



**MONTANA
DEPARTMENT OF
ADMINISTRATION**

State Financial Services Division

Steve Bullock, Governor
John Lewis, Director

Memorandum

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

FROM: Local Government Services Bureau

DATE: June 10, 2020

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. The Department, in consultation with the Board of Public Accountants, has adopted rules related to the roster. The administrative rules can be found at A.R.M. 2.4.406:

www.mtrules.org/gateway/Subchapterhome.asp?scn=2.4.4.

To apply for the current or future rosters, firms must submit an annual application form to the Department. The application can be found on our website at <http://sfsd.mt.gov/LGSB/AuditorRoster>.

Accepted applications will authorize auditors to perform audits under the Act for a 12-month period beginning July 1 and ending June 30 of every year. We suggest that audit firms submit an application 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 will post a firm's information on the roster as soon as 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 pursuant to the Department's standard audit contract. The firm and the governing body/executive officer must sign the contract and then submit it 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 are required to be conducted in

**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

accordance with *Government Auditing Standards* established by the Comptroller General of the United States.

- **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 if the report 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 same 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 (A.R.M. 2.4.410).
- **Roster Application:**
 - The application form requires a copy of your firm's most recent external quality control or peer review report, as well as 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 so 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 or not your firm is interested in being prequalified by the Legislative Audit Division for submitting proposals on audits of State agencies. This information will then be forwarded on to that office so that they can ensure that all interested firms are given the opportunity to 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 contact that 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.