

accordance with the directions of the OTS.

§ 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 § 516.3(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.

(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 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 shall be performed only by an independent public accountant who satisfies the requirements of paragraphs (d)(1), (d)(2), and (d)(3) of this section.

[59 FR 60304, Nov. 23, 1994, as amended at 62 FR 3780, Jan. 27, 1997]

PART 563—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.

563.84 Transfer and repurchase of government securities.