



MEMO

TO: Montana Local Governments and Local Government Auditors
FROM: Local Government Services Bureau
DATE: May 25, 2017
SUBJECT: **New Audit Threshold**

Effective July 1, 2017, Senate Bill (SB) 372 revised the revenue threshold for a required audit from \$500,000 to \$750,000. Our legal counsel has interpreted the bill's effective date to mean that the new audit threshold will apply to any annual financial report that is due on or after July 1, 2017 – i.e., all FY2017 and subsequent annual reports.

The legislation does not explicitly set the audit threshold at \$750,000, but instead links it to the dollar threshold for federal assistance audits required by 2 CFR §200. Please use the following links to see the SB 372 revisions, as well as to further document the authority for the new threshold.

Senate Bill 372: [SB 372](#)

U.S. Code (USC) as referenced in SB 372: [31 USC 7502](#)

Code of Federal Regulations (CFR): [Unofficial eCFR](#) OR

[2 CFR 200.501\(a\)](#) (Title 2, Subtitle A, Chapter 2, Part 200, Subpart F)

Please review your open audit contracts. If your government is no longer required to have an audit under the revised threshold and your government does not wish to have an audit, you and your auditor will need to submit a mutually-agreed contract amendment to LGSPortalRegistration@mt.gov in order to cancel the remaining year(s) on the contract(s).