<u>Note</u>: The example report below presents the level of detail expected in Schedules A through D of an AUP report to be consistent with the OSI Guidance related to NMAC Section 11. However, CPA's must refer to the AICPA relevant standards for requirements and the most current report template.

CPA FIRM, LLC

Month XX, 20XX

NEW MEXICO ADMINISTRATIVE CODE
REQUIRED PROCEDURES

EXAMPLE

CPA Firm LLC
Address

SCHEDULE A – INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES (Refer to AICPA Standards for AUP requirements)

To: Agent (The Company)

We have performed the procedures enumerated below on 13.14.4.11 NMAC, which were agreed to by the office of superintendent of insurance, title insurance bureau, solely to assist the title insurance bureau in evaluating Prima Title, LLC's compliance with the provisions of Sections 59 A-12-22 and 59 A-30-4 NMSA 1978 and 13.14.4 NMAC relating to escrow services provided during the period of Month XX, 20XX through Month XX, 20XX. Management is responsible for The Company's compliance with those requirements.

The Company has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of compliance with those requirements. 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.

We were engaged by The Company 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*. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. 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 Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

EXAMPLE

This report is intended solely for the information and use of The Company and the title insurance bureau and is not intended to be, and should not be, used by anyone other than these specified parties.

Insert CPA Firm Signature

Insert CPA Firm

Month xx, 20xx

[13.14.4.13 NMAC — N, 7-1-05; A, 3-1-16]

EXAMPLE

The Company

AGREED-UPON PROCEDURES PERFORMED
AS OF Month xx, 20xx

We performed the procedures required by NMAC 13.14.4.11 to determine whether XXX (the Company) maintained adequate escrow books and records and appeared to be in compliance with the requirements of NMAC 13.14.4. This engagement, based on agreed-upon procedures, was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the requirements of NMAC 13.14.4. Procedures:

1. Determine the appropriate population of escrow-related files to sample from and determine that the population is complete. Determine the sample size to be used. Use sampling procedures to select the files.

   Action: We judgmentally selected XX files for detailed examination.

2. Perform adequate and appropriate procedures for compliance review of the files selected to determine:
   a. File number was unique.
   b. Complete, current disbursement sheet was maintained in the file, including all required information.
   c. Available funds were received and deposited before any disbursements were made.
   d. All transfers processed appeared to be reasonable/appropriate and were properly supported.
   e. Charges on the closing statement were actual charges or reasonable estimates of charges.
   f. Disbursements were made to logical payees and had supporting documentation.
   g. Disbursements were made from escrow amounts deposited for that transaction.
   h. Disbursements were made only in accordance with escrow instructions.
   i. Cancelled checks were properly approved, payees appeared reasonable, and endorsements appeared appropriate.

   Findings: No findings were noted.

3. Examine all supporting documentation for all monthly escrow bank reconciliations for the year. Perform procedures to assess compliance with NMAC 13.14.4.
   a. Determine that the reconciliation(s) was performed within ten business days, and that documentation supported that it was reviewed/approved by someone independent of the preparer of the reconciliation.
   b. Assess whether the reconciliation(s) includes the bank statement, a summary page of book balances, lists of outstanding credits and debits, and an open escrow trial balance.
   c. Assess any instances in which the year-end reconciliation includes long outstanding items such as deposits outstanding over three days or checks outstanding over 180 days.

   Findings: The Company was acquired by XX Company, in Month 20XX. We examined all monthly bank reconciliations prior to the Company's acquisition for the period of Month xx, 20XX through Month xx, 20xx (period under review). No findings were noted.

   or

   We inspected the full year of bank reconciliations for each escrow account, noting that each month included the bank statement, a reconciliation sheet/summary page of book balances, a list of deposits in transit, an open escrow file listing or trial balance, and an outstanding disbursement list as of the reconciliation date. No exceptions were noted.

4. Prepare Schedule B: Description of Credit Balances Open Three Years or Longer. Detail each file number, date of origin, amount in the escrow account, and the reason/justification for the amount held for credit balances open for three (3) years or longer as of Month, XX, 20xx. (end of period under review)

   Findings: We examined the Month XX, 20XX escrow trial balance report for credit balances open three years or longer. XX files with balances over three years old and over $200 were noted. See Schedule B.

   or

   We obtained from the Company a detailed listing of escrow credit balances open for three years or longer as of Month XX, 20XX, together with explanations of the balances. See the attached Schedule B.

5. Prepare Schedule C: Summary Analysis of Escrow Receivables and Shortages. Detail all receivables and shortages as of year-end including the bank name and account number the receivable shortage is related to (as applicable), the file number, the aging amount by month (first month,

EXAMPLE

second month, etc.), the date of clearance (if applicable), and an explanation.

Findings: We examined all month-end escrow bank reconciliations and trial balance reports from Month 20XX through Month 20XX (period under review) for escrow receivables over $XXX. No receivables over $XXX were noted. See Schedule C.

or

We accumulated the month end escrow receivables from the monthly trial balances for each escrow account reconciled during the year. Month end escrow receivables in excess of $XXX each are detailed with explanation of the factors causing the receivable, as well as when and how the receivable was funded. We noted no escrow receivable (shortages) greater than $XXX that were over 45 days old. See the attached "Schedule C".

6. Prepare Schedule D: Analysis of Bank Overdrafts and Other Irregularities.

   Findings: We examined all escrow bank statements for the months of Month 20XX through Month 20XX (period under review) for any irregularities such as bank overdrafts. No findings were noted.

EXAMPLE

SCHEDULE B

The Company

DESCRIPTION OF CREDIT BALANCES OPEN THREE YEARS OR LONGER
AS OF Month XX, 20XX

FILE NUMBER	DATE OF ORIGIN	AMOUNT IN ESCROW	REASON FOR AMOUNT HELD
XXXX	XX/XX/XX	$ XXXX	
	TOTAL	$ xxx	

EXAMPLE

SCHEDULE C

The Company

SUMMARY
ANALYSIS OF ESCROW RECEIVABLES AND SHORTAGES
FOR THE YEAR ENDED Month XX, 20XX

	FILE NUMBER	1ST MONTH	2ND MONTH	3RD MONTH	4TH MONTH	5TH MONTH	6TH MONTH	7TH MONTH	8TH MONTH	9TH MONTH	10TH MONTH	11TH MONTH	12TH MONTH	DATE OF CLEARANCE	EXPLANATION & DISPOSITION
NEW MEXICO BANK & TRUST	NONE														
TOTALS		0	0	0	0	0	0	0	0	0	0	0	0		

EXAMPLE

The Company

ANALYSIS OF BANK OVERDRAFTS AND OTHER IRREGULARITIES
FOR THE YEAR ENDED Month, 20XX

SECTION A)

BANK NAME AND ACCOUNT NUMBER	AMOUNT	DATE OF ORIGIN	DATE OF CLEARANCE	EXPLANATION
Bank XXX	NONE			

SECTION B)

PLEASE PROVIDE A COMPLETE EXPLANATION OF ANY OTHER IRREGULARITIES THAT ARE NOT EXPLAINED IN SECTION A.

NONE

EXAMPLE