



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2011 Senate Bill 475

Senate Amendment 1

Memo published: March 12, 2012

Contact: Margit Kelley, Staff Attorney (266-9280)

CURRENT LAW

Under current law, a savings bank or savings and loan association that is chartered in Wisconsin must obtain an annual audit by an independent certified public accountant not connected with the financial institution. The audit report must then be filed with the Division of Banking in the Department of Financial Institutions (DFI).

If an audit has not been conducted for a *savings bank* in the last year before DFI conducts an examination of the institution, DFI must order an audit by an independent certified public accountant chosen by DFI and paid for by the savings bank. If a savings bank has failed to produce an audited financial statement after receiving one extension from DFI, DFI may take custody and appoint a conservator of the savings bank's business and assets.

DFI may order an audit of a *savings and loan association* by an independent certified public accountant at any time, paid for by the savings and loan association. If a savings and loan association has conducted its business contrary to law, has violated its charter or any law, or is conducting its business in an unauthorized and unsafe manner, which would include failing to produce an audited financial statement, DFI may take possession of the savings and loan association's business and assets.

2011 SENATE BILL 475

Senate Bill 475 revises the audit requirement to allow a savings bank or savings and loan association that is chartered in Wisconsin to either hire a certified public accountant or appoint an auditing committee to conduct the annual audit. The certified public accountant is not required to be independent from the financial institution. The report is not required to be filed with DFI, but it must be retained as a record of the financial institution.

The bill maintains the authority for DFI to take custody and appoint a conservator of a *savings bank*, but after two requests for an audit report by DFI, rather than after one extension request by the savings bank.

The bill does not revise the requirement for DFI to order an audit of a *savings bank* if one has not been done in the year before an examination, or the authority for DFI to order an audit of a *savings and loan association* at any time.

SENATE AMENDMENT 1

Senate Amendment 1 maintains the provisions of the bill, but specifies that if an audit of a *savings bank* has not been done in the year before an examination, DFI may order an audit, but is not required to.

LEGISLATIVE HISTORY

Senate Bill 475 was introduced on February 14, 2012, by Senators Grothman and Schultz. On February 29, 2012, the Senate Committee on Financial Institutions and Rural Issues recommended passage of the bill on a vote of Ayes, 5; Noes, 0.

Senate Amendment 1 was introduced on March 6, 2012, by Senator Grothman, and adopted by the Senate on a voice vote. That same day the Senate passed the bill, as amended, on a voice vote.