

Good afternoon, members of the committee.

I'm submitting testimony today to respectfully advocate for an amendment to SB 586 that would extend the required audit completion timeline from six months to one year. While the intent of timely financial oversight is important and commendable, the current six-month requirement is not realistic given the capacity constraints we face.

New Hampshire has over 175 school districts and 35 charter schools, yet there are only two full-time auditing firms available to complete this work. Requiring all audits to be completed within six months places an unsustainable burden on these limited resources and risks, reducing the quality and accuracy of the audits themselves.

There are also important unintended consequences to consider. Delays in completing audits could lead to delays in receiving adequacy payments from the state, which in turn may force districts to incur additional expenses by taking out short-term loans to cover operating costs until those funds are received. Additionally, requiring a tighter timeline could increase the cost of audits if firms need to bring on additional staff to meet demand, or could result in firms dropping clients altogether if they are unable to scale capacity quickly enough.

We have already seen how factors outside local control can disrupt audit timelines. This year, audit completion was delayed because the federal government did not release SEFA (Schedule of Expenditures of Federal Awards) guidelines in a timely manner, preventing single audits from starting as scheduled and causing a severe delay in FY25 audit reports. A rigid six-month deadline does not account for these kinds of external dependencies.

Extending the timeline to one year would maintain accountability while aligning expectations with operational reality. It ensures audits can be completed thoroughly, thoughtfully, and without unnecessary strain or unintended financial consequences.

I urge the committee to consider this amendment to support both fiscal responsibility and practical implementation.

Thank you for your time and consideration.

Respectfully,

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