

POLICY SERVICES

ADVISORY

Volume 38, Number 1

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Policy Advisory No. 960..... Policy DIE — Audits/Financial Monitoring
Regulation DIE-R — Audits/Financial Monitoring

POLICY ADVISORY DISCUSSION

Policy Advisory No. 960

Policy DIE – Audits/Financial Monitoring
Regulation DIE-R – Audits/Financial Monitoring

Policy DIE removes the “June 2016” reference to the Office of Management and Budget (OMB) Compliance Supplement to ensure the policy points to the current version used for audit and compliance purposes. Regulation DIE-R was updated to align the District’s audit and financial monitoring terms with current federal and state requirements. The most significant change reflects the Office of Management and Budget’s revisions to Uniform Guidance, which increased the Single Audit threshold from \$750,000 to \$1,000,000 in federal grants expended during a fiscal year (2 C.F.R. 200.501). This updated threshold applies beginning with FY 2026 audits, as noted in the regulation.

If you have any questions, please call Policy Services at (602) 254-1100. Ask for Dr. Charlotte Patterson, Policy Analyst; Lynne Bondi, Policy Analyst; or Renae Watson, Policy Technician. Our e-mail addresses are, respectively, [cpatterson@azsba.org], [lbondi@azsba.org] and [rwatson@azsba.org].

Note: This material is written for informational purposes only, and not as legal advice. You may wish to review the policy references and consult an attorney for further explanation.

DIE ©
AUDITS / FINANCIAL MONITORING

The Governing Board directs the Superintendent to implement procedures that assure District compliance with all state and federal requirements for audits and financial monitoring. Contingent upon prescribed qualifying criteria, such requirements may include, but are not limited to, procedural reviews by the Office of the Arizona Auditor General and the federal Single Audit Act Amendments and the current U.S. Office of Management and Budget (OMB) Compliance Supplement June 2016.

Necessary Services

The procurement of the necessary services shall be consistent with the District's policy on bidding and purchasing procedures. Any allocation of costs for the services shall conform to the requirements of the Uniform System of Financial Records (USFR).

Board Presentation

A final report of each separate fiscal management review shall be presented to the Board for examination and discussion. After a report has been presented to the Board, it will become a matter of public record, and its distribution will not be limited. Copies of a final report shall be filed with appropriate state and other authorities.

The Governing Board shall publicly accept all audits and compliance questionnaires by roll call vote.

Posting

The District shall prominently post on its website home page a copy of its profile pages that displays the percentage of every dollar spent in the classroom by that school district from the most recent status report issued by the Auditor General.

Adopted: _____

LEGAL REF.:

A.R.S.

15-213

15-239

15-914

15-2111

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A.A.C.

R7-2-902

USFR - Audit Requirements

2 CFR Part 200 Appendix XI, Compliance Supplement

CROSS REF.:

DB - Annual Budget: Schedule, Preparation/Planning, Format,
and Posting/Submission

DIE-R ©

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:

A. Whenever the District's expends less than one million dollars (\$1,000,000) in expenditure of federal grants in a fiscal year (starting with Fiscal Year 2026 audits; financial assistance is less than seven hundred fifty thousand dollars [\$7500,000] for earlier 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:

1. 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 (U.S.) generally accepted governmental auditing standards, Government Auditing Standards issued by the U.S. Comptroller General, and Uniform Guidance (2 CFR Part 200, Subpart F), as applicable.
2. 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 (U.S.) generally accepted governmental auditing standards, Government Auditing Standards issued by the U.S. Comptroller General, and Uniform Guidance (2 CFR Part 200, Subpart F), as applicable.

B. Whenever the District's expends one million dollars (\$1,000,000) or more in combined expenditure from all sources of federal financial assistance is grants in a fiscal year (starting with Fiscal Year 2026 audits; previously seven hundred and fifty thousand dollars [\$750,000]) or more during a fiscal year, the District shall contract with an approved independent auditor certified public accountant to conduct an annual financial and compliance (Single) audit. The audit shall be performed in accordance with generally accepted auditing standards, Government 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).

To the extent permitted by federal law, the District:

- A. 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 ~~a~~Auditor ~~g~~General;
- B. shall convert back to an annual audit whenever an audit produces significant negative findings;
- C. may convert back to a biennial audit schedule when the two (2) previous audits have not contained any significant negative findings.

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