



**MONTANA
DEPARTMENT OF
ADMINISTRATION**

State Financial Services Division

Greg Gianforte, Governor
Misty Ann Giles, Director

Memorandum

TO: Montana School Districts and Special Education Cooperatives
FROM: Local Government Services Bureau, Department of Administration
DATE: March 2023
RE: FY2023 Financial Reviews of Certain School Districts and Special Education Cooperatives

Under the authority of Section 2-7-503(3)(b), MCA, the Office of Public Instruction (OPI) has selected your school district or cooperative (SD or Co-op) for a financial review of your financial statements for the fiscal year (FY) ending June 30, 2023.

Please Note:

- ❖ If your total revenues for FY2023 are in excess of \$750,000, you must have an audit rather than a financial review.
- ❖ If your entity already holds an audit contract for FY2023 and your total financial assistance is \$750,000 or less, you have two choices:

1. Have the audit as originally contracted.

OR

2. Cancel the audit contract and contract for a financial review instead.

Selection of CPA Firm

The financial review must be conducted by a member of the Department's Roster of Independent Auditors Authorized to Conduct Audits of Montana Local Government Entities (the Roster).

**Statewide Accounting
Bureau**
Mitchell Bldg, Rm 255
P.O. Box 200102
Helena, MT 59620
406-444-3092

**Financial Services
Technology Bureau**
Mitchell Bldg, Rm 295
P.O. Box 200102
Helena, MT 59620
406-444-3092

**Local Government
Services**
Mitchell Bldg, Rm 255
P.O. Box 200547
Helena, MT 59620
406-444-9101

**State Procurement
Bureau**
Mitchell Bldg, Rm 165
P.O. Box 200135
Helena, MT 59620
406-444-2575

To reduce costs, you and other SDs or Co-ops near each other may join in selecting a firm to do the financial reviews and agree to send records to a central location. Please be sure that your records are adequately safeguarded when out of your possession.

The method you use to select an auditor may vary. You may call or write individual firms to request proposals or formally request proposals in newspaper legal advertisements. Regardless of the method, we recommend you check the references of any auditor you consider for your financial review.

The list of SDs and Co-ops required to be reviewed is being emailed to all auditors on the Roster, and some of those firms may contact you regarding your review.

Cost of Financial Review

The audit firm you select will charge a fee for the financial review. The engagement fees for Financial Reviews of school districts and co-ops conducted in past years ranged from \$1,000 to \$5,600. Variables that could affect the fee include travel costs for the auditor and the condition of your financial records. You should consider this fee in developing your budget for the fiscal year beginning July 1, 2024, as the review will have to be conducted from July 1, 2023, through June 30, 2024. The financial review report must be submitted to the Department by June 30, 2024.

Contract

You will enter into a contract with the auditor to perform the review. You and the auditor must complete and sign the Department's standard audit contract (see attached). The contract must then be sent to the Department for our signed approval.

The following materials are attached:

1. Local Government Services Standard Financial Review Contract (Rev 2/2022) - Appendix A details specific terms of the contract. Appendix B includes the procedures to be performed during the financial review engagement. Appendix C consists of a sample management representation letter to be signed during the financial review.
2. The current Roster of independent auditors authorized to conduct audits and financial reviews of Montana local government entities. An auditor on the Roster must conduct your financial review. An online report is also available on the Department's website at <https://sfsd.mt.gov/LGSB/Audit-Financial-Review-Resources/AuditorRoster>.

If you have any questions regarding the financial review process, please contact us at 406-444-9101 or LGSBhelp@mt.gov.