

ALTA Best Practices Report Guide

REPORT TYPE	SERVICE ORGANIZATION CONTROLS (SOC) REPORTING	EXAMINATION	AGREED-UPON PROCEDURES	REVIEW	CONSULTING ENGAGEMENT / CERTIFICATION	SELF-CERTIFICATION	UNDERWRITER INTERNAL AUDIT PROGRAM
ALSO KNOWN AS	SOC1 = SSAE16, SOC2	Exam	AUP	Review	Consulting; Certification	Self-Assessment	N/A
WHO CAN DO THE TESTING?	CPA firm only	CPA firm only	CPA firm only	CPA firm only	Any entity, including consulting companies, credit unions, etc.	N/A	Underwriter's internal auditors
TESTING PERFORMED	Assesses financial risk to lenders (with particular emphasis on escrow accounts); focuses on security, processing integrity, privacy and confidentiality; customized to include all seven ALTA Best Practices pillars; onsite visit(s) performed for maximum testing and additional testing performed remotely	Testing includes evaluating policies and procedures, inspecting documents and records, making inquiries of personnel and observing activities and sampling to test specific transactions during onsite visit.	Testing is jointly defined by all parties to the engagement; testing would be developed under that engagement and is NOT required to follow the ALTA Best Practice Assessment Procedures	Work is limited to evaluating policies and procedures and making inquiries (including inspection of documents) of personnel; work performed remotely with optional onsite visit (depending on agent size). No detail testing of transactions is conducted.	Limited third-party testing	No independent third-party testing	Unknown
REPORT PROVIDED	<ul style="list-style-type: none"> ■ SOC report ■ CPA attestation report ■ CPA opinion 	Attestation report with an opinion	Attestation report for specified users only	Attestation report with negative assurance (A representation that particular facts are believed to be accurate since no contrary evidence has been found)	"Certification" undefined	None	Unknown
IS INDEPENDENCE REQUIRED?	Yes	Yes	Yes	Yes	No	No	No
MONEY BACK COMMITMENT FROM TESTING PROVIDER IF REPORT IS NOT ACCEPTED BY YOUR LENDER(S)?	Yes (with HA&W)	Yes (with HA&W)	None	Yes (with HA&W)	None	N/A	N/A
ADVANTAGES	Highest level of assurance provided for service organizations; commonly recognized by lenders in the marketplace; provides market distinction and competitive advantage	Highest level of assurance provided for ALTA Best Practices; report may be shared in the marketplace; provides market distinction and competitive advantage	Lenders must first agree to procedures to be tested	Attestation for agents with less than 300 closing that present a lower risk to the lender	Varied external cost	No external cost	Minimal to no external cost (depending on underwriter)
CHALLENGES	Significant investment and thoroughness of report may be unnecessary	High degree of rigor required to achieve compliance	No opinion provided in report; report may not be distributed to a lender that is not party to the engagement contract	Medium degree of rigor required; lender may require higher level of rigor to achieve compliance	No opinion provided in report; CPA oversight not provided	No third-party verification	May not conform with ALTA's Assessment Procedures; each underwriter program is unique and may not conform to the same standards