

**MONTANA MEDICAL LEGAL PANEL**

**AUDITED FINANCIAL STATEMENTS**  
**With Supplemental Information**

**December 31, 2017 and 2016**



**Prepared Under Contract With:**  
**MONTANA LEGISLATIVE BRANCH, AUDIT DIVISION**  
**PO Box 201705, Helena MT 59620-1705**

# LEGISLATIVE AUDIT DIVISION

Angus Maciver, Legislative Auditor  
Deborah F. Butler, Legal Counsel



Deputy Legislative Auditors:  
Cindy Jorgenson  
Joe Murray

April 2018

The Legislative Audit Committee  
of the Montana State Legislature:

Enclosed is the report on the audit of the Montana Medical Legal Panel for the calendar year ended December 31, 2017.

The audit was conducted by Amatics CPA Group, under a contract between the firm and our office. The contents of this report represent the views of the firm and not necessarily the Legislative Auditor.

The panel's written response to the report is included in the back of the audit report.

Respectfully submitted,

*/s/ Angus Maciver*

Angus Maciver  
Legislative Auditor

18C-05

**MONTANA MEDICAL LEGAL PANEL  
CONTENTS**

	<u>Page</u>
<b>ADMINISTRATIVE OFFICIALS</b>	4
<b>AUDITED FINANCIAL STATEMENTS</b>	
Independent auditors' report	5 - 6
Statements of assets, liabilities, and fund balances - modified cash basis	7
Statements of revenues, expenditures and changes in fund balances - modified cash basis	8
Notes to financial statements	9 - 13
<b>SUPPLEMENTAL MATERIAL</b>	
Schedules of revenues collected and expenditures paid - budget vs. actual	14 - 15
<b>INDEPENDENT AUDITORS' REPORTS FOR GAO</b>	
Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i> .	16 - 17
<b>AUDIT RESPONSE</b>	18

**MONTANA MEDICAL LEGAL PANEL  
ADMINISTRATIVE OFFICIALS**

Jean Branscum  
Joe Williams

Director  
Fiscal Director



## INDEPENDENT AUDITORS' REPORT

To the Legislative Audit Committee  
of the Montana State Legislature  
Helena, MT

We have audited the accompanying modified cash basis financial statements of the governmental activities of Montana Medical Legal Panel, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Panel's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Panel's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Panel's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the governmental activities of Montana Medical Legal Panel as of December 31, 2017 and 2016, and the respective changes in modified cash basis financial position for the years then ended in accordance with the modified cash basis of accounting described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Montana Medical Legal Panel's basic financial statements. The schedules of revenues collected and expenditures paid - budget vs. actual for the years ended December 31, 2017 and 2016, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of revenue collected and expenditures paid - budget vs. actual are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of revenue collected and expenditures paid - budget vs. actual are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our reported dated March 26, 2018, on our consideration of Montana Medical Legal Panel's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Montana Medical Legal Panel's internal control over financial reporting and compliance.

## ***Amatics CPA Group***

Bozeman, Montana  
March 26, 2018

**MONTANA MEDICAL LEGAL PANEL  
STATEMENTS OF ASSETS, LIABILITIES, AND FUND BALANCE -  
MODIFIED CASH BASIS**

<b>ASSETS</b>		<b>December 31</b>	
		<b>2017</b>	<b>2016</b>
<b>ASSETS</b>			
Cash in bank, restricted		\$ 24,071	\$ 108,022
Investments, restricted		230,393	215,515
Total assets		\$ 254,464	\$ 323,537
<b>FUND BALANCE</b>			
<b>FUND BALANCE</b>			
Restricted		\$ 254,464	\$ 323,537

See the notes to financial statements.

**MONTANA MEDICAL LEGAL PANEL  
STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS**

	<b>Years ended December 31</b>	
	<b>2017</b>	<b>2016</b>
<b>REVENUES</b>		
Assessment fees	\$ 651,395	\$ 697,249
Investment income	351	5,822
Miscellaneous income	11,125	11,502
Unrealized loss on investments	<u>17,403</u>	<u>4,273</u>
Total revenues	<u>680,274</u>	<u>718,846</u>
<b>EXPENDITURES</b>		
Current		
Administrative	314,222	308,446
Computer software	14,371	8,978
Investment fees	1,664	1,121
Liability insurance	2,683	2,683
Medical records and x-rays	38,351	45,429
Meeting rooms	7,597	7,433
Miscellaneous	7,572	2,400
Office supplies	4,494	4,883
Panelist hearing time	82,636	65,603
Panelist legal counsel	13,302	12,338
Panelist preparation and travel time	139,388	122,723
Panelist travel	77,046	66,677
Postage	15,514	14,243
Professional services	5,300	5,125
Records reproduction	8,209	10,427
Telephone	2,674	2,612
Temporary personnel	619	-
Video conferencing	<u>13,705</u>	<u>8,918</u>
Total expenditures	<u>749,347</u>	<u>690,039</u>
<b>CHANGE IN FUND BALANCE</b>	(69,073)	28,807
Fund balance, beginning of year	<u>323,537</u>	<u>294,730</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 254,464</u>	<u>\$ 323,537</u>

See the notes to financial statements.



**MONTANA MEDICAL LEGAL PANEL  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Activities***

The Montana Medical Legal Panel ("the Panel") was established by the "Montana Medical Legal Panel Act" as authorized by Montana Code Annotated (MCA) sections 27-6-101 and 104. The Panel is attached to the Montana Supreme Court for administrative purposes only, except that MCA 2-15-121(2) does not apply.

The Montana Medical Legal Panel was created to review all malpractice claims or potential claims against health care providers. The purpose of the Montana Medical Legal Panel is to prevent, whenever possible, the filing of court actions against health care providers and their employees for professional liability situations in which the facts do not permit at least a reasonable inference of malpractice, and to make possible the fair and equitable disposition of such claims against health care providers as are or reasonable may be well founded.

***Basis of Accounting***

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, revenue is recorded when received rather than when earned and expenditures are recognized when paid rather than when the obligation is incurred.

***Fund Accounting and Balances***

The Montana Medical Legal Panel is funded with state special revenue funds derived from annual assessments. Accounts are organized in funds according to state law. The Panel uses the following funds:

**Governmental Funds:**

Special Revenue Fund - accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Legislative appropriation is required to spend from this fund.

Per GASB Statement No. 54, fund balance in governmental funds is reported in two general classifications: nonspendable and spendable. Nonspendable represents the portion of fund balance that is not in spendable form such as inventories and long term notes and loans receivable. Spendable fund balance is further categorized as restricted, committed, assigned, and unassigned.

As of December 31, 2017 and 2016, fund balances of the governmental special revenue funds are classified as follows:

**Nonspendable** - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to maintained intact. The Panel had no nonspendable fund balances as of December 31, 2017 and 2016.

**MONTANA MEDICAL LEGAL PANEL  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Fund Accounting and Balances (Continued)***

**Restricted** - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The Panel's fund balance is restricted by enabling legislation.

**Committed** - amounts that can be used only for specific purposes determined by state legislation and appropriated to the Panel. The Panel had no committed fund balances as of December 31, 2017 and 2016.

**Assigned** - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Panel had no assigned fund balances as of December 31, 2017 and 2016.

**Unassigned** - all other spendable amounts. The Panel had no unassigned fund balances as of December 31, 2017 and 2016.

When both restricted and unrestricted resources are available in a fund, the assumed order of spending is restricted first, next committed, next assigned, and finally unassigned.

***Cash and Investments***

The Montana Medical Legal Panel considers funds held in checking and savings bank accounts to be cash.

Investments consist of money market funds and mutual funds held at Edward Jones. The Montana Medical Legal Panel values these investments at fair value.

Under professional standards, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at fair values in the statements of assets, liabilities and net assets - modified cash basis. Unrealized gains and losses are included in the change in fund balance.

***Assessment Fees***

The Montana Medical Legal Panel is funded by an annual assessment fee levied against licensed physicians, dentists, podiatrists, hospitals, and other health care facilities in an amount sufficient to meet all panel costs. Annual assessments are apportioned among each group of health care providers according to the number of claims brought against each type of provider.

**MONTANA MEDICAL LEGAL PANEL  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016**

**2. CASH AND INVESTMENTS**

Cash in the bank consists of the following deposit accounts as of December 31:

	2017	2016
Valley Bank - checking account	\$ 16,037	\$ 20,326
First Community Bank - money market account	3,218	3,063
First Interstate Bank - money market account	4,816	84,633
	\$ 24,071	\$ 108,022

Individual accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank, per depositor. Balances throughout the year did not exceed this amount.

Montana statutes authorize the Montana Medical Legal Panel to invest in direct obligations of the U.S. government in savings or time deposits in a state or national bank, building or loan association, or credit union located in Montana; in investments of the Montana Short Term Investment Pool management by the Montana Board of Investments; or in repurchase agreements. The Panel has implemented the provisions of GASB Statement No. 40, Deposits and Investment Risk Disclosures, as well as GASB Statement No. 72, Fair Value Measurement and Application.

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfil its obligations. The short-term bond funds have credit risk as measured by major credit rating services. This risk is that the issuer of securities held in the short-term bond funds may default in making timely principal and interest payments.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in possession of the outside party. As of December 31, 2017 and 2016, all investments at Edward Jones are covered by Securities Investor Protection Corporation (SIPC).

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Panel does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Fair Value Measurement and Application

The Panel categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**MONTANA MEDICAL LEGAL PANEL  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016**

**2. CASH AND INVESTMENTS (Continued)**

The following tables provide information about the fair value hierarchy associated with the Panel's deposits and investments.

As of December 31, 2017:

	<u>Maturities</u>	<u>Fair Value Hierarchy</u>	<u>Fair Value</u>
Demand deposits in banks	N/A	N/A	\$ 24,071
Money market funds	> 1 year	Level 1	659
Mutual funds	> 1 year	Level 1	<u>229,734</u>
			<u>\$ 254,464</u>

As of December 31, 2016:

	<u>Maturities</u>	<u>Fair Value Hierarchy</u>	<u>Fair Value</u>
Demand deposits in banks	N/A	N/A	\$ 108,022
Money market funds	> 1 year	Level 1	3,171
Mutual funds	> 1 year	Level 1	<u>212,344</u>
			<u>\$ 323,537</u>

The following tables present the cost, fair value, and credit risk information of the investments.

As of December 31, 2017:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>Morningstar Credit Rating</u>
Money market fund	\$ 659	\$ 659	\$ -	N/A
Mutual funds:				
Diversified emerging markets	2,237	3,310	1,073	3 star
Intermediate term bond	147,162	146,311	(851)	4 star
Large value	13,442	14,183	741	4 star
Large growth	6,551	8,412	1,861	4 star
Foreign large blend	10,332	13,133	2,801	4 star
Mid cap blend	6,009	7,295	1,286	4 star
Mid cap growth	4,361	5,689	1,328	4 star
High yield bond	8,823	9,283	460	4 star
World bond	8,716	8,767	51	2 star
Commodities	2,503	2,557	54	3 star
Real estate	<u>11,212</u>	<u>10,794</u>	<u>(418)</u>	4 star
Total mutual funds	<u>221,348</u>	<u>229,734</u>	<u>8,386</u>	
Total investments	<u>\$ 222,007</u>	<u>\$ 230,393</u>	<u>\$ 8,386</u>	

**MONTANA MEDICAL LEGAL PANEL  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016**

**2. CASH AND INVESTMENTS (Continued)**

As of December 31, 2016:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>Morningstar Credit Rating</u>
Money market fund	\$ 3,171	\$ 3,171	\$ -	N/A
Mutual funds:				
Diversified emerging markets	2,189	2,403	214	3 star
Short term bond	10,811	10,722	(89)	4 star
Intermediate term bond	139,432	135,706	(3,726)	4 star
Large value	11,560	12,148	588	4 star
Large growth	6,485	6,712	227	4 star
Foreign large blend	8,690	9,064	374	4 star
Foreign large growth	4,282	4,461	179	4 star
Mid cap blend	4,323	4,910	587	4 star
Mid cap growth	4,299	4,684	385	4 star
High yield bond	11,034	11,455	421	4 star
World bond	8,641	7,909	(732)	2 star
Real estate	<u>2,520</u>	<u>2,170</u>	<u>(350)</u>	4 star
Total mutual funds	<u>214,266</u>	<u>212,344</u>	<u>(1,922)</u>	
Total investments	<u>\$ 217,437</u>	<u>\$ 215,515</u>	<u>\$ (1,922)</u>	

**3. RELATED PARTIES**

Jean Branscum is the executive vice president of the Montana Medical Association and the director of the Montana Medical Legal Panel. The Montana Medical Association bills the Montana Medical Legal Panel for services and facilities provided to that Organization. This administrative fee is subject to the approval of the Chief Justice of the Montana Supreme Court. The Montana Medical Association was paid administrative fees of \$314,222 and \$308,446 for the years ended December 31, 2017 and 2016, respectively.

**4. RISK MANAGEMENT**

The Panel is exposed to risk of loss primarily through the possible errors and omissions pertaining to claims filed with the Panel. This risk is transferred through the purchase of a professional liability policy from a private insurance carrier.

**5. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 26, 2018, the date on which the financial statements were available to be issued.

**MONTANA MEDICAL LEGAL PANEL  
SCHEDULE OF REVENUES COLLECTED AND EXPENDITURE PAID  
BUDGET VS. ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>TOTAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>			
Assessment fees	\$ 651,395	\$ 641,581	\$ 9,814
Investment income	351	4,967	(4,616)
Unrealized loss on investments	17,403	-	17,403
Miscellaneous income	<u>11,125</u>	<u>10,652</u>	<u>473</u>
 Total revenues	 <u>680,274</u>	 <u>657,200</u>	 <u>23,074</u>
<b>EXPENDITURES</b>			
Current			
Administrative	314,222	314,222	-
Computer software	14,371	20,000	5,629
Investment fees	1,664	2,472	808
Legal defense	-	5,000	5,000
Liability insurance	2,683	3,000	317
Medical records and x-rays	38,351	50,000	11,649
Meeting rooms	7,597	8,000	403
Miscellaneous	7,572	3,028	(4,544)
Office supplies	4,494	5,000	506
Panelist hearing time	82,636	66,000	(16,636)
Panelist legal counsel	13,302	12,500	(802)
Panelist prep and travel time	139,388	123,500	(15,888)
Panelist travel	77,046	70,000	(7,046)
Postage	15,514	15,000	(514)
Professional services	5,300	5,500	200
Record reproduction	8,209	10,500	2,291
Telephone	2,674	3,500	826
Temporary personnel	619	-	(619)
Video conferencing	<u>13,705</u>	<u>11,000</u>	<u>(2,705)</u>
 Total expenditures	 <u>749,347</u>	 <u>728,222</u>	 <u>(21,125)</u>
 Excess (expenditures) revenues	 <u>\$ (69,073)</u>	 <u>\$ (71,022)</u>	 <u>\$ 1,949</u>

See accompanying independent auditors' report.

**MONTANA MEDICAL LEGAL PANEL  
SCHEDULE OF REVENUES COLLECTED AND EXPENDITURE PAID  
BUDGET VS. ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>TOTAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>			
Assessment fees	\$ 697,249	\$ 669,708	\$ 27,541
Investment income	5,822	6,622	(800)
Unrealized loss on investments	4,273	-	4,273
Miscellaneous income	<u>11,502</u>	<u>8,793</u>	<u>2,709</u>
 Total revenues	 <u>718,846</u>	 <u>685,123</u>	 <u>33,723</u>
<b>EXPENDITURES</b>			
Current			
Administrative	308,446	308,446	-
Computer software	8,978	10,020	1,042
Investment fees	1,121	-	(1,121)
Legal defense	-	10,000	10,000
Liability insurance	2,683	3,000	317
Medical records and x-rays	45,429	37,414	(8,015)
Meeting rooms	7,433	7,518	85
Miscellaneous	2,400	6,483	4,083
Office supplies	4,883	4,447	(436)
Panelist hearing time	65,603	69,578	3,975
Panelist legal counsel	12,338	10,000	(2,338)
Panelist prep and travel time	122,723	133,102	10,379
Panelist travel	66,677	84,705	18,028
Postage	14,243	14,821	578
Professional services	5,125	5,500	375
Record reproduction	10,427	11,050	623
Telephone	2,612	1,754	(858)
Temporary personnel	-	5,000	5,000
Video conferencing	<u>8,918</u>	<u>-</u>	<u>(8,918)</u>
 Total expenditures	 <u>690,039</u>	 <u>722,838</u>	 <u>32,799</u>
 Excess (expenditures) revenues	 <u>\$ 28,807</u>	 <u>\$ (37,715)</u>	 <u>\$ 66,522</u>

See accompanying independent auditors' report.



**INDEPENDENT AUDITORS' 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**

To the Legislative Audit Committee  
of the Montana State Legislature  
Helena, Montana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Montana Medical Legal Panel as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Montana Medical Legal Panel's basic financial statements, and have issued our report thereon dated March 26, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Montana Medical Legal Panel's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Montana Medical Legal Panel's internal control. Accordingly, we do not express an opinion on the effectiveness of the Montana Medical Legal Panel's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Panel's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.





## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Montana Medical Legal Panel's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Per MCA 27-6-207, during a Panel audit the report must include determination of the adequacy, sufficiency, and reasonableness of the annual surcharge or assessment. We have determined the assessment for the year ended December 31, 2017 to be adequate, sufficient, and reasonable.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not provide an opinion on the effectiveness of the Panel's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Panel's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

## ***Amatics CPA Group***

Bozeman, Montana  
March 26, 2018

# MONTANA MEDICAL LEGAL PANEL

2021 Eleventh Avenue · Suite 1 · Helena, MT 59601-4890

Telephone (406) 443-1110 · Fax (406) 443-4042

April 4, 2018

Mr. Angus Maciver  
Legislative Auditor  
Office of the Legislative Auditor  
PO Box 201705  
Helena, MT 59620-1705

Dear Mr. Maciver:

On behalf of the Montana Medical Legal Panel (MMLP), I express my sincere appreciation for the efforts of the Amatics CPA Group in conducting the 2017 financial audit both effectively and efficiently.

We continually strive to make the work of the MMLP as effective as possible while also controlling costs.

Sincerely,

A handwritten signature in black ink that reads "Jean A. Branscum". The signature is written in a cursive style with a large, looping initial "J".

Jean A. Branscum  
Director