

NEW MEXICO OFFICE OF THE STATE AUDITOR  
 REPORT REVIEW GUIDE  
 FOR AGREED-UPON PROCEDURES OF LOCAL PUBLIC BODIES  
 FOR TIER 3, TIER 4 AND TIER 5 AUP ENGAGEMENTS PERFORMED  
**FOR PERIODS ENDING ON OR AFTER JUNE 30, 2017**

This review guide should be used for local public bodies that were required by Section 12-6-3 NMSA 1978 (as amended) to procure independent public accountant services for a Tier 3, Tier 4 or Tier 5 agreed-upon procedures engagement. This review guide should be used by IPAs and Office of the State Auditor (OSA) reviewers to review the agreed-upon procedures reports of qualifying mutual domestic water consumer associations, land grants, special districts, and incorporated municipalities that obtained independent public accountant services for a Tier 3, Tier 4 or Tier 5 agreed-upon procedures engagement in accordance with applicable AICPA standards. Note that the Attestation (AT) standards were superseded by AT-C Statements on Standards for Attestation Engagements (Clarified) (SSAE No. 18) effective for practitioners' (i.e. IPA) reports dated on or after May 1, 2017.

LOCAL PUBLIC BODY (LPB) NAME:	LPB NO./FISCAL YEAR:
NAME OF IPA FIRM:	NAME OF IPA FIRM MANAGER/IN-CHARGE:
DATE REPORT SUBMITTED TO STATE AUDITOR [2.2.2.16(G) NMAC] If FYE is June 30 <sup>th</sup> the report due date is December 15 <sup>th</sup> IF FYE is other than June 30 <sup>th</sup> the report due date is five months after the fiscal year end. IF LATE (not the current reporting period) the report due date is not more than six months after the date the contract was executed.	Yes <input type="checkbox"/> No <input type="checkbox"/> Was the audit report submitted by the due date?
If the report was submitted after the report due date did the IPA submit the late report notification letter required by 2.2.2.16(G)(2) NMAC? _____ (yes, no or N/A) If the answer is yes, what date was the letter submitted? _____	
CONCLUSION ABOUT THE SUBJECT MATTER (BRIEFLY STATED):	REPORT DATE:
Please describe any special circumstances that the IPA is aware of relating to this report (ex. deadline for submission of the report to external parties, etc.):	NUMBER OF FINDINGS:

<b>FOR USE BY OSA REVIEWERS:</b>	
NAME OF OSA INITIAL REVIEWER:	NAME OF SECOND REVIEWER:
REPORT APPROVED ON:	REPORT REJECTED ON:
TIME BUDGET (circle one): 1 hours 2 hours ___Other Hrs	1st Review time: ___ hours 2nd Review time ___ hours
If the report includes any findings related to fraud, waste or abuse scan and email the affected findings to the OSA Financial Audit Director. If the content of the report or communications received from the IPA or agency lead the reviewer to believe the entity being reviewed is in a situation in which fraud can easily be perpetrated, or has been perpetrated, scan the affected pages and email them to the Financial Audit Director.  <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	Resubmit time ___ hours Final Review time ___ hours Total Actual time: ___ hours  Date Final Report Submitted for Release _____

**Objectives:**

The objectives of the review are to: (1) make a high-level, substantive appraisal of the report; (2) ensure that the agreed-upon procedures report includes the information for the correct tier of agreed-upon procedures per Section 12-6-3 NMSA 1978 and Section 2.2.2.16 NMAC; and (3) determine if the report meets applicable AICPA standards. (GAGAS standards do not apply to OSA AUP engagements.) This review guide does not contain every agreed-upon procedure engagement standard or requirement applicable to an agreed-upon procedures engagement.

**Instructions:**

Read and answer all of the questions in the review guide. Provide page number references for all “yes” answers. Provide explanations for all “No” answers. As you are conducting the review keep the big picture in mind. For example, as you are reading through the report consider whether the information in the report makes sense.

**Abbreviations:**

- AT Statements on Standards for Attestation Engagements (SSAE)
- AT-C Statements on Standards for Attestation Engagements (Clarified)
- NMAC New Mexico Administrative Code
- 2.2.2 NMAC Requirements for Contracting and Conducting Audits of Agencies (the Audit Rule)
- OSA Office of the New Mexico State Auditor
- IPA Independent Public Accountant
- AUP Agreed-Upon Procedures Engagement

<b>DETERMINATION OF THE CORRECT AGREED-UPON PROCEDURES TIER</b>	
Reference the 2017 procedures for each Tier posted on the OSA website at <a href="https://www.saonm.org/tiered_system_reporting">https://www.saonm.org/tiered_system_reporting</a>	
If this is a <b>Tier 3</b> AUP Engagement, did the IPA submit a report consistent with agreed-upon procedures for financial reporting that meet the requirements of Section 12-6-3(B)(3) NMSA 1978?	YES ___ NO ___ N/A ___ Comments:
If this is a <b>Tier 4</b> AUP Engagement, did the report include a schedule of cash basis comparison (i.e. budgetary comparison schedule) as required by Section 12-6-3(B)(4) NMSA 1978?	YES ___ NO ___ N/A ___ Comments:
If this is a <b>Tier 5</b> AUP Engagement, did the report include a schedule of cash basis comparison (i.e. budgetary comparison schedule) and the procedures and the results of tests on a sample of expended capital outlay funds as required by Section 12-6-3(B)(5) NMSA 1978?	YES ___ NO ___ N/A ___ Comments:

<p>If the reviewer determines that the local public body’s annual revenue (on a cash basis, excluding capital outlay funds, federal grants and private grants) is \$500,000 or more, the local public body was required to procure an audit pursuant to Section 12-6-3(B)(7) NMSA 1978. <b>If an OSA reviewer believes that the entity required an audit they must bring the matter to the attention of the Financial Audit Director.</b></p>	<p>YES _____ NO _____ N/A _____ Comments:</p>
<b>GENERAL</b>	
<p>Were all 2017 procedures for the applicable Tier performed and reported on? Does the report include all the required elements listed in the 2017 procedures for the applicable Tier?</p>	<p>YES _____ NO _____ N/A _____ Comments:</p>
<p>Did the IPA submit a completed copy of this report review guide with the draft report as required by 2.2.2.16(E)(4) NMAC?</p>	<p>YES _____ NO _____ N/A _____ Comments:</p>
<p>Did the IPA conduct an entrance conference and an in-person exit conference with the local public body as required by 2.2.2.16(E)(3) NMAC, unless the IPA submitted a written request to the OSA for an exemption and obtained written approval to conduct the exit conference by phone or webcam, or the cost of the AUP was \$5,000 (excluding GRT) or less? If a request for an exemption was made by the IPA and approved by OSA, or the cost of the AUP was \$5,000 (excluding GRT) or less, did the IPA conduct an exit conference by telephone or webcam?</p>	<p>YES _____ NO _____ N/A _____ Comments:  IPAs PROVIDE DATE OF ENTRANCE CONFERENCE HERE:  Page Ref:</p>
<p>Did the IPA obtain written representations from the responsible party in the form of a letter addressed to the IPA, and do the representations meet the requirements of AT-C 215.28? Was the signed, dated representation letter submitted to the OSA with the draft report as required by 2.2.2.16(G)(1) NMAC?</p>	<p>YES _____ NO _____ N/A _____ Comments:</p>
<b>FINDINGS FOR AGREED UPON PROCEDURES ENGAGEMENTS – AT-C 215.24-215.27</b>	
<p>FINDINGS in the AUP report – The IPA should present the results of applying agreed-upon procedures in the form of findings. The IPA’s report should not express an opinion or conclusion about whether the subject matter is in accordance with (or based on) the criteria or whether the assertion is fairly stated. For example, the report should not state, “Nothing came to our attention that caused us to believe that the subject matter is not in accordance with (or based on) the criteria, in all material respects, or that the assertion is not fairly stated, in all material respects.” The IPA should not use vague or ambiguous language in reporting findings. The IPA must report all findings from the application of the agreed-upon procedures, pursuant to Section 12-6-5 NMSA 1978 and AT-C 215.26. The concept of materiality does not apply to findings to be reported.</p> <p>Do the findings in the AUP report meet these requirements?</p>	<p>YES _____ NO _____ N/A _____ Comments:  Page Ref:</p>
<p>Do the findings in the AUP report meet the requirements of Sections 2.2.2.16(H) and 2.2.2.10(L)(1)(d) NMAC by including all of the following elements: condition, criteria, effect, cause, recommendation, and agency response?</p>	<p>YES _____ NO _____ N/A _____ Comments:  Page Ref:</p>
<p>For repeat findings, does the condition include management’s progress or lack of progress towards implementing the prior year planned corrective actions? (2.2.2.10(L)(1)(d) NMAC)</p>	<p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p>
<p>Does the agency response to each finding include specific planned corrective actions with a timeline and designation of what employee position(s) are responsible for meeting the deadlines in the timeline? (2.2.2.10(L)(1)(d) NMAC)</p>	<p>YES _____ NO _____ N/A _____ Comments: Page Ref:</p>

<b>REPORT ON AGREED UPON PROCEDURES ENGAGEMENT – AT-C 215.35</b>	
The report should be in the form of procedures and findings and contain the elements listed in AT-C 215.35	
Is the report in the form of procedures and findings?	YES ____ NO ____ N/A ____ Comments: Page Ref:
Does the report title include the word <i>independent</i> ?	YES ____ NO ____ N/A ____ Comments: Page Ref:
Does the report include an appropriate addressee? This should be the agency and the Office of the State Auditor, at minimum.	YES ____ NO ____ N/A ____ Comments: Page Ref:
Does the report identify the subject matter and the nature of an agreed-upon procedures engagement?	YES ____ NO ____ N/A ____ Comments: Page Ref:
Does the report identify the specified parties?	YES ____ NO ____ N/A ____ Comments: Page Ref:
Does the report include a statement that the procedures performed were those agreed to by the specified parties identified in the report?	YES ____ NO ____ N/A ____ Comments: Page Ref:
Does the report identify the responsible party and its responsibility for the subject matter?	YES ____ NO ____ N/A ____ Comments: Page Ref:
Does the report include a statement that the sufficiency of the procedures is solely the responsibility of the parties specified in the report and a statement that the IPA makes no representation regarding the sufficiency of the procedures either for the purpose for which the report has been requested or for any other purpose?	YES ____ NO ____ N/A ____ Comments:  Page Ref:
Does the report include a list of the procedures performed (or a reference to the list of procedures) and related findings?	YES ____ NO ____ N/A ____ Comments: Page Ref:
Does the report include a statement that the agreed-upon procedures engagement was conducted in accordance with attestation standards established by the AICPA?	YES ____ NO ____ N/A ____ Comments: Page Ref:
Does the report include a statement that the IPA was not engaged to and did not conduct an <u>examination or review</u> , the objective of which would be the expression of an <u>opinion or conclusion</u> , respectively, on the subject matter?	YES ____ NO ____ N/A ____ Comments:  Page Ref:
Does the report include a disclaimer of opinion on the subject matter (i.e. a statement that the IPA does not express an opinion or conclusion), and a statement that if the IPA performed additional procedures, other matters might have come to the IPA's attention that would have been reported?	YES ____ NO ____ N/A ____ Comments: Page Ref:
Does the report include an alert, in a separate paragraph, that restricts the use of the report? The alert should state that the IPA's report is intended solely for the information and use of the specified parties, identify the specified parties for whom use is intended, and state that the report is not intended to be, and should not be, used by anyone other than the specified parties.	YES ____ NO ____ N/A ____ Comments:  Page Ref:
If applicable, does the report include reservations or restrictions concerning procedures or findings? For example, a report may contain: Separate paragraphs about matters such as: ○ Disclosure of stipulated facts, assumptions, or interpretations (including the source thereof) used in the application of the agreed-upon procedures;	YES ____ NO ____ N/A ____ Comments:

<ul style="list-style-type: none"> <li>○ A description of the condition of records, controls, or data to which the procedures were applied;</li> <li>○ An explanation that the IPA has no responsibility to update the IPA's report;</li> <li>○ An explanation that the sample may not be representative of the population;</li> </ul>	Page Ref:
If applicable, does the report include a description of the nature of the assistance provided by an IPA's external specialist?	YES _____ NO _____ N/A _____ Comments: Page Ref:
Does the report include the manual or printed signature of the IPA firm and the city and state where the IPA practices?	YES _____ NO _____ N/A _____ Comments: Page Ref:
<p>Does the report include the date of the report?</p> <p>The report should be dated no earlier than the date on which the IPA completed the procedures and determined the findings, including that the attestation documentation has been reviewed, the written presentation of the subject matter has been prepared, and the responsible party has provided a written assertion, unless the responsible party refuses to provide an assertion. (AT-C 215.35)</p>	YES _____ NO _____ N/A _____ Comments:  Page Ref:

Note: this review guide should be completed and signed by the Audit Manager or the IPA firm employee responsible for the firm's quality control system.

I hereby represent that the above referenced AUP report includes the information for the correct tier of agreed-upon procedures per Section 12-6-3 NMSA 1978 and Section 2.2.2.16 NMAC and meets applicable AICPA standards. I also represent that all of the questions noted above were answered accurately, page numbers were properly referenced for all "yes" answers, and all "no" answers were fully explained or corrected.

\_\_\_\_\_

Print Name

\_\_\_\_\_

Print Title

\_\_\_\_\_

Signature

\_\_\_\_\_

Date

**FOR USE BY OSA REVIEWERS:**

I have reviewed the above referenced AUP report. I conducted my review in accordance with the objectives stated in this review guide, which are to: (1) make a high-level, substantive appraisal of the report; (2) ensure that the agreed-upon procedures report includes the information for the correct tier of agreed-upon procedures per Section 12-6-3 NMSA 1978 and Section 2.2.2.16 NMAC; and (3) determine whether the report meets applicable AICPA standards. Any material/significant deficiencies I noted were reported to the IPA on a Rejection Communication. Other issues identified during the review that require correction in the final report were communicated to the IPA on an OK to Print communication.

First Reviewer: \_\_\_\_\_ Date: \_\_\_\_\_

Second Reviewer: \_\_\_\_\_ Received: \_\_\_\_\_ Completed: \_\_\_\_\_

Rejection Review by Financial Audit Director: \_\_\_\_\_ Date: \_\_\_\_\_

I reviewed the above referenced **FINAL** AUP report. I recommend the release of the report(s).

Final Report Review: \_\_\_\_\_ Date: \_\_\_\_\_

Released By: \_\_\_\_\_ Date: \_\_\_\_\_