Office of Thrift Supervision, Treasury

§ 562.4 Audit of savings associations and savings association holding companies.

(a) General. The OTS may require, at any time, an independent audit of the financial statements of, or the application of procedures agreed upon by the OTS to a savings association, savings and loan holding company, or affiliate (as defined by 12 CFR 563.41(b)(1)) by qualified independent public accountants when needed for any safety and soundness reason identified by the Director.

(b) Audits required for safety and soundness purposes. The OTS requires an independent audit for safety and soundness purposes:

1. If a savings association has received a composite rating of 3, 4 or 5, as defined at §516.5(c) of this chapter; or

2. If, as of the beginning of its fiscal year, a savings and loan holding company controls savings association subsidiary(ies) with aggregate consolidated assets of $500 million or more.

(c) Procedures. (1) When the OTS requires an independent audit because such an audit is needed for safety and soundness purposes, the Director shall determine whether the audit was conducted and filed in a manner satisfactory to the OTS.

(2) The Director may waive the independent audit requirement described at paragraph (b)(1) of this section, if the Director determines that an audit would not provide further information on safety and soundness issues relevant to the examination rating.

(3) When the OTS requires the application of procedures agreed upon by the OTS for safety and soundness purposes, the Director shall identify the procedures to be performed. The Director shall also determine whether the agreed upon procedures were conducted and filed in a manner satisfactory to the OTS.

(d) Qualifications for independent public accountants. The audit shall be conducted by an independent public accountant who:

1. Is registered or licensed to practice as a public accountant, and is in good standing, under the laws of the state or other political subdivision of the United States in which the savings association’s or holding company’s principal office is located;

2. Agrees in the engagement letter to provide the OTS with access to and copies of any work papers, policies, and procedures relating to the services performed;

3. Is in compliance with the American Institute of Certified Public Accountants’ (AICPA) Code of Professional Conduct; and

4. Meets the independence requirements and interpretations of the Securities and Exchange Commission and its staff; and
(4) Has received, or is enrolled in, a peer review program that meets guidelines acceptable to the OTS.

(e) Voluntary audits. When a savings association, savings and loan holding company, or affiliate (as defined by 12 CFR 563.41(b)(1)) obtains an independent audit voluntarily, it must be performed by an independent public accountant who satisfies the requirements of paragraphs (d)(1), (d)(2), and (d)(3)(i) of this section.


EFFECTIVE DATE NOTE: At 67 FR 77917, December 20, 2002, § 562.4 was amended in paragraphs (a) and (e) by removing “12 CFR 563.41(b)(1)” and adding in lieu thereof “12 CFR 563.41,” effective Apr. 1, 2003.

PART 563—SAVINGS ASSOCIATIONS—OPERATIONS

Subpart A—Accounts

Sec.
563.1 Chartering documents.
563.4 [Reserved]
563.5 Securities: Statement of non-insurance.

Subpart B—Operation and Structure

563.22 Merger, consolidation, purchase or sale of assets, or assumption of liabilities.
563.27 Advertising.
563.33 Directors, officers, and employees.
563.36 Tying restriction exception.
563.39 Employment contracts.
563.41 Loans and other transactions with affiliates and subsidiaries.
563.42 Additional standards applicable to transactions with affiliates and subsidiaries.
563.43 Loans by savings associations to their executive officers, directors and principal shareholders.
563.47 Pension plans.

Subpart C—Securities and Borrowings

563.74 Mutual capital certificates.
563.76 Offers and sales of securities at an office of a savings association.
563.80 Borrowing limitations.
563.81 Issuance of subordinated debt securities and mandatorily redeemable preferred stock.

Subpart D [Reserved]

12 CFR Ch. V (1–1–03 Edition)

Subpart E—Capital Distributions

563.140 What does this subpart cover?
563.141 What is a capital distribution?
563.142 What other definitions apply to this subpart?
563.143 Must I file with OTS?
563.144 How do I file with the OTS?
563.145 May I combine my notice or application with other notices or applications?
563.146 Will the OTS permit my capital distribution?

Subpart F—Financial Management Policies

563.161 Management and financial policies.
563.170 Examinations and audits; appraisals; establishment and maintenance of records.
563.171 Frequency of safety and soundness examination.
563.172 Financial derivatives.
563.176 Interest-rate-risk-management procedures.
563.177 Procedures for monitoring Bank Secrecy Act compliance.

Subpart G—Reporting and Bonding

563.180 Suspicious Activity Reports and other reports and statements.
563.181 Reports of change in control of mutual savings associations.
563.183 Reports of change in chief executive officer or director; other reports; form and filing of such reports.
563.190 Bonds for directors, officers, employees, and agents; form of and amount of bonds.
563.191 Bonds for agents.
563.200 Conflicts of interest.
563.201 Corporate opportunity.

Subpart H—Notice of Change of Director or Senior Executive Officer

563.550 What does this subpart do?
563.555 What definitions apply to this subpart?
563.560 Who must give prior notice?
563.565 What procedures govern the filing of my notice?
563.570 What information must I include in my notice?
563.575 What procedures govern OTS review of my notice for completeness?
563.580 What standards and procedures will govern OTS review of the substance of my notice?
563.585 When may a proposed director or senior executive officer begin service?
563.590 When will the OTS waive the prior notice requirement?

Authority: 12 U.S.C. 375b, 1462, 1462a, 1463, 1464, 1467a, 1468, 1817, 1820, 1826, 1831o, 1850; 42 U.S.C. 4106.