

4
5 A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE
6 MONTANA REQUESTING AN INTERIM STUDY OF LOCAL GOVERNMENT FINANCIAL AUDIT
7 REQUIREMENTS AND COSTS; AND REQUIRING THAT THE FINAL RESULTS OF THE STUDY
8 REPORTED TO THE 71ST LEGISLATURE.

12 WHEREAS, the Revenue Interim Committee has learned that the existing requirement for a full
13 governmental audit for a special district with more than \$1 million in assets has proven to be impractical,
14 expensive, and difficult to obtain; and

18 WHEREAS, the Revenue Interim Committee recommends a study focused on financial audit
19 requirements and costs because the concern extends beyond special districts to audits of cities and counties;
20 and

23 WHEREAS, recent legislation addressing local government financial audits has not alleviated concerns
24 about costs.

28 That the Legislative Council be requested to designate an appropriate interim committee or statutory

1 committee, pursuant to section 5-5-217, MCA, to study local government financial audit requirements and
2 costs.

3 BE IT FURTHER RESOLVED, that study activities include:

4 (1) gathering data on which local government entities, including but not limited to cities, counties,
5 and special districts, are required to conduct financial audits and the costs of the audits;

6 (2) examining factors that impact financial audit costs;

7 (3) determining whether financial audits are required by state or federal statute, regulation,
8 program requirements, or some other authority;

9 (4) reviewing financial audit requirements, the value of the information contained within the
10 financial audit, and whether there are alternatives to financial audits for some entities; and

11 (5) tracking the work of state associations on this topic and consideration of developing, in
12 consultation with accounting experts and associations, a new level of financial compliance review that is
13 appropriate for entities utilizing taxpayer dollars and that can be conducted by any certified public accountant.

14 BE IT FURTHER RESOLVED, that all aspects of the study, including presentation and review
15 requirements, be concluded prior to September 15, 2028.

16 BE IT FURTHER RESOLVED, that the final results of the study, including any findings, conclusions,
17 comments, or recommendations of the appropriate committee, be reported to the 71st Legislature.

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