



**MONTANA
DEPARTMENT OF
ADMINISTRATION**

State Financial Services Division

Greg Gianforte, Governor
Misty Ann Giles, Director

Memorandum

TO: Independent Auditors Authorized to Conduct Audits of Montana Local Governments

FROM: Local Government Services Bureau, Department of Administration

DATE: March 2023

RE: Financial Reviews of Montana School Districts and Special Education Cooperatives

Under the authority of Section 2-7-503(3)(b), MCA, the Office of Public Instruction (OPI) has directed the school districts and special education cooperatives on the enclosed listing must have a financial review of their financial statements for the fiscal year (FY) ending June 30, 2023.

The Department of Administration has established that financial reviews of school districts and special education cooperatives are “agreed-upon procedures” engagements as prescribed in the Standards for Attestation Engagements, AT-C Section 215 *“Agreed-Upon Procedures Engagements”* and AT-C Section 315 *“Compliance Attestation.”*

The Department’s standard financial review contract and the prescribed standards for agreed-upon procedures engagements must be used for all financial reviews of school districts and special education cooperatives. These financial reviews must be conducted by an accountant on the Department's Roster of Independent Auditors Authorized to Conduct Audits of Montana Local Governments.

The selected school districts and special education cooperatives have been notified. The Department of Administration has sent them copies of the Standard Financial Review Contract and the Department's Roster.

All documentation and information needed to complete a financial review is listed below and can be found on our website at <https://sfsd.mt.gov/LGSB/index> - Click on “Audit & Financial Resources” then click on “Financial Review Engagements.”

1. Local Government Services Standard Financial Review Contract (Rev 2/2022) - This contract is a three-party contract entered into by the SD or Co-op, the auditor, and the Department. Appendix

**Statewide Accounting
Bureau**
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**Financial Services
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**Local Government
Services**
Mitchell Bldg, Rm 255
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406-444-9101

**State Procurement
Bureau**
Mitchell Bldg, Rm 165
P.O. Box 200135
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B includes the procedures to be performed during the financial review engagement. Appendix C consists of a sample management representation letter.

2. Sample financial review report - This report contains a sample agreed-upon procedures report for a financial review of a school district, including the schedules required by the contract. The same basic format should be used for a report on a special education cooperative, except that it should be modified appropriately to reflect the required procedures and schedules, as indicated in Appendix B-Co-op to the contract.

To reduce costs, school districts and cooperatives within proximity of each other have been encouraged to join a group when selecting a firm to do the financial reviews. In this manner, travel costs may be reduced or shared. Suppose you are engaged in conducting financial reviews for a group of school districts and cooperatives that jointly solicited proposals. In that case, you will still enter individual contracts with each district and cooperative. An overall review fee for the group of schools will need to be allocated to each district or cooperative.

The method schools and cooperatives use to select a firm may vary. Some schools or cooperatives may call or write individual firms and request proposals, while others may request proposals through newspaper legal advertisements. Some of you may initiate contact with the various schools and cooperatives.

If you have any questions, please contact us at (406) 444-9101 or LGSBhelp@mt.gov.

Enclosures: Financial Reviews Required FY2023
School District AUP sample report