**Section 1000.1090 Audit Requirements**

a) Each service corporation shall cause its books and records to be audited at least once annually by an independent licensed public accountant. Except as provided hereafter, the report of audit shall be separate from the report of audit of any parent association.

b) The report of audit of a wholly-owned service corporation may be consolidated with the report of audit of the parent association provided that such report sets forth:

1) the auditor's opinion that the activity of the service corporation does not materially affect the financial position of the parent association, and

2) all details of consolidation.

c) The auditor shall test compliance with the Act and this Part and determine the effect that the service corporation has on the financial position of the parent associations.

d) The auditor shall make a determination and report any facts relating to any direct or indirect self-dealing by any service corporation officer, director, employee or shareholder other than a savings and loan association. The auditor shall also make a determination and report any facts relating to any direct or indirect conflict of interest of any officer, director, employee or permanent reserve shareholder of any savings and loan association holding stock in the service corporation.

e) Any noncompliance with the Act or this Part, self-dealing or conflict of interest which are discovered during the audit shall be set forth in the report of audit delivered to the service corporation's board of directors. The service corporation's board of directors shall promptly report such noncompliance to the Director and to the board of directors of the parent associations.

f) A copy of the audit report shall be filed with the Director within ninety days of the audit date, except upon receipt of written notice setting forth the reason delivery of the report of audit is delayed by circumstances beyond control of the service corporation, the Director may extend the filing date for up to 60 additional days.

(Source: Amended at 30 Ill. Reg. 18990, effective December 1, 2006)