



## 2011 SENATE BILL 475

1     **AN ACT** *to amend* 214.37 (4) (a), 214.725 (2), 214.725 (4), 214.772 (5), 214.82 (1)  
2           (a), 214.82 (1) (j), 214.825 and 215.33 (4); and *to repeal and recreate* 214.76  
3           and 215.25 of the statutes; **relating to:** audits and reports of state savings  
4           banks and state savings and loan associations.

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*Analysis by the Legislative Reference Bureau*

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

5           **SECTION 1.** 214.37 (4) (a) of the statutes is amended to read:  
6           214.37 **(4)** (a) The preparation, examination, handling or maintenance of  
7           financial records by any officer, employee or agent of a savings bank having custody  
8           of records or examination of records by a certified public accountant or other person  
9           engaged by the savings bank to perform an independent audit.  
10          **SECTION 2.** 214.725 (2) of the statutes is amended to read:

**SENATE BILL 475****SECTION 2**

1           214.725 **(2)** The division shall consider it to be necessary to conduct an  
2 examination more often than every 18 months if a required report from a savings  
3 bank indicates a material change in financial condition or a material violation of a  
4 state or federal law, of a federal regulation or of a rule of the division. If that condition  
5 is grounds for taking custody of the savings bank under ~~s. 214.76~~, the examination  
6 shall be initiated within 10 business days.

7           **SECTION 2m.** 214.725 (4) of the statutes is amended to read:

8           214.725 **(4)** If a savings bank, its savings bank holding company or any of its  
9 savings bank subsidiaries or service corporations has not been audited at least once  
10 in the 12 months before the examination date under sub. (1) (a), notwithstanding  
11 sub. (1) (b), the division shall may order an audit of the entity's books and records to  
12 be made by an independent certified public accountant, selected by the division, who  
13 has experience in financial institution audits. The cost of the audit shall be paid for  
14 by the entity being audited.

15           **SECTION 3.** 214.76 of the statutes is repealed and recreated to read:

16           **214.76 Annual audit requirement. (1)** Except as provided in sub. (2), the  
17 board of directors of a savings bank shall hire a certified public accountant licensed  
18 or certified under ch. 442 or other qualified person to conduct a comprehensive  
19 annual audit of the records, accounts, and affairs of the savings bank.

20           **(2)** The board of directors of a savings bank may appoint an auditing committee  
21 of one or more capable persons to annually audit the records, accounts, and cash of  
22 the savings bank and to verify customer accounts. Verification procedures shall be  
23 conducted according to the savings bank's auditing program or the rules of the  
24 division.

**SENATE BILL 475**

1           **(3)** Audit reports under this section shall be submitted to the savings bank's  
2 board of directors and retained as records of the savings bank.

3           **SECTION 4.** 214.772 (5) of the statutes is amended to read:

4           214.772 **(5)** A foreign savings bank doing business in this state shall be  
5 examined by the division as provided under s. 214.725, audited under s. 214.76 and  
6 assessed fees as provided under s. 214.715 (1) (h), together with any out-of-state  
7 travel expenses incurred in the course of an examination ~~or audit~~. The division may  
8 accept an examination to the extent permitted under s. 214.725 (1) (b) and, in lieu  
9 of the requirement under s. 214.76 (1), may accept all or part of an audit prepared  
10 on behalf of the regulatory authority responsible for the supervision of the foreign  
11 savings bank in the jurisdiction in which the foreign savings bank is organized.

12           **SECTION 5.** 214.82 (1) (a) of the statutes is amended to read:

13           214.82 **(1)** (a) The savings bank fails to produce an annual ~~audited financial~~  
14 ~~statement~~ audit report, after receiving ~~one extension~~ 2 requests for the report from  
15 the division.

16           **SECTION 6.** 214.82 (1) (j) of the statutes is amended to read:

17           214.82 **(1)** (j) The directors, officers, trustees or liquidators have neglected,  
18 failed or refused to take any action that the division considers necessary for the  
19 protection of the savings bank, including production of an annual ~~audited financial~~  
20 ~~statement~~ audit report after ~~an extension was granted~~ 2 requests were made, have  
21 continued to maintain the savings bank's books and records in an inaccurate and  
22 incomplete condition for 2 consecutive quarters after 2 notices from the division or  
23 have impeded or obstructed an examination.

24           **SECTION 7.** 214.825 of the statutes is amended to read:

**SENATE BILL 475****SECTION 7**

1           **214.825 Purposes of taking custody.** The purposes of taking custody of a  
2 savings bank may include examination; production of an audit report or audited  
3 financial statement; reconstruction of books and records; conservation of assets;  
4 restoration of impaired capital; the making of any necessary or equitable  
5 adjustment, including changes in officers and management, considered necessary by  
6 the division under any plan of reorganization or liquidation; restructuring of the  
7 savings bank through a merger or formation of an interim institution; establishment  
8 of a conservatorship to operate and manage a savings bank as an ongoing concern  
9 until the grounds for custody and conservatorship are remedied; or the maturing of  
10 an obligation of the deposit insurance corporation.

11           **SECTION 8.** 215.25 of the statutes is repealed and recreated to read:

12           **215.25 Annual audit requirement. (1)** Except as provided in sub. (2), the  
13 board of directors of an association shall hire a certified public accountant licensed  
14 or certified under ch. 442 or other qualified person to conduct a comprehensive  
15 annual audit of the records, accounts, and affairs of the association.

16           **(2)** The board of directors of an association may appoint an auditing committee  
17 of one or more capable persons to annually audit the records, accounts, and cash of  
18 the association and to verify customer accounts. Verification procedures shall be  
19 conducted according to the association's auditing program or the rules of the division.

20           **(3)** Audit reports under this section shall be submitted to the association's  
21 board of directors and retained as records of the association.

22           **SECTION 9.** 215.33 (4) of the statutes is amended to read:

23           **215.33 (4) EXAMINATION AND AUDIT OF FOREIGN ASSOCIATIONS.** Each foreign  
24 association doing business in this state shall be examined by the division as provided  
25 under s. 215.03, audited under s. 215.25 and assessed fees and costs as provided

**SENATE BILL 475**

1 under s. 215.02 (16), together with any out-of-state travel expenses incurred in the  
2 course of the examination ~~and~~ audit. However, the division may accept an  
3 examination to the extent permitted under s. 215.03 (2) (b) and, in lieu of the  
4 requirement under s. 215.25 (1), may accept as all or part of the audit, all or any part  
5 of an audit made on behalf of the agency responsible for the supervision of the foreign  
6 association in the jurisdiction in which the association is organized.

7 **SECTION 10. Initial applicability.**

8 (1) This act first applies to audits commenced on the effective date of this  
9 subsection.

10 **SECTION 11. Effective date.**

11 (1) This act takes effect on the first day of the 4th month beginning after  
12 publication.

13 (END)