

DEPARTMENT OF ADMINISTRATION
LOCAL GOVERNMENT SERVICES BUREAU
STANDARD AUDIT CONTRACT

THIS CONTRACT is made this xxx day of xxx, 2017, by and between

Junkermier Clark Campanella & Stevens, P.C.

Certified or Licensed Public Accountant
("Contractor"),

City of Billings, Montana

Governmental Entity
("Entity"),

and the **Montana Department of Administration, Local Government Services Bureau, ("State")**, PO Box 200547, Helena, MT 59620-0547 acting under the authority of Title 2, Chapter 7, Part 5, of the Montana Code Annotated.

1. **State Approval:** 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 has approved and signed the contract and the State subsequently does not approve and sign 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):
July 1, 2016 to June 30, 2019.

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:

\$ 57,490 for initial (or sole) audit covering 07 /01 /16 to 06 /30 /2017.

\$ 57,490 for subsequent audit covering 07 / 01 / 17 to 06 /30 /2018.

\$ 59,490 for subsequent audit covering 07 /01 /18 to 06 /30 /2019.

The Entity shall pay the fees listed in Appendices A, B & C, as applicable, which are attached hereto and incorporated by reference.

B. If the cost of any subsequent audit is not agreed upon at the time this contract is executed, the Contractor and the Entity shall negotiate the cost at a later date. The results of this negotiation will be set forth in the Appendices and made a part of this contract. The Contractor shall provide the State and the Entity with a copy of the appropriate Appendices.

C. 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.

2. continued:
 - D. The Contractor may submit interim bills to the Entity each month, based upon the estimated percentage of contract completion. The Entity may retain 10 percent 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. **Audit Scope:** The Contractor shall conduct a financial statement audit of the Entity as follows:
 - 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 objective of the audit is the expression of the Contractor's opinion on the Entity's financial statements. The Contractor shall obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Accordingly, a material misstatement may remain undetected. Also, the audit is not designed to detect error or fraud that is immaterial to the financial statements. If the Contractor's opinion on the Entity's financial statements is other than unqualified, 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 include tests of internal control over financial reporting, but the audit is not designed to provide an opinion on internal control or to identify significant deficiencies. The Contractor, however, shall make the Entity aware, in writing, of any significant deficiencies that come to the Contractor's attention.
 - C. The Contractor shall include the following tests of compliance and other matters as required by Government Auditing Standards. These tests, however, will not be designed to provide an opinion on such compliance. The Contractor shall 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 revenue bond ordinances and indenture agreements;
 - (3) if the audit is of a county, city or town, money is or has been retained 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 funds maintained by the Entity, as required by Section 2-7-505, MCA.
 - D. When applicable, the audit must meet all requirements of the Federal Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996 and OMB Circular A-133.
 - E. The audit scope with regard to federal financial assistance for each fiscal year covered by this audit

contract must be as specified in Appendices A, B and C.

3. continued:

F. Except as provided below, for purposes of determining the scope of the audit, the Entity is considered the financial reporting entity as defined by the Governmental Accounting Standards Board. 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 enrollment 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.

J. 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.

K. 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.

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

- A. its basic financial statements, including note disclosures;
- B. all supplementary information required by GASB 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 and regulations applicable to its activities;
4. continued:
- 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 OMB Circular A-133;
 - 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.
5. **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.
6. **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.
7. **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) therefore. 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 OMB Circular A-133, the Contractor shall also complete the audit and issue the audit report within the time period required by that Circular, 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 A-133 due date from a federal agency, the Entity shall submit a copy of the approved extension to the State.
8. **Audit Presentation:** The final audit report must contain basic financial statements and required supplementary information consistent with financial reporting standards in effect for the year or years being audited, as established by the Governmental Accounting Standards Board. In addition, other supplementary information required by provisions within this contract and by OMB Circular A-133 must also be included, if applicable.
- A. The final audit report must also contain any other financial statements and supporting schedules and information as agreed upon by the Entity and Contractor.
 - B. The financial statements presented must be in accordance with the financial reporting standards in effect for the year or years being audited, as described above. If the accounting records or other circumstances do not permit financial statements to comply with these requirements, the Contractor shall notify the

8. continued:

State of those conditions and describe the financial statements that will be presented. The applicable auditor's reports must also be modified as required to reflect a departure from generally accepted accounting principles.

- 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.

9. **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. an independent auditor's 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. If applicable, this report must include information about fraud, illegal acts, significant violations of provisions of contracts or grant agreements, and significant abuse, or indications of these acts.
- C. a report disclosing any lack of compliance with State statutes, rules, regulations, or ordinances that would not have a material effect on the financial statements, but of which the Contractor becomes aware during the course of the audit. This report must be referred to in the report required in 9.B. above. This report may be combined with other reports if appropriate, or the findings may be included in a management letter. If included in a management letter, that letter must be included as a part of, or accompanying, the audit report.
- D. a report on any supplemental schedules or information presented, if any such schedules or information are presented in the audit report. This report may be given in a supplemental information paragraph of the auditor's report on the financial statements (9.A. above), or in a separate report. For the following supplemental information, 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:
 - Supplemental schedule of school district enrollment required in paragraph 11.A;
 - Supplemental schedule of school district extracurricular fund financial activities required in paragraph 11B; and
 - Supplemental schedule of expenditures of federal awards required by OMB circular A-133 and in paragraph 10.A.
- 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 9.B. and 9.C. above or in a

9. continued:

management letter, 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 files copies of the audit report with the State. If the views and planned corrective actions are not available at that time, the Contractor shall so indicate in the reports.

10. **Single Audits:** All audit reports for single audits done in accordance with OMB Circular A-133 must also contain the following:

- A. a schedule of expenditures of federal awards. As required by OMB Circular A-133, the schedule must:
- (i) list individual federal programs by federal agency. For federal programs included in a cluster of programs, list individual federal programs within a cluster of programs;
 - (ii) for federal awards received as a subrecipient, include the name of the pass-through entity and identifying number assigned by the pass-through entity;
 - (iii) provide total federal awards expended for each individual federal program and the CFDA number or other identifying number when the CFDA information is not available;
 - (iv) include notes that describe the significant accounting policies used in preparing the schedule;
 - (v) to the extent practical, for pass-through entities identification in the schedule of the total amount provided to subrecipients from each federal program; and
 - (vi) in either the schedule or a note to the schedule, the value of the federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule.
- B. a report on the schedule of expenditures of federal awards. This report may be combined with other reports as provided by OMB Circular A-133 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 with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133. This report must refer to the separate schedule of findings and questioned costs described in paragraph 10.D. of the contract. This report 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 OMB Circular A-133.
- E. the corrective action plan required by OMB Circular A-133, if that plan is available at the time the Contractor files copies of the audit report with the State. This corrective action plan may be combined with the Entity's planned corrective actions related to findings reported in accordance with Government Auditing Standards, as provided in paragraph 9.F., above.

11. **School Districts:** School district audit reports must also include the following as supplemental 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 enrollment reports and as documented by the school district's enrollment records; and
 - B. a detailed schedule of extracurricular fund financial activities.
12. **Written Report to Entity:** The Contractor shall render a single, written report for the Entity audited. **The report must include, or be accompanied by, all written reports and letters discussing findings and recommendations from the Contractor to the Entity, including but not limited to the reports and schedules referred to in paragraphs 9 and 10 above as well as any management letters that include findings and recommendations.**
13. **Exit Interview:** 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 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 submitting the final report, it will not discuss the audit findings with anyone other than the Entity or the State. However, once the Contractor delivers the final audit report, the report is deemed to be a public record.
14. **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 and 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. The Contractor shall submit one of these copies to the attorney for the Entity.
 - B. 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.
 - C. The Contractor shall provide the State with four copies of each audit report at no charge. **These copies must be sent to the State at the same time the Contractor delivers the final audit report to the Entity and must include any management letters that include findings and recommendations.** A letter of transmittal must accompany the State's copies, advising the State of the date of the exit conference, the date the final report was delivered to the Entity, the date of the audit report, the actual number of hours spent by the Contractor in the conduct of the audit, the total audit fees billed the Entity, whether the audit was conducted in accordance with the provisions of OMB Circular A-133, and whether there were any findings or opinion qualifications in the audit report, and, if so, whether the entity's corrective action plan or response was included as part of or submitted with the audit report.
 - D. If the Entity is a school district or associated cooperative, the Contractor shall provide copies of the audit report to the Office of Public Instruction, the county superintendent of schools, and the county attorney.
 - E. If the Entity is a city or town fire department relief association disability and pension fund, the Contractor shall

provide one copy of the audit report to the city or town clerk.

- F. If the audit is a single audit conducted in accordance with the provisions of OMB Circular A-133, the
14. continued:
Entity shall provide copies of the reporting package defined in OMB Circular A-133 and the data collection form to the federal clearinghouse designated by OMB. In addition, the Entity shall provide either a copy of the reporting package, or the alternative written notification as described by OMB Circular A-133 to all federal, state and other granting and pass-through agencies as required by Circular A-133.
15. **Entity Response:** If not included in the audit report as provided in paragraphs 9.F. and 10.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 contained in management letters, which are considered a part of the audit report as prescribed in paragraph 12.** If the audit is a single audit conducted in accordance with OMB Circular A-133, this corrective action plan must also meet the requirements of Circular A-133 and contain all information required by that Circular.
16. **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.
17. **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 with respect to this engagement. This contract shall not include non-audit services, and the Contractor shall neither arrange for nor accept non-auditing work with the Entity which could in any way impair the Contractor's independence in violation of professional standards. If required by the State, the Contractor shall document that independence has been maintained in both fact and appearance as required by professional auditing standards.
18. **Prime Contractor:** The Contractor is the prime contractor and is responsible, in total, for all work of any subcontractors. The Contractor shall obtain the **written approval of the Entity and the State before** engaging correspondent Contractors, consultants, or subcontractors to provide services in connection with this audit. **Any Contractors subcontracted to perform audit work must be on the Roster of Independent Auditors authorized to conduct audits of Montana local governments that is maintained by the Local Government Services Bureau.** The Contractor is responsible to the Entity and the State for the acts and omissions of all correspondent Contractors, consultants, subcontractors, or agents and of persons directly or indirectly employed by such correspondent Contractors, consultants, subcontractors or agents, and for the acts and omissions of persons employed directly by the Contractor. Further, nothing contained within this contract creates any contractual relationship between any correspondent Contractor, consultant, or subcontractor and the State.
19. **Entrance and Exit Conferences:** The State may participate in all entrance and exit conferences between the Entity and Contractor, as well as all major conferences dealing with audit exceptions and recommendations regarding accounting or operating procedures, management policies, or internal control changes.
20. **Access to Records:** The Contractor shall give the State and, when required by law, the Montana Legislative Audit Division, access to the Contractor's audit 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 audit programs and supporting working papers

20. continued:

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, audit programs, and audit 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.

21. **State Review:** As provided by Section 2-7-522, MCA, the State may review the audit report submitted by the Contractor. 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.

22. **Independent Contractor:** The Entity and the State recognize that the Contractor is an independent contractor and neither its principals nor its employees are employees of the State or Entity for purposes of tax, retirement system, or social security (FICA) withholding.

23. **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) Neither the Contractor nor its employees are State employees for the purposes of this paragraph.

24. **Indemnification:** The Contractor agrees to protect, defend, and save the State and Entity, their elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, and causes of action of any kind or character, including the cost of defense thereof, arising in favor of the Contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in any way resulting from the acts or omission of the Contractor and/or its agents, employees, representatives, assigns, and subcontractors, except the sole negligence of the State or Entity, under this agreement.

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 indemnify, defend, and hold harmless the Contractor against such obligations.

25. **Insurance:** 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 as respects the State and Entity and their elected officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the State and Entity, their officers, officials, employees or volunteers shall be excess of the Contractor's insurance

and shall not contribute with it

25. The Contractor shall purchase and maintain occurrence coverage to cover such claims as may be caused by any continued:

act, omission, negligence of the Contractor or its officers, agents, representatives, assigns or subcontractors.

Note: 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 reserve the right to require complete copies of insurance policies at all times.

26. **Compliance with Laws:** The Contractor shall, in performance of work under this contract, fully comply with all applicable federal, state, or local laws, rules and regulations, including the Montana Human Rights Act, 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. Any subletting or subcontracting by the Contractor subjects subcontractors to the same provisions. In accordance with Section 49-3-207, MCA, the Contractor agrees that the hiring of persons to perform the contract will be made on the basis of merit and qualifications and there will be no discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin by the persons performing the Contract.

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

28. **Termination before Audit Has Commenced:** Before the commencement of the audit, either the Contractor or the Entity, with the State's consent, or the State, may cancel this contract by providing 20 days' written notice to the other parties. The contract may be canceled under this paragraph for cause. Cause includes, but is not limited to, failure of any party to comply with the terms of this contract or with any Administrative Rule adopted by the State under the authority of Title 2, Chapter 7, Part 5, of the Montana Code Annotated.

In addition, if both the Contractor and the Entity mutually agree to cancel this contract before the commencement of the audit, for convenience, the State shall consent to cancellation of the contract upon written notification by the Contractor and the Entity of their agreement to cancel 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.

29. **Termination after the Audit Has Commenced:** 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, may cancel this contract for failure of any party to comply with the terms of this contract or with any Administrative Rule adopted by the State under the authority of Title 2, Chapter 7, Part 5, MCA, or for other cause. This right of cancellation may be exercised by providing the breaching party written notice of the default and, if applicable, provide 20 days from the date of the

notice to cure the default. If the Contractor is the breaching party and fails to remedy the breach, then the Contractor is not entitled to the audit fee set out in this contract. If the Entity is the breaching party, the Entity shall pay the Contractor a pro rata portion of the audit fee set out in this contract, based on the percentage of work completed at the time of cancellation. In addition, if both the

29. continued:

Contractor and the Entity mutually agree to cancel this contract for convenience; the State shall consent to cancellation of the contract upon written notification by the Contractor and the Entity of their agreement to cancel this contract.

30. **Professional Requirements:** By signing this contract, the Contractor certifies that it is in 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.

31. **Single Audit Act Certification:** If the audit is required to meet the requirements of the Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996 and OMB Circular A-133, 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.

32. **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, and each party shall pay its own costs and attorney fees. 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 Judicial District in and for the County in which the Entity is located, and each party shall pay its own costs and attorney fees.

33. **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.

34. **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 (1) 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.

35. **Authority:** Each party represents that the person signing this contract has the authority to bind that party.

36. **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.

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

Certified or Licensed Public Accountant

Junkermier Clark Campanella & Stevens, P.C.
Firm Name

By: _____
Authorized Representative

Date: _____

Governmental Entity

City of Billings, Montana
Entity Name

By: _____
Authorized Representative

Date: _____

**Montana Department of Administration,
Local Government Services Bureau**

By: _____
Approved By

Date: _____

APPENDIX A

Initial or Sole Audit under this Contract

GOVERNMENTAL ENTITY (ENTITY): City of Billings, Montana

Telephone: 406-657-8209 Address: PO Box 1178 (Street Address or P.O. Box)

Billings, MT 59103 (City/Town) (Zip Code)

Contact Person(s): Patrick M. Weber

PUBLIC ACCOUNTANT/ACCOUNTING

FIRM (CONTRACTOR): Junkermier Clark Campanella & Stevens P.C.

Telephone: 406-761-2820 Address: 501 Park Drive South (Street Address or P.O. Box)

Great Falls, MT 59405 (City/Town) (Zip Code)

Contact Person(s): Tyler Bryant

1. Audit Period and Dates of Engagement:

A. This audit will cover the fiscal year(s) ending June 30, 2017 (and) (Month & Day) (Year) (Year)

B. Date to commence audit work: October 1, 2017

C. Date to submit final audit report to Entity and State: December 31, 2017

2. Time and Price for Engagement:

A. Estimated total hours - 575

B. Price for audit personnel \$ 57,490

Price for Travel

Price for typing, clerical and report preparation

Total price for this engagement \$ 57,490

3. The reporting entity contains the following discretely presented component units: N/A

4. Date Annual Financial Report or a trial balance will be available: September 15, 2017

5. Number of copies of audit report Contractor will provide to Entity: 1 Electronic Copy

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 OMB Circular A-133 because the Entity expended a total amount of federal awards **equal to or in excess of \$500,000** during the fiscal year(s), or such other dollar amount as may be established by OMB 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 OMB Circular A-133, and will not include audit coverage of any federal financial assistance in accordance with requirements of that Circular, because the Entity expended a total amount of federal awards of **less than \$500,000** during the fiscal year(s), or such other dollar amount as may be established by OMB that is effective for the fiscal year(s) being audited.

Certified or Licensed Public Accountant

Junkermier Clark Campanella & Stevens P.C. _____
Firm Name

By: _____
Authorized Representative

Date: _____

Governmental Entity

City of Billings, Montana _____
Entity Name

By: _____
Authorized Representative

Date: _____

**Montana Department of Administration,
Local Government Services Bureau**

By: _____
Approved By

Date: _____

APPENDIX B

Subsequent Audit under this Contract

GOVERNMENTAL ENTITY (ENTITY): City of Billings, Montana _____

Telephone: 406-657-8209 _____ Address: PO Box 1178 _____
(Street Address or P.O. Box)

Billings _____, MT 59103 _____
(City/Town) (Zip Code)

Contact Person(s):
Patrick M. Weber

PUBLIC ACCOUNTANT/ACCOUNTING

FIRM (CONTRACTOR): Junkermier Clark Campanella & Stevens P.C. _

Address: 501 Park Drive South _____
(Street Address or P.O. Box)

Telephone: 406-761-2820 _____ Great Falls _____, MT 59405 _____
(City/Town) (Zip Code)

Contact Person(s):
Tyler Bryant

1. Audit Period and Dates of Engagement:

- A. This audit will cover the fiscal year(s) ending
June 30, _____, 2018 _____ (and _____).
(Month & Day) (Year) (Year)
- B. Date to commence audit work: October 1, 2018 _____
- C. Date to submit final audit report
to Entity and State: December 31, 2018 _____

2. Time and Price for Engagement:

- A. Estimated total hours - 575 _____
- B. Price for audit personnel \$ 57,490 _____
Price for Travel _____
Price for typing, clerical
and report preparation _____
Total price for this
engagement \$ 57,490 _____

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

4. Date Annual Financial Report or a trial balance will be available: September 15, 2018 _____

5. Number of copies of audit report Contractor will provide to Entity:
1 Electronic Copy

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 OMB Circular A-133 because the Entity expended a total amount of federal awards **equal to or in excess of \$500,000** during the fiscal year(s), or such other dollar amount as may be established by OMB 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 OMB Circular A-133, and will not include audit coverage of any federal financial assistance in accordance with requirements of that Circular, because the Entity expended a total amount of federal awards of **less than \$500,000** during the fiscal year(s), or such other dollar amount as may be established by OMB that is effective for the fiscal year(s) being audited.

Certified or Licensed Public Accountant

Junkermier Clark Campanella & Stevens P.C. _____
Firm Name

By: _____
Authorized Representative

Date: _____

Governmental Entity

City of Billings, Montana _____
Entity Name

By: _____
Authorized Representative

Date: _____

**Montana Department of Administration,
Local Government Services Bureau**

By: _____
Approved By

Date: _____

APPENDIX C

Subsequent Audit under this Contract

GOVERNMENTAL ENTITY (ENTITY): City of Billings, Montana _____

Telephone: 406-657-8209 _____ Address: PO Box 1178 _____ (Street Address or P.O. Box)

Billings _____, MT 59103 _____ (City/Town) (Zip Code)

Contact Person(s): Patrick M. Weber

PUBLIC ACCOUNTANT/ACCOUNTING FIRM (CONTRACTOR):

Junkermier Clark Campanella & Stevens P.C._

Address: 501 Park Drive South _____ (Street Address or P.O. Box)

Telephone: 406-761-2820 _____ Great Falls _____, MT 59405 _____ (City/Town) (Zip Code)

Contact Person(s): Tyler Bryant

1. Audit Period and Dates of Engagement:

A. This audit will cover the fiscal year(s) ending June 30 _____, 2019 _____ (and _____). (Month & Day) (Year) (Year)

B. Date to commence audit work: October 1, 2019 _____

C. Date to submit final audit report to Entity and State: December 31, 2019 _____

2. Time and Price for Engagement:

A. Estimated total hours - 575 _____

B. Price for audit personnel \$ 59,490 _____ Price for Travel _____ Price for typing, clerical and report preparation _____ Total price for this engagement \$ 59,490 _____

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

4. Date Annual Financial Report or a trial balance will be available: September 15, 2019 _____

5. Number of copies of audit report Contractor will provide to Entity: 1 Electronic Copy

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 OMB Circular A-133 because the Entity expended a total amount of federal awards **equal to or in excess of \$500,000** during the fiscal year(s), or such other dollar amount as may be established by OMB 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 OMB Circular A-133, and will not include audit coverage of any federal financial assistance in accordance with requirements of that Circular, because the Entity expended a total amount of federal awards of **less than \$500,000** during the fiscal year(s), or such other dollar amount as may be established by OMB that is effective for the fiscal year(s) being audited.

Certified or Licensed Public Accountant

Junkermier Clark Campanella & Stevens P.C. _____
Firm Name

By: _____
Authorized Representative

Date: _____

Governmental Entity

City of Billings, Montana _____
Entity Name

By: _____
Authorized Representative

Date: _____

**Montana Department of Administration,
Local Government Services Bureau**

By: _____
Approved By

Date: _____