Montana State Legislature

Exhibit Number: 12

The following exhibit is several assorted documents that exceeds the 10-page limit therefore it cannot be scanned. A small portion has been scanned to aid in your research for information. The exhibit is on file at the Montana Historical Society and can be viewed there.

Montana Historical Society Archives, 225 N. Roberts, Helena, MT 59620-1201; phone (406) 444-4774. For minutes in paper format, please contact the Montana State Law Library, Justice Building, 215 N. Sanders, Helena, MT 59620; (406) 444-3660. Tapes and exhibits are also available at the Historical Society (tapes are retained for five years). Scanning done by: Susie Hamilton

EXHIBIT 12
DATE 2/17/05
HB 565

Document 1

(Audit Name)
(Agency or Department Name)

DESCRIPTION OF INFORMATION PROVIDED IN THIS DOCUMENT

The information provided in this document and described on the following pages is unaudited and, as such, we cannot certify that all transactions and financial activities are disclosed in these reports. We assembled the information to aid prospective bidders in the preparation of their bids.

GENERAL PROVISIONS

1. This is a request for a financial-compliance audit of *** including ***. The audit is for the two fiscal years ended June 30, 20xx. The Legislature appropriated $xx,xxx for this audit. The scope and objectives of the audit are outlined on page __. The department is located in Helena and __.

2. Firms may join with other firms in a joint venture bid. If this is done, one firm should be designated the prime contractor and the other firm or firms, subcontractors. This is required to facilitate the execution and completion of the engagement.

3. The last audit of *** was conducted by a firm under contract with our office for the two fiscal years ended __. That audit cost was $xx,xxx for xxxx hours of audit work. The working papers from that audit will be available for review by the successful bidder by appointment from the Legislative Audit Division (LAD).

4. The information provided in this document may provide a reasonable basis for the preparation of a bid. If, however, additional information is required, the bidder may contact _____ of _____ or contract liaison _____ of the Legislative Audit Division at (406) 444-3122. The bidder is encouraged to become familiar with the agency's operations through visitation, if necessary, and discussion with appropriate agency officials before submitting a bid.

5. LAD has established a bid evaluation process which will consider the following: appropriate background and experience; appropriateness and adequacy of proposed procedures; reasonableness and appropriateness of time estimates; appropriateness of assigned staff levels; timeliness of expected completion; technical experience, qualifications, size and structure of firm; and cost. Bids will be opened and evaluated in Room 160, State Capitol, at ___a.m. on _____, 20xx.

6. The Legislative Audit Division will provide a maximum of four hours' consultation to the successful contract auditor without charge. If the Legislative Auditor provides consultation in excess of four hours, the contractor will be charged at the average hourly rate bid by the contractor for the engagement. The firm will be kept advised of these charges.

7. Because Statewide audit and Single Audit rely on the opinion resulting from this contract audit, work papers supporting the audit report must be made available to LAD or GAO upon request, at the Legislative Audit Division.

SCOPE AND OBJECTIVES

This is a request for a financial-compliance audit of the _____, known as agency number _____ in the Statewide Budgeting and Accounting System (SBAS). The audit is to be for two fiscal years ended June 30, 20__.

The contract auditor must:

1. Conduct the audit in accordance with the Single Audit Act Amendments of 1996, the Office of Management and Budget, Circular A-133, standards published in the AICPA Industry Audit Guide, Audits of State and Local Governmental Units, with conforming changes as of May 1, 1998; Government Auditing Standards, 1994 Revision, published by the United States General Accounting Office and generally accepted auditing standards issued by the AICPA.

2. Prepare the financial statements from SBAS without adjustment. The Department of Administration Treasury Fund Structure Task Force has determined how each agency is to combine its entities into the fund structure. If the contract auditor does not agree with the placement of an entity, it should be addressed in the opinion.

3. Include in the audit report a Schedule of Expenditures of Federal Awards (SEFA) by federal funding source for the audit period. See Exhibit xxx for SEFA example.

4. Render an opinion on the financial statements for the two fiscal years ended June 30, 20xx.

5. Determine the agency's compliance with applicable state and federal regulations and report violations in the auditor's report.

6. Examine prior Legislative Audit report recommendations and include in the audit report an explanation of any recommendations with which the agency has not complied. The prior audit report for the two fiscal years ended June 30, 20xx contained xxx recommendations. Copies of the prior audit reports are available upon request from LAD.

7. Write a management report which addresses management, internal control and compliance issues. The auditor shall make recommendation to management as appropriate. The auditor's estimate of the cost of implementing recommendations shall be included.

8. Obtain written agency replies to management, internal control and compliance recommendations. Agencies must be allowed two weeks to respond to the final audit report. Each agency involved in implementing a recommendation must be invited to respond in writing to the recommendation.

9. Prepare a summary of recommendations, including notation of agency concurrence or non-concurrence.

10. Print and submit ___ copies of the bound report to the Legislative Audit Division. The report will be bound in covers provided by the Legislative Audit Division, and the report will include a transmittal letter provided by the Legislative Auditor. Reports must be provided to the Legislative Auditor by _____ 15, 20xx.

FORMAT OF BID

Your bid should be designed to demonstrate you understanding of the work required, the ability and qualification of your firm in relation to the work and your firm's charges to accomplish the work. Your bid must be clearly labeled for the engagement it relates to, dated and signed by the responsible party with contact information included. Your bid must also include:

- Your approach to completing the audit including an estimated time line.
- Your hour estimate by appropriate category including travel time with travel locations indicated as appropriate.
- Your firm's price for performance of the audit engagement. Cost figures should include the hourly rate, by assigned person, your firm would charge for work beyond the scope of the initial engagement if necessary.
- Your firm's work experience including a percentage breakdown of auditing experience and governmental experience.
- Your staffing plan along with the audit experience of the assigned auditors.

Your completed bid must be sealed in an envelop and labeled "Bid - Flathead Valley Community College" and delivered to:

The Legislative Audit Division
Room 160, State Capitol
PO Box 201705
Helena MT 59620-1705

By 5:00 p.m. August, 20xx

If the contract auditor intends to disclaim an opinion on any financial statement, the auditor must inform LAD of that intention as soon as possible after determining a disclaimer of opinion is necessary.

ADDITIONAL INFORMATION

1. Cancelled warrants issued for payment of claims and payrolls are stored at the State Auditor's Office in Helena. Computerized payroll records are maintained at the Central Payroll office in Helena. Original copies of transfer warrant claims, journal vouchers, collection reports, and other accounting documents should be on file at the agency. Copies of these documents are available from the Department of Administration, Accounting Division.

2. The Legislative Audit Division has performed fiscal year 20__-__ application reviews for SBAS, Central Payroll, and the Warrant Writing System, and a service center review of the Computer Services Division. They are currently performing fiscal year 20__-__ reviews. A draft report on these reviews will be made available to the contractor by September 30, 20__.

Executive Budget Summary Information--page

This information provides general descriptions of the overall functions of the agency; the separate functions of each program within the agency; and recommended fiscal years 20__-__, and 20__-__ expenditure

levels for the entire agency and each program within the agency. Significant changes in the agency's operations since this information was prepared, if any, are discussed in Document 2.

Agency Appropriations Listing--page

This listing gives the number and amount of each appropriation received by the agency during fiscal year 20__-__ and during fiscal year 20__-__ through _____ 20__.

Estimated Number of Transactions Processed--page

This schedule was prepared using information provided by analysis of the Statewide Budgeting and Accounting System transactions for fiscal year 20__-__.

AGENCY APPROPRIATIONS LISTING

FISCAL YEAR 20 - :

Appropriation Number	Name	Authorized	Expended

FISCAL YEAR 20 - :

Appropriation Number	Name	Authorized	Expended as of 6-30-

TRANSACTION ACTIVITY

FISCAL YEAR 20 - :

Document Form Code	Form Code Name	Number of Transactions

FISCAL YEAR 20 - :

Document Form Code	Form Code Name	Number of Transactions

The above are actual transactions processed during fiscal year 20__-__ and fiscal year 20__-__. The statistics represent the number of transactions processed rather than documents processed.

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Document 2

LEGISLATIVE AUDIT DIVISION

PUBLIC ACCOUNTANT ENGAGEMENT PROPOSAL

NOTICE: The Legislative Auditor reserves the right to make counter-proposals, reject all proposals, and call for new proposals, with or without modification of the proposed engagement.

* * * * * * * * * * * *

Proposed Engagement (State Agency):

Date of Proposal:

Name and Signature of Firm Representative:

NAME:

FIRM NAME:

SIGNATURE:

PART A - TIME PROPOSAL

1. Proposed Dates for Engagement:

	Segment	Date
A.	Sign the contract for the engagement	_____
B.	Conduct entrance conference	_____
C.	Submit final report to Legislative Auditor	_____

2. Proposed Time for Engagement

	Segment	Man-Hours
A.	Planning and Programming	_____
B.	Field Work	_____
C.	General Program and Subsequent Events Review	_____
D.	Review of EDP Controls	_____
E.	Administration, including meeting with Legislative Audit Committee	_____
F.	Report Preparation	_____
G.	Other Segments – Lists	_____
	_____	_____
	_____	_____
	_____	_____
	Total Man-Hours	_____

3. Proposed Time Associated with Travel

(List anticipated sites & time where travel is expected to be necessary.)

Proposed Travel Sites	Man-Hours
_____	_____
_____	_____
_____	_____
Total Man-Hours	_____

PART B - PRICE PROPOSAL

Proposed Price for Audit Work:

		Price
1.	Price which the firm proposes to charge for performance of the Audit Engagement:	$_____
	(a) Include all costs normally associated with the engagement, such as the audit work itself, engagement of consultants, review of agency reply, explanation of the report,and initial appearance before the Legislative Audit Committee.	
	(b) Exclude the cost of travel and subsequent appearance before the Legislative Audit Committee.	
2.	Proposed Price for Travel:	
	Price which the firm proposes to charge for travel and transportation associated with this engagement:	$_____
3.	Total price proposed for this agreement:	$_____

4. Proposed hourly rate(s) which the firm would charge for supplementary efforts in conjunction with this engagement, such as subsequent appearance before legislative committees, hearings, etc.

Staff Member	Hourly Rate
_____	$_____
_____	_____
_____	_____
_____	_____
_____	_____

PART C - APPROACH FOR CONDUCTING AUDIT

Please list how your firm will conduct the audit and any special services your firm will provide.