

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-3668/P1dn  
ARG:med:rs

January 18, 2012

ATTN: Lance Burri

Please review the attached draft carefully to ensure that it is consistent with your intent.

I have prepared this draft to generally incorporate the suggested language. I am assuming that your intent is for this language to be closely modeled on s. 186.15, relating to audits of credit unions. I do not know the origin of s. 186.15, but I do not consider the language to be very artfully crafted. For example, under s. 186.15 (2), if the office of credit unions has established verification procedures by rule, may the credit union disregard the rules in favor of its own procedures? Under s. 186.15 (1), who would be a qualified person that is not a CPA? Under s. 186.15 (3), an audit report must be submitted but there is no explicit requirement in subs. (1) and (2) that an audit report be prepared. There may be good reasons for wanting the provision in this bill modeled after the provision for credit unions, but the provision for credit unions is not well crafted. I also note that, consistent with the instructions, this bill does not include one provision applicable to credit unions under s. 186.15, which is the authority under s. 186.15 (3) for the office of credit unions to order an independent audit at a credit union's expense if the office of credit unions finds an annual audit to be unsatisfactory. I also note that, unlike current law, the attached draft does not require an audit report to be submitted directly to DFI.

As you can see from the attached draft, changing the audit requirement affects other provisions of chs. 214 and 215. Please advise if any of these treatments are not consistent with your intent. In addition, I did not amend the authority under s. 214.725 (4) for DFI to order an audit if a savings bank fails to satisfy its audit requirement. Please advise if you intended for s. 214.725 (4) to be amended or repealed.

Please let me know if you would like any changes made to the attached draft or if you have any questions. If the attached draft meets with your approval, let me know and I will convert it to an introducible "/1" draft.

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