

## TC11 Scope of Directors' Examinations [Section 11-109-402(2), C.R.S.]

### A. Definitions

For the purposes of this Rule, the term “reviewer” shall mean such public accountant or other independent person(s) as determined by the Banking Board.

### B. Examination Scope

For the purposes of Section 11-109-402(2), C.R.S., a trust company (institution), at a minimum, shall perform annually the procedures as set forth in Appendix A as the scope of a directors' examination. The recommended procedures are intended to address the high risk areas common to all financial institutions. However, each institution must review its own particular business and determine if additional procedures are required to cover other high risk areas. The reviewer shall be informed of, and permitted access to, all examination reports, administrative orders, and any additional communications between the institution and the Division of Banking, including the Colorado State Banking Board, as well as the appropriate federal regulatory agency. The reviewer shall obtain the institution management's written representation that he or she has been informed of, and granted access to, all such documents prior to completion of the field work.

### C. Extent of Testing

Where the procedures set forth in Appendix A require testing or determinations to be made, sampling may be used. Both judgmental and statistical sampling may be acceptable methods of selecting samples to test. Sample sizes should be consistent with generally accepted auditing standards, or as agreed upon by the reviewer and the client institution. In any event, the sampling method and extent of testing, including the sample size(s) used, shall be disclosed in the directors' examination report.

### D. Reports to be Filed with the Division of Banking

After the completion of the procedures, or agreed-upon procedures, set forth in Appendix A, the independent reviewer shall evaluate the results of his audit work and promptly prepare and submit a report addressed to the board of directors of the institution. The report shall detail the findings and suggestions resulting from performance of the auditing procedures. Independent reviewers shall include in the report, at a minimum:

1. Financial statements (balance sheet and statement of earnings as of the examination date).
2. The accounts or items on which the procedures were applied.
3. The sampling methods used.
4. The procedures and agreed-upon extent of testing performed.
5. The accounting basis, either generally accepted accounting principles (GAAP) or regulatory required accounting, on which the accounts or items being audited are reported.
6. The reviewer's findings.

7. The as of date that the procedures were performed. The reviewer shall sign and date the report. The report shall also disclose the reviewer's business address. The institution must send a copy of the report, the engagement letter, and any management letter or similar letter of recommendation to the Division of Banking and, if applicable, to the appropriate federal regulators within thirty (30) days after its receipt, but no later than one hundred ~~fifty (150)~~eighty (180) days after the date of examination. In addition, each institution shall promptly notify the Division of Banking when a reviewer is engaged to perform a directors' examination and when a change in its reviewer occurs.

#### E. References

Generally accepted accounting principles are issued by the Financial Accounting Standard Board which is an arm of the Financial Accounting Foundation, an independently chartered institution. Section 23A of the Federal Reserve Act, also known as 12 USC 371c, is a law enacted by the United States Congress and administered by the Board of Governors of the Federal Reserve System. Regulation O of the Board of Governors of the Federal Reserve System, also known as 12 CFR 215, is a regulation enacted by the Federal Reserve Board under the authority granted by the United States Congress and administered by the Board of Governors of the Federal Reserve System. This Rule does not include amendments to or editions of the referenced materials later than the effective date of the Rule, October 24, 1990.

For more detailed information pertaining to this Rule, please contact the secretary to the Colorado State Banking Board at 1560 Broadway, Suite 1175, Denver, CO 80202, 303-894-7584.

TC20 Reports of Condition and Income (Call Report) Filing Requirements [Section 11-109-402(4)(a), C.R.S.]

A. Depository Trust Company Requirements

The Banking Board hereby authorizes the Colorado Division of Banking to establish a method to obtain all required Call Report information filed by depository trust companies through alternative electronic sources. Beginning with the September 30, 1997 Call Report, depository trust companies may submit Call Report information electronically through a designated third party, pursuant to the filing instructions described in the Colorado Division of Banking's written notice to the trust companies. The standard late filing fees will be imposed if the third party designated to receive the electronic information does not receive the required Call Report data within ~~thirty (30)~~ sixty (60) calendar days after the report date.

B. Non-Depository Trust Company Requirements

Non-depository trust companies must file quarterly Reports of Condition and Income (Call Reports) directly with the Colorado Division of Banking in paper form.