

**LEWIS AND CLARK COUNTY, MONTANA
REQUEST FOR PROPOSALS
AUDIT SERVICES**

February 2024

Introduction

Lewis and Clark County (County) invites qualified independent auditors (Auditors), licensed to practice in the State of Montana, authorized by the Montana Department of Administration to audit local government entities, and having sufficient governmental and auditing experience in accordance with the specifications outlined in this Request for Proposals (RFP), to perform the annual independent audit of the County's financial records, Annual Comprehensive Financial Report (ACFR) and agreed-upon procedures for fiscal years 2024 – 2026.

The County intends to enter a three-year contract with the selected Auditor that will include the scope of services contained in this RFP. The County may choose to extend the contract through the 2027 and 2028 fiscal years. The total contract term is not to exceed five fiscal years and is subject to annual review and recommendation by the Finance Director.

The award will be made to the most qualified candidate whose RFP is deemed most advantageous to the County; all factors considered. Unsuccessful candidates will be notified immediately after the selection process is completed. Proposals that are deemed incomplete by the selection committee will not be reviewed. Proposals become the property of the County. The County is not responsible for paying costs associated with preparing a proposal.

Lewis and Clark County was established as a commission form of government in 1915. The County offices are in Helena, the State Capital and County Seat. The County has a land area of approximately 3,513 square miles and a population of approximately 72,000. The population of the County is predominately urban with most of the residents within a twenty-mile radius of Helena. The County government is comprised of a three-member commission, elected at large, with each member serving a staggered six-year term. There are seven elected county officials that serve four-year terms. The County employs approximately 395 employees.

The total budget for the County in fiscal year 2023 – 2024 was \$127 million. The budget structure incorporates 76 funds, including governmental, proprietary, and one permanent fund. Appropriations are made at the category level by fund. The budgetary system is fully integrated with the financial accounting system. The County's fund structure includes a General Fund, 50 special revenue funds, six capital projects funds, six debt service funds, six enterprise funds, and seven internal service funds.

The County reports the following major governmental funds: General Fund, Public Safety, Capital Development, Rural Special Improvement District, Special Assessment Districts, Other Grants, and Road/Bridge Infrastructure. The County reports the following major proprietary

funds: County Landfill and Fairgrounds.

The computerized budget and accounting records are processed on an IBM iSeries computer using cloud based CentralSquare HTE's government accounting software. The HTE modules used by the County include GMBA (Accounting), Payroll, Cash Receipts, Purchasing/Inventory, and Capital Assets (Asset Management). The financial system uses both online real-time entry and batch processing. System development and improvements are provided by CentralSquare.

In addition to the County's primary accounting system, several departments use either third party vendor software or internally developed software for their operations. Property tax, motor vehicle, and environmental health software are integrated with the primary accounting system.

Additional information regarding historical and current operations and procedures can be made available for review if it is determined to be integral to the preparation of the proposal as defined below.

The County has received a Certificate of Excellence in Financial Reporting every year since 1995 and plans to continue to submit the ACFR for review by the Government Finance Officers Association.

Auditors are encouraged to review the official website of the County at www.lccountymt.gov. The website contains information to include:

- The County Commission
- County departments and their responsibilities
- Adopted budgets
- Past Annual Comprehensive Financial Reports

Scope of Services

The project period for providing professional audit services is for three fiscal years ending June 30, 2024, June 30, 2025, and June 30, 2026. The contract may be renewed for two subsequent fiscal years ending in 2027 and 2028 upon successful negotiations with the Finance Director. Should the successful audit firm fail to materially perform its duties to the standards contained in this RFP, the County reserves the unilateral right to terminate the remaining term of the engagement.

The County will provide draft financial statements and/or formatted trial balance ready for audit; schedules, reconciliations, vouchers in support of accounts payable, statements, and spreadsheets used for closing; and access to all files and records of the County departments for the Auditor to provide audit services. County staff will not prepare Auditor work papers or data entry.

1. The audit will encompass a financial and compliance examination of the County's ACFR,

in accordance with, the laws and/or regulations of the State of Montana, which include requirements for the minimum scope of the audit. The ACFR includes the basic financial statements, required and other supplementary information and compliance reports and will be prepared in accordance with generally accepted accounting principles (GAAP). The financial and compliance audit will cover federal, state, and local funding sources in accordance with the following:

- Generally accepted auditing standards
- Government Auditing Standards
- The provisions of the Office of Management and Budget's (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (commonly called "Uniform Guidance")
- Applicable federal and state laws and regulations.

The County is responsible for balancing all accounts at year-end and presenting the Auditors with a fully prepared preliminary ACFR. The County will furnish work papers in conjunction with the audit engagement. Reasonable effort will be made by County staff to provide documentation electronically when possible.

2. Audits shall be conducted on the following approximated schedule:

- July/August – Entrance Conference and Planning/Risk Assessment
 - a. Upon execution of the contract, the Auditor will have an entrance conference with the Finance Director and Accounting Manager.
 - b. Prior to the commencement of each fiscal year the selected Auditor shall meet with the County Finance Director and Accounting Manager to discuss the Auditor's planned approach to the audit and to provide a list of schedules to be prepared by County personnel prior to the beginning of risk assessment procedures and interim or fieldwork stages. The schedule and procedures will be developed in conjunction with the County and shall be subject to approval by the County. County staff will be as flexible as possible to meet the Auditor's scheduling needs. The Auditor must state in their proposal if changes to the schedule would result in additional costs.
- September/October – Fieldwork
 - a. Compliance fieldwork would typically begin around the middle of September.
 - b. Fieldwork for financial statement and Single Audit would typically begin around the second week of October.
- October/November – ACFR Drafts and Reviews
 - a. The Auditor will meet with the Finance Director and Accounting Manager for the purpose of reviewing audit findings and recommendations prior to the issuance of management letters, certifications, or reports.
- November 30 – Audit Completion and Report Issuance
- January – Audit Presentation and Exit Conference with the County Commission
 - a. The Auditor will present the final reports to the County Commission.

3. There have been, and will continue to be, significant changes to the accounting and

auditing standards that need to be implemented each fiscal year. The Auditor should be familiar with, and prepared to advise County staff on, how best to implement both current and proposed Governmental Accounting Standards Board (GASB) Statements. In addition, the Auditor is also expected to provide informal advice and consultation throughout the year on matters relating to accounting and financial reporting. This would not necessarily include any task that entails significant research or a formal report.

4. The planning phase of the audit engagement may commence upon notification to the Auditor of acceptance of their proposal. The Auditor shall meet with the Finance Director and Accounting Manager prior to the commencement of each yearly audit to discuss the Auditor's planned approach to the audit and to provide a list of schedules to be prepared by County personnel prior to the beginning of fieldwork. It is expected that interim fieldwork would be performed in August or September with the final phase of fieldwork commencing in October.
5. Following the completion of the audit of the fiscal year's financial statements, the Auditor shall issue:
 - a. A report on the fair presentation of the financial statements, in all material aspects, in conformity with generally accepted accounting principles;
 - b. A report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards;
 - c. A report on compliance for each major program and on internal control over compliance required by the Uniform Guidance; and
 - d. A Schedule of Findings and Questioned Costs.
6. Each annual audit will include written recommendations made to management which address any findings, observations, opinions, or comments relating to internal controls, financial systems, compliance, or other matters that come to the attention of the auditors during the examination. This management letter shall be provided in draft form prior to final publication of the ACFR and discussed with the Finance Director and Accounting Manager.
7. The audit fieldwork must be completed during the months following the completion of the preliminary draft of the County's ACFR. The County expects to have a preliminary draft of the ACFR by approximately the end of the second week in October. Final review and reports for the County's ACFR must be rendered no later than November 30 or the Auditor may be subject to penalty.
8. Each year, the Auditor will complete requirements on behalf of the County with the State of Montana, Department of Administration, Local Government Services Bureau and the Federal Audit Clearinghouse at the conclusion of the audit. In the event the County requests an extension of the filing date of these reports and such extension is granted, the due date for the final reports is one month prior to such extended due

date.

9. The County has received the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for the last 28 years. The County submitted its ACFR for fiscal year 2023. The Auditor will assist the County with implementing comments and suggestions provided to the County with the Summary of Grading Results on the Certificate of Achievement Program for its ACFR and review the County's required responses to the GFOA.
10. An exit conference is required of the Auditor upon completion of fieldwork with the Finance Director, County Treasurer, and the Accounting Manager to inform them of pertinent findings.
11. A formal presentation of the report by the Auditor to the Board of County Commissioners and Chief Administrative Officer will be required.
12. The working papers shall be retained, at the Auditor's expense, and made available upon request by the County or any cognizant agency for no less than five years from the date of the audit report.
13. ACFR Preparation Optional. While not required, if the Auditor elects to offer preparation services for the fiscal year 2024 the auditor should include a separate fee for the preparation of the complete ACFR.

Proposal Content Requirements

Auditors interested in providing the professional services described are requested to respond to each item. Proposals should contain information in the same order as requested in the RFP and should identify the item to which the responses apply. Proposals shall not exceed 20 double-sided pages. The proposal should demonstrate that the Auditor has the professional capabilities and resources available to satisfactorily and timely complete all the tasks as described in the *Scope of Services* section of this RFP.

1. The Auditor's legal name, address, telephone number, federal Employee Identification Number (EIN), principal contact and an email address.
2. A statement whether the Auditor is local, regional, or national. Provide the location for which the work is to be done and number of partners, managers, supervisors, seniors, and other professional staff employed at that office. Describe the range of activities performed by the office such as audit and accounting, tax, and/or management advisory services.
3. A description of the organization of the audit team, an introduction of partners, manager and supervisors who will work on the audit and the approximate percentage of time spent on the audit by each member. Provide qualifications of the audit team (in

resume format) and their respective experience. Resumes are limited to 1 page, front and back, per person. Engagement partners, managers, or other supervisory staff or specialists may be changed if there is turn over. However, the County retains the right to approve or reject replacements.

4. A comprehensive description of the approach the Auditor will employ to accomplish the goals and objectives identified in the *Scope of Services* including a detailed work plan and schedule. Please include a description of the Auditor's ability and willingness to meet time requirements.
5. A description of potential audit difficulties such as inability to comply with any requirements listed above, along with the Auditor's proposed resolution and any additional assistance expected from County staff not listed above.
6. A description of the Auditor's participation in AICPA-sponsored, or comparable quality, control programs (peer review). Provide a copy of the Auditor's current peer review including management letter and responses, if any. Indicate whether the review included government engagements.
7. A cost proposal that takes into consideration all fees and a listing of other estimated direct costs. Provide a breakdown of costs by audit year, audit services, and agreed upon procedures. The cost of auditing fiscal years ending June 30, 2024, 2025 and 2026 will be binding. Include estimated hours, hourly costs and total cost per level of personnel assigned, total personnel costs and any related costs such as travel, cost of supplies and materials, preparation costs, and any other costs, the Auditor cannot request a change to the contract if travel costs or hours related to travel change for any reason.

Identify and describe any other important cost-based information such as additional charges for unanticipated events and how they would be determined.

OPTIONAL: If the Auditor elects to offer preparation services for the fiscal year 2024 the auditor should include a separate fee for the preparation of the complete ACFR.

8. Provide a tentative schedule for completing the audit with the specified deadlines.
9. Provide a client list with whom the Auditor has worked in the past four years which are of similar scope and client type. Please include the following information:
 - a. Client name;
 - b. Name and title of client's primary contact;
 - c. Phone number, email address, and mailing address of the client's primary contact; and
 - d. A brief description of the types of services provided, the location where the services were provided, and the dates of service.

10. Demonstrate the firm’s competence and experience on the following topics. Limited to one double-spaced page per topic and provide references for similar work performed.
 - a. Professional independence standards.
 - b. Description of what work will be completed on-site and/or remotely.

All costs associated with the preparation of the proposal and any subsequent presentations are borne by the Auditor. All proposals, reports, information, data, and other materials prepared by the Auditor pursuant to this request are the property of the County, which has the exclusive and unrestricted authority to release, publish, or otherwise use, in whole or part, information relating thereto. Any reuse without written verification of adaptation by the Auditor for the specific purpose intended will be at the County’s sole risk and without liability or legal exposure to the Auditor. No material produced in whole or in part under this request may be copyrighted or patented in the United States or any other country without the prior written approval of the County.

Unnecessary elaborate responses beyond that which is sufficient to present a complete and responsive proposal are not desired and may be construed as an indication of the Auditor’s lack of cost-consciousness as well as a disregard for the County’s review time. Elaborate artwork, expensive paper and bindings, and extensive visual presentations are neither necessary nor desired.

Evaluation Criteria

Auditors will be evaluated by a committee and ranked based on their average score. Before submitting a proposal, the Auditor shall carefully read all sections of this RFP and shall fully inform themselves as to the existing conditions and limitations, which may impact their ability to perform. Committee members will review and evaluate proposals independently and assign scores based on the following criteria:

Criteria	Points Possible
1. Mandatory Elements – Auditor must demonstrate that: <ul style="list-style-type: none"> • The Auditor is independent, licensed to practice in Montana and listed on the State of Montana, Department of Administration roster. • The Auditor has no conflict of interest with regard to any other work performed by the firm for the County or other entities. • The Auditor adheres to the instructions in this request for proposal on preparing and submitting the proposal. • The Auditor submits a copy of its last quality control review report and has record of quality audit work. 	20 points

2. Quality of proposal. Minimum requirements of RFP were met (e.g., 20 double-sided maximum not exceeded, all required information included). Response is free of grammatical and spelling errors.	5 points
3. Capability of Auditor to meet time requirements. Response indicates Auditor has the time and capacity to meet schedule requirements.	10 points
4. Technical qualifications of Auditor. Response indicates qualification and experience of the professional personnel to be assigned to the Project.	50 points
5. The proposed audit fees for the services for the fiscal years ending June 30, 2024, June 30, 2025, and June 30, 2026.	15 points
TOTAL	100 points max

Timeline

Publication of Notices	March 2 and March 9, 2024
Questions Due	March 12, 2024
Responses to Questions Posted on County Website	March 18, 2024
Proposal Submittal Deadline	March 26, 2024
Proposal Evaluation Meeting	No later than April 12, 2024
Interviews (optional)*	No later than April 19, 2024
Notice of Intent to Award	No later than April 26, 2024

* The County reserves the right to interview Auditors in order to assist in the evaluation process. Interviews will be granted to the top two firms, only, if the difference of average evaluation scores is narrow. Preliminary evaluation scores may be changed based upon information provided by Auditor’s during the interview process.

Proposal Submittal

Auditors shall submit five hard copies of the proposal and one digital copy in PDF format on a USB drive in a sealed envelope clearly marked *Lewis and Clark County Audit Services RFP*.

Under no circumstances may Auditors contact any County staff member or elected official directly regarding this solicitation. To ensure a fair and objective evaluation of all proposals, questions regarding the RFP must be submitted on or before March 12, 2024 via email to the designated point of contact:

Casey Hayes, Purchasing Officer
Lewis and Clark County
316 N. Park Avenue, Helena, MT 59623
chayes@lccountymt.gov

An addendum containing responses to all questions received will be posted on the County’s website located at <https://www.lccountymt.gov/Government/Grants-and-Purchasing/Bids-and->

[Proposals-Current](#) no later than March 18, 2024. It is the responsibility of each Auditor to check the website if interested in the questions received and the respective responses provided by the County.

Submit proposals to:

Lewis and Clark County Commissioners
316 N. Park Avenue, Room 345
Helena, MT 59623

Proposals must be received no later than 4:00 PM local time on March 26, 2024. Proposals received after the deadline shall not be accepted. This solicitation is being offered in accordance with applicable federal and state statutes governing procurement of professional services. Accordingly, Lewis and Clark County reserves the right to reject any and all proposals deemed unqualified, unsatisfactory, or inappropriate.

Standard Terms and Conditions

By submitting a proposal in response to this RFP, the Offeror agrees to accept the following Standard Terms and Conditions and any other provisions that are specific to this solicitation.

1. Authority

This Request for Proposals (RFP) is issued under the authority of the Lewis and Clark County Purchasing Policy. The RFP process is a procurement option which allows the award to be based on evaluation criteria in addition to cost. The relative importance of all evaluation criteria is found herein and only the evaluation criteria outlined in the RFP will be used. Lewis and Clark County (herein, the "County") reserves the right to accept or reject any or all proposals, wholly or in part, and to make awards in any manner deemed in the best interest of the County.

2. Competition

Lewis and Clark County encourages free and open competition among offerors to obtain quality, cost-effective services and products. Whenever possible, specifications, invitations, and conditions are designed to accomplish this objective, consistent with the necessity to satisfy the County's needs and accomplishment of a sound economical operation.

The offeror's submission of a proposal guarantees that the prices quoted have been established without collusion with other eligible offerors and without effort to preclude Lewis and Clark County from obtaining the lowest possible competitive price.

Prior to the award of the contract, proposals may be held by Lewis and Clark County for a period not to exceed 90 days from the date of the opening of proposals for the purpose of reviewing proposals and investigating the qualifications of the offerors.

3. Public Inspection of Proposals

All information received in response to this RFP, including copyrighted material, is deemed public information and with one exception will be available for public viewing and copying after the Notice of Intent to Award is posted.

The public will not be able to view bona fide trade secrets meeting the requirements of the Uniform Trade Secrets Act, Title 30, Chapter 14, Part 4, MCA. The Purchasing Officer will remove any such trade secrets from the proposal prior to public viewing.

4. Bona Fide Trade Secrets

Confidential information meeting the requirements of Title 30, Chapter 14, Part 4, MCA will be available for review only by the Purchasing Officer, the evaluation committee members, and limited other designees. Before the proposal is made available to the public, the Purchasing Officer will remove the confidential information if the following conditions are met:

- Confidential information is clearly marked and separated from the rest of the proposal;
- No confidential material is contained in the cost section; and
- An affidavit from the offeror's legal counsel attesting to and explaining the validity of the trade secret claim is attached to the proposal.

The offeror shall pay all legal costs and fees associated with defending a claim for confidentiality if a “right to know” request is received from another party.

In order for an offeror to request that material be kept confidential, a notarized Affidavit for Trade Secret Confidentiality shall be provided by the offeror’s attorney acknowledging that material included in a proposal is open to public inspection except for information that meets the provisions of Montana’s Uniform Trade Secrets Act.

5. Classification of Proposals as Responsive or Non-responsive

All proposals will be classified as either “responsive” or “non-responsive.” A proposal is considered “responsive” if it conforms in all material respects to the requirements of the RFP. A proposal may be found non-responsive if:

- Required information is not provided;
- The cost proposal is excessive or inadequate as measured by criteria stated in the RFP; or
- The proposal does not conform to the specifications described and required in the RFP.

If a proposal is found to be non-responsive, it will receive no further consideration.

6. Determination of Offeror Responsibility

The Purchasing Officer and/or the evaluation committee will decide whether an offeror has met the standards of responsibility based on the requirements of the RFP. Factors used to determine the responsibility may include whether the offeror has:

- The appropriate financial, material, equipment, or human resources to meet all contractual requirements;
- A satisfactory record of integrity;
- The legal ability to contract with the County;
- Provided all information requested for use in the determination of responsibility; and
- A satisfactory record of past performance.

An offeror may be deemed “non-responsible” at any time during the procurement process if information surfaces to support such a determination.

7. Evaluation of Proposals and Offeror Interviews/Product Demonstration

The remaining proposals will be scored according to the evaluation criteria stated herein. The evaluation committee may ask finalists to appear for interviews or product demonstrations or to provide written responses to items requiring clarification. Any costs associated with interviews or product demonstrations are the sole responsibility of the offeror.

8. County’s Right to Investigate and Reject

Lewis and Clark County may make such investigations as are deemed necessary to determine the ability of the offeror to provide the product or services specified. The County reserves the right to reject any proposal if the evidence obtained fails to satisfy the County that the offeror is properly qualified to perform the obligations of the contract. This includes the County's ability to reject a proposal based on negative references.

9. Offeror Selection and Contract Execution

After an evaluation of the offeror, interviews, and/or product demonstrations, the selection committee will recommend a contract award, which the purchasing officer will communicate to the offeror selected. If the offeror and the County cannot agree on the contract terms, the County may move to the next ranked offeror or cancel the RFP. The work described in the RFP may begin only after the contract is signed by all parties.

10. County’s Rights Reserved

Submission of a proposal confers no rights upon any offeror and shall not obligate the County in any manner whatsoever. Lewis and Clark County reserves the right to make no award and to solicit additional proposals at a later date.

The RFP in no way constitutes a commitment by the County to award and execute a contract. If such actions are deemed in its best interests, the County, in its sole discretion, reserves the right to:

- Cancel or terminate this RFP;
- Reject any or all proposals received in response to this RFP;
- Waive any undesirable, inconsequential, or inconsistent provisions of this RFP; and/or
- If awarded, suspend contract execution or terminate the resulting contract if the County determines adequate funds are not available.

11. Nondiscrimination

In accordance with federal and state laws, the offeror agrees not to discriminate against any client, employee, or applicant for employment or for services because of race, creed, color, national origin, sex, or age with regard to, but not limited to, the following:

- Employment upgrading;

- Demotion or transfer;
- Recruitment or recruitment advertising;
- Lay-offs or terminations;
- Rates of pay or other forms of compensation;
- Selection for training; or
- Rendition of services.

Offerors and the awardee shall comply with all federal, state, and local laws, rules and regulations. Offerors and the awardee and any of the offerors' and the awardee's sub-grantees, contractors, subcontractors, successors, transferees, and assignees shall comply with Title VI of the Civil Rights Act of 1964, which prohibits recipients of federal financial assistance from excluding from a program or activity, denying benefits of, or otherwise discriminating against a person on the basis of race, color, or national origin (42 U.S.C. § 2000d et seq.), as implemented by the Department of the Treasury's Title VI regulations, 31 CFR Part 22, which are herein incorporated by reference and made a part of this contract (or agreement). Title VI also includes protection to persons with "Limited English Proficiency" in any program or activity receiving federal financial assistance, 42 U.S.C. § 2000d et seq., as implemented by the Department of the Treasury's Title VI regulations, 31 CFR Part 22, which are herein incorporated by reference and made a part of this contract or agreement.

It is further understood that any offeror who is in violation of this clause shall be barred forthwith from receiving awards of any purchase from Lewis and Clark County unless a satisfactory showing is made that discriminatory practices have ceased, and the recurrence of such acts is unlikely.

12. Cone of Silence

A cone of silence shall be established on all Lewis and Clark County competitive selection processes. The cone of silence prohibits any communication regarding a competitive solicitation between any offeror (or its agents or representatives) or other entity with the potential for a financial interest in the award (or their respective agents or representatives) regarding such competitive solicitation, and any County official (elected or appointed), employee, selection committee member, or other persons authorized to act on behalf of the County other than the individual outlined as the point of contact in this solicitation.

The cone of silence shall be in effect from the time of advertisement until contract award. Violations of the cone of silence may be grounds for disqualification from the selection process. The cone of silence shall not apply to communications with the established point of contact in this solicitation or at any public proceeding or meeting.

The cone of silence shall terminate when the Board or a County employee authorized to act on behalf of the Board issues a Notice of Intent to Award, awards or approves the

Contract, rejects all offers or responses, or otherwise takes action to end the selection process.

13. Protest Procedure

An offeror aggrieved in connection with the solicitation or award may protest in accordance with the procedure outlined in the Lewis and Clark County purchasing. The selected Auditor agrees to accept and execute the County's professional services agreement. The County reserves the right to require the Auditor to execute such further documents, contracts, agreements, or forms as may be reasonably necessary to express the intentions of the parties, or which may be recommended by the County Attorney's Office.

14. Insurance Requirements

Offeror shall maintain professional liability insurance in the amount of one million dollars (\$1,000,000.00) per occurrence (minimum) and two million dollars (\$2,000,000.00) aggregate and shall also maintain workers' compensation insurance. Both general liability and workers' compensation insurance must be from an insurance carrier licensed to do business in the State of Montana. The Auditor agrees to furnish proof of insurance to the County prior to commencing work. The County must be listed as additionally insured on the professional liability insurance certificate. Insurance certificates will be provided to the County at the time the contract is executed.

End of Request for Proposals

DEPARTMENT OF ADMINISTRATION

STANDARD AUDIT CONTRACT

This Contract is made this _____ day of _____, 20_____, by
and among

Certified Public Accountant

("Contractor"),

Governmental Entity

("Entity"),

and the **Montana Department of Administration, Local Government Services, ("State")**, acting under the authority of Title 2, Chapter 7, Part 5, of the Montana Code Annotated. **The State's mailing address, phone number and e-mail address are P.O. Box 200547, Helena, MT 59620-0547; (406) 444-9101; and LGSPortalRegistration@mt.gov.**

1. **Effective Date: This contract is not effective with respect to any party until it is approved and signed by the State, as required by Section 2-7-506(3), MCA. The Contractor may not begin any audit work until the State gives this approval.** If the Contractor begins work before the State's approval of the contract and the State subsequently does not approve the contract, the Contractor is not entitled to receive any compensation for the work performed.

2. **Audit Period and Payment:** This contract covers the following audit period(s):

_____, 20____ to _____, 20____.

A. The Entity shall pay the Contractor for the audit work on the basis of time and necessary out-of-pocket expenses, which will not exceed:

\$_____ for initial (or sole) audit covering ____/____/____ to ____/____/____.

\$_____ for subsequent audit covering ____/____/____ to ____/____/____.

\$_____ for subsequent audit covering ____/____/____ to ____/____/____.

The Entity shall pay the fees listed in Appendices A, B & C, as applicable, which are attached hereto and incorporated by reference. Any change to the audit fees requires a contract amendment.

B. The contract payments do not include the cost of additional work that may be required if the Contractor discovers a defalcation or material irregularity. Any change in the scope of the audit services to be provided under this contract requires a contract amendment.

C. The Contractor may submit interim bills to the Entity each month, based upon the estimated percentage of contract completion. The Entity may retain ten percent (10%) of each of these estimates until the Contractor has delivered the final audit report, at which time the Entity shall release the amount retained.

3. **Peer Review:** The Contractor shall provide the Entity with a copy of its most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the contract period.

4. **Audit Scope:** The Contractor shall perform the following:

- A. The Contractor shall conduct the audit in accordance with (i) generally accepted auditing standards adopted by the American Institute of Certified Public Accountants and (ii) the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

The Contractor shall opine on the presentation of the Entity's financial statements in accordance with the Entity's applicable financial reporting framework prescribed at Section 2-7-504, MCA.

If the Contractor's opinion on the Entity's financial statements is other than unmodified, the Contractor shall fully discuss the reasons with the Entity in advance of issuing a report. If, for any reason, the Contractor is unable to complete the audit or is unable to form or has not formed an opinion, the Contractor may decline to express an opinion or decline to issue a report as a result of the engagement.

- B. The Contractor shall perform tests of internal control over financial reporting. Findings resulting from these tests shall be reported in accordance with Government Auditing Standards

- C. The Contractor shall perform tests of the Entity's compliance with provisions of laws, regulations, contracts, and grant agreements. The Contractor shall use the local government compliance supplement prepared by the State, as required by Section 2-7-505(2), MCA, in conjunction with Government Auditing Standards to determine the compliance testing to be performed during the audit. Findings resulting from these tests shall be reported in accordance with Government Auditing Standards. If the Contractor becomes aware of fraud, waste or abuse, the Contractor shall report related findings in accordance with Government Auditing Standards. The Contractor shall perform tests, including but not limited to the following, to determine whether:

- (1) the Entity has complied with all appropriate statutes and regulations, as required by Section 2-7-502, MCA;
- (2) the Entity has complied with the provisions of each of its debt covenants and agreements;
- (3) if the audit is of a county, city or town, the Entity has retained money in a local charge for services fund contrary to the requirements of Sections 17-2-301 through 17-2-303, MCA, as required by Section 17-2-302, MCA. **The Contractor shall report any**

findings of noncompliance with the provisions of these statutes, regardless of materiality; and

- (4) if the audit is of a county or consolidated city/county government, the Entity has complied with state laws relating to receipts and disbursements of agency or custodial funds maintained by the Entity, as required by Section 2-7-505, MCA.

If required by the State, the Contractor shall provide documentation of testing performed to comply with (3) and (4), above.

- D. When applicable, the audit must meet all requirements of the Federal Single Audit Act of 1984, as amended, and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). If these federal regulations are amended, the amended regulations will prevail.
- E. The audit scope with regard to federal financial assistance for each fiscal year covered by this contract must be as specified in Appendices A, B and C. Any change to the audit scope with regard to federal financial assistance requires a contract amendment.
- F. Except as provided below, for purposes of determining the scope of the audit, the Entity is considered the financial reporting entity as defined in the Entity’s applicable financial reporting framework prescribed at Section 2-7-504, MCA. This provision does not preclude the Entity from engaging a different audit firm for the audit of a segment, fund or component unit of the Entity. However, both the Entity and Contractor shall notify the State whenever the Entity elects to engage a different audit firm for the audit of a segment, fund or governmental component unit. Such additional audit must be contracted for on the State’s Standard Audit Contract, and the audit firm shall be on the Roster of Independent Auditors authorized to conduct audits of Montana local governments that is maintained by the State.

If this contract is for an audit of a segment, fund, or governmental component unit of the primary government, the Entity is considered to be the segment, fund or component unit.

- G. Any school district audit must also include auditing procedures sufficient to provide an opinion as to whether the following supplemental information is fairly stated in relation to the basic financial statements:
- (1) the school district's enrollment for the fiscal year or years being audited as reported to the Office of Public Instruction in the Fall and Spring "Student Count for ANB" reports; and
 - (2) when applicable, the extracurricular funds for pupil functions.
- H. If the Entity is a school district or associated cooperative, the Contractor shall contact the State Office of Public Instruction and the county superintendent of schools before or during the audit of the Entity. The Contractor shall determine whether those offices are aware of potential financial or legal compliance problems relating to the Entity that could affect the scope of the audit.
- I. The Contractor shall immediately notify the Entity and the State in writing of any material irregularities it discovers. If the Entity is a school district or special education cooperative, the Contractor shall also immediately notify the State Office of Public Instruction in writing. To notify the State, Contractors shall email LGSPortalRegistration@mt.gov to the attention of the Local Government Services Bureau Chief. To notify the State Office of Public Instruction, Contractors shall email OPIAuditReport@mt.gov to the attention of the OPI Auditor.
- J. The Contractor shall notify the Entity of all proposed audit adjustments and, if the Entity concurs, shall obtain written acceptance of these proposed adjustments. The State reserves the right to request documentation of these proposed and accepted audit adjustments.

5. **Entity's Responsibilities:** The Entity shall be responsible for:

- A. its basic financial statements, including note disclosures;
- B. all supplementary information required by its applicable financial reporting framework prescribed at Section 2-7-504, MCA and by provisions of this contract;

- C. establishing and maintaining effective internal control over financial reporting, including internal controls related to the prevention and detection of fraud;
 - D. ensuring that it complies with the laws, regulations, contracts and grant agreements applicable to its activities;
 - E. making all financial records and related information available to the Contractor;
 - F. the schedule of expenditures of federal awards required for audits conducted under Uniform Guidance;
 - G. approving all proposed audit adjustments before posting, if the Entity concurs with the proposed adjustments;
 - H. adjusting the financial statements and accounting records to correct material misstatements and to agree with the audited financial statements; and
 - I. providing the Contractor, at the conclusion of the audit engagement, with a letter that confirms certain representations made during the audit, including an affirmation that the effects of any uncorrected misstatements aggregated by the auditor during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
6. **Dates for Annual Financial Report or Trial Balance of Accounts:** The Entity shall prepare its annual financial report or a trial balance of accounts no later than the dates specified in Appendices A, B and C. If the Entity is unable to prepare its annual financial report or trial balance by the date specified in the Appendices, the Entity shall notify the Contractor and the State in writing prior to the specified dates.

7. **Beginning the Audit:** The Contractor shall begin the audit field work based on the schedule established in Appendices A, B and C. Under Section 2-7-503(3)(a), MCA, all audits must commence within nine months from the close of the last fiscal year of the audit period.

8. **Completion of Audit:** The Contractor shall deliver the audit report to the Entity and the State, based on the schedule established in Appendices A, B and C. If the Contractor cannot deliver the audit report to the Entity and the State on the date specified in the Appendices, the Contractor shall notify the Entity and the State in writing of that fact, and the reason(s) for the delay. Under Section 2-7-503(3)(a), MCA, all audits must be completed and the reports issued within one year from the close of the last fiscal year covered by the audit. If the audit is conducted in accordance with the provisions of Uniform Guidance, the Contractor shall complete the audit and issue the audit report within the time period required by that federal regulation, unless a longer period has been agreed to in advance by the federal cognizant or oversight agency for audit. If the Entity has requested and received an extension of the due date of the Uniform Guidance from a federal agency, the Entity shall submit a copy of the approved extension to the State.

9. **Due Date Extension:** The State may grant an extension to the Entity for filing the audit report beyond the one- year due date provided for in paragraph 8, above. To do so, the Entity shall make a request to the State in writing and shall show good cause for the delinquency or demonstrate that the failure to meet the deadline provided for in paragraph 8, above, was the result of circumstances beyond the Entity's control. The State will determine good cause or circumstances beyond the Entity's control based on the facts of each case.

10. **Presentation of Audited Financial Statements:** The final audit report must contain basic financial statements and supplementary information consistent with the applicable financial reporting framework prescribed at Section 2-7-504, MCA. In addition, other supplementary information required by provisions within this contract and by Uniform Guidance must also be included, if applicable.
 - A. The final audit report must also contain any supplementary or other information as agreed upon by the Entity and Contractor.

 - B. If the Entity's accounting records or other circumstances do not permit financial statements to comply with the applicable financial reporting framework prescribed at Section 2-7-504, MCA, the Contractor shall notify the State of those conditions and describe the financial statements that will be presented. The applicable auditor's reports must be modified in accordance with professional standards to reflect a departure from the applicable financial reporting framework.

- C. If the audit is of a school district with separate elementary and high school district general funds, the general funds must be combined as a single major fund. All other funds must be separately considered for major fund criteria.
 - D. If the audit is a biennial audit covering two years, the Contractor shall present complete financial statements as specified above for each year covered by the audit. However, note disclosures for both fiscal years may be in one set of notes, with separate fiscal year disclosures as necessary. The two years must be presented under one audit report cover and opined upon in one Independent Auditor's Report.
11. **Auditor's Reports:** All audit reports must contain the following auditor's reports, which must comply with applicable professional standards in effect for the fiscal year or years being audited:
- A. a report on the financial statements of the Entity;
 - B. a report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
 - C. a reference to a report disclosing any deficiencies in internal control or instances of noncompliance with provisions of contracts or grant agreements or abuse that have a less than material effect on the financial statements but warrant the attention of management or those charged with governance. This report must be referred to in the report required in 11.B. above.
 - D. a report on any supplementary or other information presented in the audit report. This report must be given in an "other matters" paragraph(s) of the auditor's report on the financial statements (11.A. above), and shall identify, if applicable:
 - (1) Any Required Supplementary Information (RSI), as required by the Governmental Accounting Standards Board.
 - (2) Any Supplementary Information (SI) included in the report to comply with provisions of laws, regulations, contracts, or grant agreements. For the following schedules, the Contractor shall report on whether the information is fairly stated, in all material respects, "in relation to" the financial statements as a whole, unless the condition of the financial

records do not allow the auditor to render such an opinion:

- a) schedule of school district “Student Count for ANB” required in paragraph 13.A.;
 - b) schedule of school district extracurricular fund financial activities required in paragraph 13.B.;
 - c) schedule of expenditures of federal awards required by Uniform Guidance and in paragraph 12.A.; and
 - d) Any supplementary information for financial reporting frameworks required by A.R.M. 2.4.401.
- (3) Any Other Information (OI) for financial reporting frameworks required by A.R.M. 2.4.401.
- (4) Any Other Information (OI) that is included in the audit report, if deemed appropriate in accordance with professional standards.
- E. a report disclosing the action taken by the Entity to correct any deficiencies or implement any recommendations contained in the prior audit report. This report must be in a format that specifically identifies, by title or summary, each deficiency or recommendation contained in the prior audit report and the action taken by the Entity on each such deficiency or recommendation.
- F. If the Contractor includes audit findings in the reports referenced in 11.B. and 11.C. above, the views of Entity officials and their planned corrective actions must also be included, as required by Government Auditing Standards, if they are available at the time the Contractor submits the audit report to the State. If the views and planned corrective actions are not available at that time, the Contractor shall so indicate in the reports.
12. **Single Audits:** All audit reports for single audits done in accordance with Uniform Guidance must contain the following:
- A. a schedule of expenditures of federal awards, prepared by the Entity, which must contain all elements required by Uniform Guidance.

- B. a report on the schedule of expenditures of federal awards. This report may be combined with other reports as provided by Uniform Guidance and professional standards. This report must comply with applicable professional standards in effect for the fiscal year or years being audited.
- C. a report on compliance for each major program and a report on internal control over compliance in accordance with Uniform Guidance. These reports must refer to the separate schedule of findings and questioned costs described in paragraph 12.D. of the contract and must comply with applicable professional standards in effect for the fiscal year or years being audited.
- D. a schedule of findings and questioned costs which must include the information required by Uniform Guidance.
- E. an Entity-prepared document, separate from the Contractor’s findings, that describes the Entity’s corrective action plan in accordance with Uniform Guidance for each current-year audit finding, if that plan is available at the time the Contractor submits the audit report to the State. This document should be submitted on Entity letterhead and should include a corrective action plan for each finding, regardless whether the finding is identified in accordance with Uniform Guidance or Government Auditing Standards.

13. **School Districts:** School district audit reports must include the following as supplementary information/schedules:

- A. a schedule of the district's enrollment as reported to the Office of Public Instruction for the fiscal year or years being audited. The schedule must contain the enrollment both as reported in the Fall and Spring “Student Count for ANB” reports and as documented by the school district's enrollment records; and
- B. a detailed schedule of extracurricular fund financial activities.

14. **Local Governments Reporting on Non-GAAP Financial Reporting Framework:** Audit reports of local governments that report on a non-GAAP financial reporting framework as provided in A.R.M. 2.4.401 must include any Supplementary Information and Other Information required in that administrative rule.

15. **Written Report to Entity:** The Contractor shall render a single, written report for the Entity audited, including the reports and schedules referenced in paragraphs 11 through 14 above.

16. **Exit Conference:** Before submitting the final audit report, the Contractor shall hold an exit review conference in which the audit results are discussed with those charged with governance and other appropriate Entity officials and employees. The Contractor shall ensure that all members of the governing body and key members of management are notified of this exit conference. The Contractor further agrees that before the exit conference, it will not discuss the audit findings with anyone other than the Entity or the State. Once the Contractor delivers the final audit report to the Entity, the report is deemed to be a public record.

17. **Report Distribution:** The Contractor and Entity shall file copies of the audit report as specified below:
 - A. The Contractor shall provide the Entity with the number of copies of the audit report specified in Appendices A, B and C. The cost of those copies is included in the total price for the engagement as set out in paragraph 2.A., above, and in the Appendices.

 - B. The Contractor shall submit one of the copies referred to in 17.A., above, to the attorney for the Entity.

 - C. Upon request by the Entity, the Contractor shall provide additional copies of the audit report at a price per copy agreed upon by the Entity and Contractor.

 - D. The Contractor shall provide the State with a text-searchable, unlocked, and unencrypted electronic copy of the audit report at no charge. The report must be submitted to the State at the same time when the Contractor delivers the final audit report to the Entity. Any report delivered separately to management or those charged with governance identifying findings and recommendations as described in 11.C. above must be submitted electronically at the same time the audit report is submitted. The Contractor shall advise the State, at the time of submitting the electronic report, of the date the final report was delivered to the Entity, the date of the audit report, the actual number of hours the Contractor spent conducting the audit, the total audit fee billed the Entity, and whether the audit was conducted in accordance with the provisions of Uniform Guidance.

 - E. If the Entity is a school district or associated cooperative, the Contractor shall provide at no additional charge copies of the audit report to the Office of Public Instruction, the county superintendent of schools, and the county attorney.

- F. If the Entity is a city or town fire department relief association disability and pension fund, the Contractor shall provide at no additional charge one copy of the audit report to the city or town clerk.
 - G. If the audit is a single audit conducted in accordance with the provisions of Uniform Guidance, the Entity shall provide copies of the reporting package defined in Uniform Guidance and the data collection form to the federal clearinghouse designated by OMB.
18. **Entity Response:** If not included in the audit report as provided in paragraphs 11.F. and 12.E., within 30 days after receiving the audit report, the Entity shall notify the State in writing as to what action it plans to take to correct any deficiencies or implement any recommendations identified or contained in the audit report as required by Section 2-7-515, MCA, and ARM 2.4.409. This notification must also address any findings and recommendations identified in any report to management or those charged with governance described in 11.C. above. If the audit is a single audit conducted in accordance with Uniform Guidance, this corrective action plan must also meet the requirements of Uniform Guidance. If the Entity is a school district or special education cooperative, the Entity shall also send a copy of this notification to the Office of Public Instruction.
19. **Entity's Attorney:** If requested by the State, the attorney for the Entity shall report to the State on the actions taken or the proceedings instituted or to be instituted relating to violations of law and nonperformance of duty as required by Section 2-7-515(4), MCA. The attorney shall report to the State within 30 days after receiving the request.
20. **Certification of Auditor Independence:** The Contractor certifies that, as required by generally accepted government auditing standards, it and its principals and employees are independent in all matters regarding this engagement. This contract must not include non-audit services. The Contractor shall neither arrange for nor accept other work with the Entity that could in any way impair the Contractor's compliance with professional independence standards. If required by the State, the Contractor shall provide documentation that independence has been maintained in both mind and appearance as required by professional auditing standards.
21. **Contractor and Subcontractors:** The Contractor shall not assign any rights, or subcontract or delegate any duties of the contract without the Entity's and State's prior written consent.

The Contractor is the prime contractor and is responsible, in total, for all work of any subcontractors. Any subcontractors performing audit work shall be on the Roster of Independent Auditors authorized to conduct audits of Montana local governments that is maintained by the State. The Contractor is responsible to the Entity and the State for the acts and omissions of all subcontractors or agents and of persons directly or indirectly employed by such subcontractors or agents. There is no contractual relationship between any subcontractor and the State.

22. **State Participation in Conferences:** The State may participate in all entrance and exit conferences between the Entity and Contractor, as well as all major conferences held in conjunction with the audit of the Entity.

23. **Access to Records:** The Contractor shall give the State and, when required by law, the Montana Legislative Audit Division, access to the Contractor's work programs, supporting working papers, time records, and all other documents relating to the audit. Access to these documents must be provided at the State's offices in Helena, Montana. Access to working papers includes the right of the State to obtain copies of working papers, as is reasonable and necessary. The Contractor shall make the work programs and supporting working papers available to the State for use by the State or other public accounting firms as directed by the State in future audits of the Entity. The Contractor shall make the audit programs and supporting working papers available to the cognizant or oversight agency for audit or its designee, federal agencies providing direct or indirect funding, or the U.S. General Accounting Office, if requested. Access to working papers includes the right of federal agencies to obtain copies of working papers, as is reasonable and necessary. The Contractor shall retain the audit report, work programs, and supporting working papers for a minimum of five years from the date of the audit report, unless the State notifies the Contractor to extend the retention period. If professional standards or other applicable laws, rules, or regulations require a longer retention period, the Contractor shall retain the above materials for that specified period.

24. **State Review of Report:** As provided by Section 2-7-522, MCA, the State shall review the Contractor's audit report. If the State determines that reporting requirements have not been met, it will notify the Entity and the Contractor of the significant issues of noncompliance. The Contractor shall correct the identified deficiencies within 60 days of notification.

25. **Independent Contractor:** The Contractor is an independent contractor and neither its principals nor its employees are employees of the State or Entity for any purposes.

26. **Workers' Compensation:** The Contractor certifies that it carries Workers' Compensation for its employees and that it has either elected Workers' Compensation or has an approved Independent

Contractor's Exemption covering the Contractor while performing work under this contract. (Montana Code Annotated, Title 39, Chapter 71).

27. **Indemnity:** The Contractor shall defend and indemnify the State and Entity, their elected and appointed officials, agents, and employees from and against all claims, causes of action, damages, liabilities, court costs and attorney fees in favor of the Contractor's employees or third parties for bodily or personal injuries, death, or damage to property arising from the acts or omissions or alleged acts or omissions of the Contractor and/or its agents, employees, representatives, assigns, subcontractors under this contract. This defense and indemnify obligation does not apply to acts or omissions arising from the sole negligence of the State or Entity under this contract. This defense and indemnity obligation survives termination or expiration of this contract.

If the Contractor is or may be obligated to pay any cost, settlement, judgment, fine, penalty, or similar award or sanction as a result of a claim, investigation, or other proceeding instituted by any third party, then to the extent that such obligation is or may be a direct or indirect result of the Entity's intentional or knowing misrepresentation or provision to the Contractor of inaccurate or incomplete information in connection with this engagement, and not any failure on the Contractor's part to comply with professional standards, the Entity shall defend and indemnify the Contractor against such obligations.

28. **Insurance – Commercial General Liability:** The Contractor shall maintain for the duration of the contract, at its cost and expense, occurrence coverage insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work by the Contractor, and/or its agents, employees, representatives, assigns, or subcontractors. The Contractor's insurance coverage shall be primary insurance for the Contractor's negligence with respect to the State and Entity and their elected officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the State and Entity and their officers, officials, employees or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

Insurance - Professional Liability: The Contractor shall purchase and maintain occurrence coverage to cover such claims as may be caused by any act, omission, negligence of the Contractor or its officers, agents, representatives, assigns or subcontractors.

If occurrence coverage is unavailable or cost-prohibitive, the state will accept 'claims made' coverage provided the following conditions are met: 1) the commencement date of the contract must not fall outside the effective date of insurance coverage and it will be the retroactive date for insurance

coverage in future years, and 2) the claims made policy must have a three-year tail for claims that are made (filed) after the cancellation or expiration date of the policy.

The State and Entity may require complete copies of certificates of insurance during the term of this contract.

29. **Compliance with Laws:**

A. The Contractor shall, in performance of work under this contract, fully comply with all applicable federal, state, or local laws, rules, regulations, and executive orders including but not limited to, the Montana Human Rights Act, the Equal Pay Act of 1963, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. The Contractor is the employer for the purpose of providing healthcare benefits and paying any applicable penalties, fees and taxes under the Patient Protection and Affordable Care Act [P.L. 111-148, 124 Stat. 119]. Any subcontracting by the Contractor subjects subcontractors to the same provisions.

B. In accordance with 49-3-207, MCA, and Executive Order No. 04-2016 the Contractor agrees that the hiring of persons to perform this contract will be made on the basis of merit and qualifications and there will be no discrimination based on race, color, sex, pregnancy, childbirth or medical conditions related to pregnancy or childbirth, political or religious affiliation or ideas, culture, creed, social origin or condition, genetic information, sexual orientation, gender identity or expression, national origin, ancestry, age, disability, military service or veteran status, or marital status by the persons performing this contract.

30. **Work Accommodations:** The Entity shall provide the Contractor with reasonable space in which to conduct the audit and shall respond promptly to requests for information as well as for all necessary books and records. Support for clerical, equipment, reproduction services shall be agreed upon by the Entity and the Contractor as specified in Appendices A, B and C.

31. **Termination before Audit Commences:** Before the commencement of the audit, either the Contractor or the Entity, with the State's consent, or the State alone, may terminate this contract for cause if another party has breached a material term or condition of this contract or violated an applicable law or regulation. The non-breaching party shall provide the other party written notice of the breach and allow 20 days to remedy the breach.

The Contractor and the Entity may agree to terminate this contract without cause before the commencement of the audit. If such a termination occurs, the State shall consent to the termination upon written notification by the Contractor and the Entity of their agreement to terminate this contract.

The State, however, will not consent to the cancellation of an audit contract for the sole purpose of allowing the Contractor and Entity to then enter into a new contract that extends the number of fiscal years to be audited by the Contractor. Unless there are extenuating circumstances, the existing audit contract must be completed first. This provision does not prohibit the cancellation of a contract for the purpose of replacing an annual audit with a biennial audit.

32. **Termination after Audit Commences:** After the audit has commenced, but before the audit report has been issued, either the Contractor or the Entity, with the State's consent, or the State alone, may terminate this contract for cause if another party has breached a material term or condition of this contract or violated an applicable law or regulation. The non-breaching party shall provide the other party written notice of the breach and allow 20 days to remedy the breach. If the Contractor is the breaching party and fails to remedy the breach, the Contractor is not entitled to the fee set out in this contract. This is the Entity's and the State's sole remedy. If the Entity is the breaching party, the Entity shall pay the Contractor a pro rata portion of the fee set out in this contract, based on the percentage of work completed at the time of termination. This is the Contractor's sole remedy.

The Contractor and the Entity may agree to terminate this contract without cause after the audit has commenced but before the audit report has been issued. If such a termination occurs, the State shall consent to the termination upon written notification by the Contractor and the Entity of their agreement to terminate this contract.

33. **Contractor Compliance with CPE and Quality Control Review:** The Contractor certifies compliance with the continuing professional education requirements and the external quality control review requirements as set out in Government Auditing Standards, as established by the Comptroller General of the United States. The State may require the Contractor to provide evidence that it has met the above requirements.
34. **Single Audit Act Certification:** If the audit is required to meet the requirements of the Single Audit Act of 1984, as amended, and Uniform Guidance, the Contractor certifies that neither it nor any of its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from performing audits by any Federal department or agency.

35. **Time is of the Essence:** Time is of the essence regarding all provisions of this contract.
36. **Governing Law and Venue:** This contract is governed by the laws of Montana. The parties agree that any litigation concerning this contract in which the State is named as a party must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana. Each party shall pay its own costs and attorney fees, except as otherwise allowed in this contract. The parties also agree that any litigation concerning this contract in which the State is not named as a party must be brought in the State of Montana Judicial District in the County in which the Entity is located. Each party shall pay its own costs and attorney fees, except as otherwise allowed in this contract.
37. **Notice:** All notices under this contract must be in writing and will be deemed given if delivered personally, by mail, certified, return receipt requested, or by e-mail. All notices will (a) if delivered personally, be deemed given upon delivery, (b) if delivered by mail, be deemed given upon receipt, or (c) if delivered by e-mail be deemed given upon receipt.
38. **Invalid Provision:** If any provision of this contract is held to be illegal or unenforceable and the parties' rights or obligations will not be materially and adversely affected, such provision will be (a) severed from the contract, (b) the contract will be interpreted as if such provision was never a part of the contract and (c) the remaining provisions will stay in effect.
39. **Authority:** Each party represents that the person signing this contract has the authority to bind that party.
40. **Entire Agreement and Amendment:** This contract and the attached Appendices contain the entire understanding and agreement of the parties. No modification or amendment of this contract is valid unless it is reduced to writing, signed by the parties, and made a part of this contract.

Contractor, Entity, and State have executed this Standard Audit Contract on the date first above written:

Certified Public Accountant

Firm Name

By: _____

Date: _____

Authorized Representative

Governmental Entity

Entity Name

By: _____

Date: _____

Authorized Representative

Montana Department of Administration,

Local Government Services

By: _____

Date: _____

Approved By

APPENDIX A

Initial or Sole Audit under this Contract

GOVERNMENTAL ENTITY (ENTITY):

—

Address:

Telephone:

(Street Address or P.O. Box)

_____, MT 59_____

(City/Town)

(Zip Code)

Contact Person(s) and E-Mail Address(es)

PUBLIC ACCOUNTANT/ACCOUNTING

FIRM (CONTRACTOR) :

—

Address:

Telephone:

(Street Address or P.O. Box)

_____, MT 59_____

(City/Town)

(Zip Code)

Contact Person(s) and E-Mail Address(es)

-
-
1. Audit Period and Dates of Engagement:

A. This audit will cover the fiscal year(s) ending

_____, _____ (and _____).
(Month & Day) (Year) (Year)

B. Date to commence audit work: _____

C. Date to submit final audit report
to Entity and State: _____

2. Time and Price for Engagement:

A. Estimated total hours - _____

B. Price for audit personnel \$ _____

Price for Travel _____

Price for typing, clerical
and report preparation _____

Total price for this
engagement \$ _____

3. The reporting entity contains the following discretely presented component units: _____

4. Date Annual Financial Report or a trial balance will be available: _____

5. Number of copies of audit report Contractor will provide to Entity: _____

6. The Entity will provide clerical, equipment, and photocopying or reproduction services to the Contractor as follows:

7. The audit scope with regard to federal financial assistance received by the Entity for the above fiscal year(s) will be as indicated below:

The audit will be a single audit conducted in accordance with the provisions of Uniform Guidance because the Entity expended a total amount of federal awards **equal to or in excess of \$750,000** during the fiscal year(s), or such other dollar amount (\$_____) that is effective for the fiscal year(s) being audited.

OR

The audit will not be a single audit conducted in accordance with the provisions of Uniform Guidance and will not include audit coverage of any federal financial assistance in accordance with requirements of that federal regulation, because the Entity expended a total amount of federal awards of **less than \$750,000** during the fiscal year(s), or such other dollar amount (\$_____) that is effective for the fiscal year(s) being audited.

Certified Public Accountant

Firm Name

By: _____

Date: _____

Authorized Representative

Governmental Entity

Entity Name

By: _____

Date: _____

Authorized Representative

Montana Department of Administration,

Local Government Services

By: _____
Approved By

Date: _____

APPENDIX B

Subsequent Audit under this Contract

GOVERNMENTAL ENTITY (ENTITY):

—

Address:

Telephone:

(Street Address or P.O. Box)

_____, MT 59_____

(City/Town)

(Zip Code)

Contact Person(s) and E-Mail Address(es)

PUBLIC ACCOUNTANT/ACCOUNTING

FIRM (CONTRACTOR) :

—

Address:

Telephone:

(Street Address or P.O. Box)

_____, MT 59_____

(City/Town)

(Zip Code)

Contact Person(s) and E-Mail Address(es)

-
-
1. Audit Period and Dates of Engagement:

A. This audit will cover the fiscal year(s) ending

_____, _____(and _____).
(Month & Day) (Year) (Year)

B. Date to commence audit work: _____

C. Date to submit final audit report
to Entity and State: _____

2. Time and Price for Engagement:

A. Estimated total hours - _____

B. Price for audit personnel \$ _____

Price for Travel _____

Price for typing, clerical
and report preparation _____

Total price for this
engagement \$ _____

3. The reporting entity contains the following discretely presented component units: _____

4. Date Annual Financial Report or a trial balance will be available: _____

5. Number of copies of audit report Contractor will provide to Entity: _____

6. The Entity will provide clerical, equipment, and photocopying or reproduction services to the Contractor as follows:

7. The audit scope with regard to federal financial assistance received by the Entity for the above fiscal year(s) will be as indicated below:

The audit will be a single audit conducted in accordance with the provisions of Uniform Guidance because the Entity expended a total amount of federal awards **equal to or in excess of \$750,000** during the fiscal year(s), or such other dollar amount (\$_____) that is effective for the fiscal year(s) being audited.

OR

The audit will not be a single audit conducted in accordance with the provisions of Uniform Guidance and will not include audit coverage of any federal financial assistance in accordance with requirements of that federal regulation, because the Entity expended a total amount of federal awards of **less than \$750,000** during the fiscal year(s), or such other dollar amount (\$_____) that is effective for the fiscal year(s) being audited.

Certified Public Accountant

Firm Name

By: _____

Date: _____

Authorized Representative

Governmental Entity

Entity Name

By: _____

Date: _____

Authorized Representative

Montana Department of Administration,

Local Government Services

By: _____

Date: _____

Approved By

APPENDIX C

Subsequent Audit under this Contract

GOVERNMENTAL ENTITY (ENTITY): _____

—

_____ Address: _____
Telephone: _____ (Street Address or P.O. Box)
_____, MT 59_____
(City/Town) (Zip Code)

Contact Person(s) and E-Mail Address(es)

PUBLIC ACCOUNTANT/ACCOUNTING

FIRM (CONTRACTOR) : _____

—

_____ Address: _____
Telephone: _____ (Street Address or P.O. Box)
_____, MT 59_____
(City/Town) (Zip Code)

Contact Person(s) and E-Mail Address(es)

1. Audit Period and Dates of Engagement:

A. This audit will cover the fiscal year(s) ending

_____, _____(and _____).
(Month & Day) (Year) (Year)

B. Date to commence audit work: _____

C. Date to submit final audit report
to Entity and State: _____

2. Time and Price for Engagement:

A. Estimated total hours - _____

B. Price for audit personnel \$ _____

Price for Travel _____

Price for typing, clerical
and report preparation _____

Total price for this
engagement \$ _____

3. The reporting entity contains the following discretely presented component units: _____

4. Date Annual Financial Report or a trial balance will be available: _____

5. Number of copies of audit report Contractor will provide to Entity: _____

6. The Entity will provide clerical, equipment, and photocopying or reproduction services to the Contractor as follows:

7. The audit scope with regard to federal financial assistance received by the Entity for the above fiscal year(s) will be as indicated below:

- The audit will be a single audit conducted in accordance with the provisions of Uniform Guidance because the Entity expended a total amount of federal awards **equal to or in excess of \$750,000** during the fiscal year(s), or such other dollar amount (\$_____) that is effective for the fiscal year(s) being audited.

OR

- The audit will not be a single audit conducted in accordance with the provisions of Uniform Guidance and will not include audit coverage of any federal financial assistance in accordance with requirements of that federal regulation, because the Entity expended a total amount of federal awards of **less than \$750,000** during the fiscal year(s), or such other dollar amount (\$_____) that is effective for the fiscal year(s) being audited.

Certified Public Accountant

Firm Name

By: _____

Date: _____

Authorized Representative

Governmental Entity

Entity Name

By: _____

Date: _____

Authorized Representative

Montana Department of Administration,

Local Government Services

By: _____

Date: _____

Approved By