# **MEMORANDUM**

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| **To:** | Members of the Board of Elementary and Secondary Education |
| **From:** | Pedro Martinez, Commissioner |
| **Date:** | October 21, 2025 |
| **Subject:** | Waiver of Reporting Date in Regulation Requiring Charter School Submission of Annual Audit by November 1 |

The charter school regulations, at 603 CMR 1.03(2),[[1]](#footnote-1) allow the Board of Elementary and Secondary Education (Board) to waive provisions of the charter school regulations for good cause and under circumstances the Board deems exceptional. Due to a delay in the issuance of key guidance from the U.S. Office of Management and Budget (OMB), audit firms are unable to complete the federal portion of a charter school financial audit. Given these circumstances, I am asking the Board to waive the November 1 reporting date in 603 CMR 1.08(3) [[2]](#footnote-2) for any charter school unable to submit its annual financial audit by November 1. Background information follows; a motion is attached.

**Background**

The charter school regulations, 603 CMR 1.08(3), require charter schools to file an independent financial audit annually with the Department and the Office of the State Auditor by November 1. This regulation is consistent with the charter school statute, G.L c. 71, § 89, which requires the audit to be filed annually on or before January 1.[[3]](#footnote-3)

Charter schools must submit independent financial audits in a form prescribed by the Office of the State Auditor. These audits typically consist of two components: the charter school’s audited financial statements for the prior fiscal year and, if applicable, a “Single Audit” of grants awarded by the U.S. Government as outlined by OMB’s Uniform Guidance. If a charter school spends $750,000 or more in federal grant funds in the prior fiscal year, a Single Audit must be performed in alignment with OMB’s guidance. Under 2 CFR § 200.512(c)**,** the Single Audit must be submitted at the same time as the charter school’s independent financial audit to ensure comprehensive compliance and reporting.

As of early October, OMB has released draft guidance in an OMB 2025 Compliance Supplement (2025 Supplement) thatcontains significant revisions of the Single Audit requirements for fiscal year 2025 (FY25). OMB also stated that FY25 Single Audits may not be submitted until the final version of the 2025 Supplement is officially released. There is currently no definitive timeline for its issuance.

**Proposed Waiver of Reporting Date in the Regulations**

Due to the delay in the 2025 Supplement, an estimated 50 charter schools will be unable to submit independent financial audits by November 1 as required by regulations. I recommend that the Board grant a waiver of the requirement in 603 CMR 1.08(3) for charter schools to submit an independent financial audit by November 1 for those charter schools that must also submit a Single Audit. The Department has contacted the Office of the State Auditor about this proposed action, and they raised no concerns about the proposed waiver of the reporting date in these circumstances.

With this waiver, all affected charter schools may submit their annual financial audit after November 1 but prior to January 1 (the statutory deadline). In the absence of a waiver, affected charter schools would be unable to meet the regulatory deadline. A motion for your consideration is attached.

If you have any questions regarding this matter or require additional information, please contact Lauren Secatore, Chief of Staff, at [Lauren.Secatore@mass.gov](mailto:Lauren.secatore@mass.gov), or me.

1. “**Waivers**: The Board may waive provisions of 603 CMR 1.00 for good cause. . . . These waivers shall be granted only under circumstances the Board deems exceptional and such waivers shall be granted only to the extent allowed by law.” 603 CMR 1.03(2). [↑](#footnote-ref-1)
2. “**Financial Audits**: In accordance with M.G.L. c. 71, § 89, every charter school shall have an independent audit conducted of its accounts, consistent with generally accepted government auditing standards and any guidelines issued by the Department. Audits shall be filed annually by November 1st with the Department and the Office of the State Auditor.” 603 CMR 1.08(3). [↑](#footnote-ref-2)
3. “Each charter school shall keep an accurate account of all its activities and all its receipts and expenditures and shall annually cause an independent audit to be made of its accounts. Such audit shall be filed annually on or before January 1 with the department and the state auditor and shall be in a form prescribed by the state auditor.” G.L. c. 71, § 89(jj). [↑](#footnote-ref-3)