



Agreed Upon Procedures
June 30, 2024

State of Montana, Montana
Legislative Audit Division and
Consumer Counsel AUP



Independent Accountant's Report

To the State of Montana Legislative Audit Division
State of Montana - Legislative Audit Division
Helena, Montana

We have performed the procedures enumerated below, as outlined in Section 3.0, "Scope of Work" (the subject matter) as outlined in the Statement of Work Task Order 0012024 between the Montana Legislative Audit Division and Eide Bailly as of or for the periods defined in the Scope of Work. The LAD is responsible for the compliance with the program terms and conditions standards established by Government Accountability Office and the American Institute of Certified Public Accounts for agreed-upon procedures.

The LAD has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the State's compliance with the subject matter. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and related findings are as follows:

1. LAD will provide us the billing rate, each agency's billable hours, the maximum billable amount, an explanation of the billing methodology, and Statewide and Single Audit allocations for fiscal years 2022 and 2023. We will recalculate the expected billing revenue and compare it to what was actually billed for the two fiscal years ended June 30, 2023. We were asked to report all instances where individual agencies were over- or under-billed by more than 5% of their respective base appropriation amount (i.e. the calculated expected billing revenue for an agency differs from the amount collected, and that difference is greater than +/- 5% of the base appropriation for the agency).

Finding: We obtained the billing rate, each agency's billable hours, maximum billable amount, and explanation of the billing methodology, and Statewide and Single Audit allocations for fiscal years 2022 and 2023. We noted 9 instances where individual agencies were over or under billed by more than 5% of their respective base appropriation amounts. The specific instances were provided to management who agreed with all instances noted.

2. Review a sample of 50 legislator claims and associated documentation randomly selected from a list LAD will provide from the accounting records in fiscal year 2023. Agree the claims to support, Montana Operations Manual policy, and state law. Report all instances where the claims do not agree to support, state policy, or state law by an amount in excess of \$10.

Finding: We obtained a listing of legislator claims and randomly selected 50 legislator claims for testing the allowability of the claims. We agreed the claims to the support, Montana Operations Manual policy, and state law. We noted 2 exceptions where claim for lodging was higher than allowable amount per State Policy, State Law, and per Federal Diem rate; and the justification for higher cost being reimbursed was not on the claim.

3. LAD will provide us with all active information technology contracts in fiscal year 2023 and the payment information for each. From this information we:

a. Selected one payment for each contract and reviewed the payments to determine whether they complied with the contract terms.

Finding: We selected 16 payments, one payment for each contract, and reviewed them to determine if they complied with the contract terms. We noted no exceptions.

b. Review the transaction coding to confirm the activity was either expensed or accounted for as a capital asset according to state accounting policy.

Finding: We reviewed the transaction coding for each payment to determine whether the activity was expensed or accounted for as a capital asset per the state accounting policy. We noted no exceptions.

c. Compare the total payments for each contract to the contract value and report any for which total payments exceed the contract value.

Finding: We reviewed the total payments for fiscal year 2023 for each contract to the contract value to determine if total payments exceed the contract value. We noted no exceptions.

4. LAD will provide us with a list of all active contracts in fiscal year 2023 and a list of all payments associated with those contracts made for July through September of fiscal year 2024. LAD will also provide us a list of expenditure accruals recorded as of 6/30/23. Compare the payments made to the accruals recorded and determine if any payments not associated with an accrual should have been accrued at 6/30/23 in accordance with state policy.

Finding: We obtained a list of all active contracts in fiscal year 2023 and compared them to the accruals recorded. We noted no payments that should have been accrued as of June 30, 2023 per state policy that were not already accrued.

5. Calculate the yearly changes in fund equity over the last three years, fiscal years 2021, 2022, and 2023. Report on whether the fund equity has increased by more than 5% between those years. If it increased, obtain management's representation for the cause of the increase. LAD will provide the post session fiscal report from the 67th regular Legislative Session for the Consumer Counsel. Inspect the fiscal report, and if fund equity increased by more than 5% between years, obtain management's representation on whether excess revenue was used by the Department of Revenue to reduce the amount charged to the regulated utilities for the following year as required by sections 69-1-223(2)(b) and 69-1-224(1)(c), MCA.

Finding: We obtained the post session fiscal report, but noted no equity fund were presented in the report. We obtained the schedule of fund equity for fiscal years 2021, 2022, and 2023. We noted fund equity increased by more than 5% between 2021 and 2022. We obtained management's representation for the cause of the increase and noted that excess revenue was used by the Department of Revenue to reduce the amount charged to the regulated utilities for fiscal year 2023 as required by sections 69-1-223(2)(b) and 69-1-224(1)(c), MCA. This was done by the State using a lower Consumer Counsel Rate for the fiscal year 2023.

Fund Equity 2021	1,089,833	Fund Equity 2022	1,316,280
Fund Equity 2022	1,316,280	Fund Equity 2023	1,077,649
Difference	<u>\$ 226,447</u>	Difference	<u>\$ (238,631)</u>
% Change	<u>20.78%</u>	% Change	<u>-18.13%</u>

We were engaged by LAD to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and, if applicable, the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards). We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the subject matter. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the LAD and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the LAD and is not intended to be and should not be used by anyone other than this specified party.

Edie Bailey LLP

Denver, Colorado
December 6, 2024