



State Financial Services Division
Greg Gianforte, Governor
Misty Ann Giles, Director

Memorandum

TO: Certified public accounting firms interested in conducting audits of Montana local governments

FROM: Local Government Services Bureau

DATE: June 11, 2024

RE: Roster Application Procedures

Under the provisions of the State of Montana Single Audit Act (Title 2, Chapter 7, Part 5, MCA), all certified public accountants conducting audits of Montana local governments must be on the Department of Administration's (DOA's) roster of authorized independent auditors. In consultation with the Board of Public Accountants, the Department has adopted rules related to the roster. The administrative rules can be found at ARM 2.4.406: <https://rules.mt.gov/gateway/RuleNo.asp?RN=2%2E4%2E406>

Firms must submit an annual application form to the Department to apply for the current or future rosters. The application can be found on our website at: <https://sfsd.mt.gov/LGSB/Audit-Financial-Review-Resources/AuditorRoster>.

Accepted applications will authorize auditors to perform audits under the Act for 12 months, beginning July 1 and ending June 30 of every year. We suggest that audit firms apply for an upcoming year on or before June 30 to ensure that the firm is on the public roster the first week of the new roster year. However, we will accept applications throughout the year and post a firm's information on the roster when we accept the application and receive the \$100 roster fee.

Please consider the following relating to Montana local government audits:

- **Audit Contract:** All audits must be under the Department's standard audit contract. The firm and the governing body/executive officer must sign and submit the contract to the Department for approval. **The contract is not effective, and audit work may not begin until the Department has approved it.** All local government audits must be conducted per *Government Auditing Standards* established by the Comptroller General of the United States.

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 Bureau
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

- **Audit Report Review:** The State of Montana Single Audit Act requires the Department to perform a quality review (aka Desk Review) of local government audits. If the Department identifies deficiencies during the review, the Act specifies that the auditor shall have 60 days to correct the deficiencies. If it is determined that an audit report fails to meet required auditing standards or contains false or misleading information, the Department may notify the State Board of Public Accountants.

- **Financial Review Engagements:** The State of Montana Single Audit Act provides that local governments not subject to audit requirements under the Act shall have a financial review, as defined by department rule, to be conducted of the financial statements of the entity, at least once every four years. The department has defined the financial review as agreed-upon procedure engagements, subject to the exact requirements as audits: the firm performing the engagement must be on the roster, a standard financial review contract prescribed by the Department of Administration must be used and approved by the Department, and the report will be reviewed for compliance with attestation standards (ARM 2.4.410).

- **Roster Application:**
 - The application form requires a copy of your firm's most recent external quality control or peer review report and the acceptance letter from the peer review administering agency or body (usually a State Society of CPAs or the AICPA). If your peer review was conducted by another firm without any involvement or oversight by one of the peer review administering agencies or bodies, please indicate by attaching a note to the copy of your review report. Such reviews are acceptable so long as the review meets the standards prescribed in *Government Auditing Standards* promulgated by the Comptroller General of the United States.

 - There is a space on the application form for you to indicate whether your firm is interested in prequalification by the Legislative Audit Division for submitting proposals on audits of State agencies. This information will then be forwarded to that office to ensure that all interested firms can submit proposals on audits of State agencies. If you have questions concerning audits of State agencies or the auditor selection process used by the Legislative Audit Division, please get in touch with the office at (406) 444-3122.

Please call the Department of Administration at (406) 444-9101 if you have any questions concerning the Montana Single Audit Act, the administrative rules, or the application process.