



MONTANA DEPARTMENT OF ADMINISTRATION

State Financial
Services Division
Cheryl Grey, Administrator

Statewide Accounting & Financial Systems • 406.444.3092
Local Government Services • 406.444.9101
sfsd.mt.gov

Date: December 30, 2025

To: School District and Special Education Cooperative Officials and Governing Body,

From: Local Government Services Bureau, Department of Administration

Re: FYE 2025 Financial Review Selection

MCA Section 2-7-503(3)(b) contains a provision that allows the Department of Administration (DOA) to direct local governments that do not meet the revenue threshold for an audit requirement to have a “financial review” at least once every four years. **Your {Entity(Audit Report)} (Entity) was selected for a financial review for the fiscal year ending (FYE) June 30, 2025.** The selection process for the FYE 2025 has been made in cooperation with the Office of Public Instruction (OPI). **Please Note:** If total revenues for the fiscal year are \$1,000,000 or greater, the Entity will be required to have an audit rather than a financial review. If it has been determined that the Entity will be scheduling an audit engagement for FYE 2025 you may submit the audit report instead of a financial review report. Notice of this must be sent to DOA as soon as possible if this situation applies.

Even though we may have selected you for a recent prior fiscal year financial review, you must also have a financial review for the fiscal year 2025.

All documentation and information related to this financial review engagement can be found on the DOA LGSB website in the [School Resources](#) section. Select the document called “School District Standard Financial Review Contract” to download a copy of the contract.

What is a “Financial Review”?

The cost of a financial review is less than that of an audit. The costs are generally lower if the Entity’s financial records are in good condition, well organized and readily available when the CPA firm begins the engagement.

The CPA firm will not propose adjustments or provide an opinion. The firm’s final report will indicate the circumstances discovered during the engagement. There may be findings indicating legal noncompliance, lack of internal controls, or inaccurate financial reporting. The Entity must respond to the findings and provide a corrective action plan for all findings included in the report within 30 days of receiving the report from the CPA firm. The corrective action plan is to be submitted to both the DOA Local Government Services Bureau (LGSB) and OPI.

Selection of a CPA firm:

Under the provisions of the Montana Single Audit Act and the Administrative Rules of Montana (ARMs), financial reviews must be conducted by an independent CPA firm on DOA’s “Roster of Independent Auditors Authorized to Conduct Audits of Montana Local Governments” (the Audit Roster). The Entity may select any independent CPA firm from the Audit Roster for the financial review engagement. The [current roster](#) is also available on the DOA LGSB’s website. Select the file called “Auditor Roster” for an up-to-date report generated directly from our database.



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The list of local governments required to be reviewed for FYE 2025 is being distributed to all CPA firms on the Audit Roster, and some of those firms may contact the Entity regarding its review. In past years, the engagement fees for Financial Reviews ranged from \$1,500 to \$5,800. We encourage the Entity to request proposals from several CPA firms as soon as possible.

Standard Financial Review Contract:

The Entity must contract with the CPA firm on the current Audit Roster to perform the review. A standard financial review contract form must be used. This contract is a three-party contract that will be entered into by the Entity, the independent CPA firm and DOA. The contract must be completed and signed by an official representative of the Entity and the CPA firm. The contract must then be sent to DOA for approval. Once the contract is received, DOA will sign the contract, and a confirmation email will be sent to the Entity's primary contact on file with DOA, and the OPI.

- Appendix B of the financial review contract includes the procedures for the financial review engagement.
- Appendix C contains a sample management representation letter that must be included in the financial review report. process.

Please contact our office at (406) 444-9101 or via email at LGSBHelp@mt.gov if you have any questions regarding the financial review process or need assistance with accessing the information on the LGSB website.

Thank you,

LOCAL GOVERNMENT SERVICES BUREAU

State Financial Services Division
Department of Administration