a cumulative total of one million dollars ($1,000,000) in federal grants during a fiscal year ~~(beginning with fiscal year 2026 audits; the prior threshold was $750,000 for earlier fiscal years~~), the District shall be subject to a procedural review conducted by the Office of the Auditor General at times determined by the Auditor General, subject to the following provisions:**

  ■ Districts that have adopted a Maintenance and Operations Fund (M&O) budget of two million dollars ($2,000,000) or more shall contract with an independent certified public accountant to conduct an annual financial statement audit in accordance with **United States** Generally Accepted ~~governmental~~ Auditing Standards, **Governmental Auditing Standards issued by the U.S. Comptroller General, and Uniform Guidance (2 CFR Part 200 Subpart F), as applicable.**

  ■ Districts that have adopted a Maintenance and Operations Fund (M&O) budget between seven hundred thousand dollars ($700,000) and two million dollars ($2,000,000) shall contract with an independent certified public accountant to conduct a biennial financial statement audit in accordance with **United States** Generally Accepted ~~governmental~~ Auditing Standards, **Governmental Auditing Standards issued by the U.S. Comptroller General, and Uniform Guidance (2 CFR Part 200. Subpart F), as applicable.**

- ~~Whenever the District's expends one million dollars ($1,000,000) or more in expenditure from all sources of federal financial assistance a fiscal year (starting with fiscal year 2026 audits; previously seven hundred fifty thousand dollars ($750,000) is five hundred thousand dollars ($500,000) or more during a fiscal year, the District shall contract with an approved independent auditor certified public accountant to conduct an annual financial audit and compliance (Single) audit. The audit shall be performed in accordance with Generally Accepted Auditing Standards, Governmental Auditing Standards issued by the U.S. Comptroller General, and Uniform Guidance (2 CFR Part 200. Subpart F), as applicable.in compliance with the requirements of the federal Single Audit Act Amendments of 2003 and any implementing regulations of the Office of Management and Budget (OMB).~~

- **Whenever the District expends a cumulative total of one million dollars ($1,000,000) or more in combined expenditures from all sources of federal financial assistance during a fiscal year ~~(beginning with fiscal year 2026 audits; the previous threshold was $750,000)~~, the District shall engage an approved independent certified public accountant to conduct an annual financial audit and compliance (Single) audit. The audit shall be conducted in accordance with Generally Accepted Auditing Standards (GAAS), Government Auditing Standards issued by the U.S. Comptroller General, and Uniform Guidance (2 CFR Part 200, Subpart F), as applicable, and in compliance with the federal Single Audit Act Amendments of 2003 and related regulations issued by the Office of Management and Budget (OMB).**

To the extent permitted by federal law, the District:

- may convert to a biennial audit schedule when the previous annual audit contained no *significant negative findings,* defined as the District having received a letter of noncompliance issued by the auditor general;

- shall convert back to an annual audit whenever an audit produces significant negative findings;

- may convert back to a biennial audit schedule when the two (2) previous audits have not contained and significant negative findings.

The Superintendent shall be promptly informed of any material deficiency that is discovered during a monitoring or auditing process.