

WEST VIRGINIA LEGISLATURE

2016 REGULAR SESSION

ENROLLED

Committee Substitute

for

House Bill 4245

(BY DELEGATES WALTERS, FRICH, WESTFALL,
MCCUSKEY, MANCHIN, SKINNER, ROWE, FLANIGAN,
WAXMAN, PERRY AND B. WHITE)

[Passed February 19, 2016; in effect ninety days from passage.]

1 AN ACT to amend and reenact §31A-4-20 of the Code of West Virginia, 1931, as amended,
2 relating to requirements for the review of the financial condition of state chartered banks;
3 requiring the cashier or executive officer of a state banking institution to provide
4 shareholders with the institution's most recent fiscal year audited financial statement;
5 authorizing alternative delivery to shareholders and consolidated or combined statements;
6 requiring that the board of directors of a bank, or its controlling bank holding company,
7 appoint an outside independent auditing firm; eliminating the requirement that a bank
8 transmit a copy of an audit report of its financial condition to the division of financial
9 institutions; eliminating the approval required for a shareholder committee to utilize or
10 employ registered or certified public accountants; and eliminating the division examiner's
11 ability to require the presence of the examining committee or executive committee during
12 an examination.

Be it enacted by the Legislature of West Virginia:

1 That §31A-4-20 of the Code of West Virginia, 1931, as amended, be amended and
2 reenacted to read as follows:

ARTICLE 4. BANKING INSTITUTIONS AND SERVICES GENERALLY.

**§31A-4-20. Stockholders' annual meeting; financial statement; appointment, duties and
report of outside auditing firm.**

1 (a) The stockholders of each state banking institution shall meet annually. At the annual
2 meeting it is the duty of the cashier or other executive officer of the banking institution to prepare
3 and submit to the stockholders a copy of the institution's most recent fiscal year audited financial
4 statements. This requirement is satisfied if the banking institution mails or otherwise delivers to
5 its shareholders annual audited financial statements, which may be consolidated or combined
6 statements of the banking institution, its holding company and any subsidiaries, that include a
7 balance sheet as of the end of the fiscal year, an income statement for that year and a statement
8 of changes in shareholders' equity for the year, within one hundred twenty days of the close of
9 the fiscal year.

10 (b) The board of directors of the banking institution or, if such banking institution is
11 controlled by a bank holding company, the bank holding company shall appoint an outside
12 auditing firm on an annual basis to serve as the banking institution's auditor for the year.

13 (c) At such time or times as it may be directed to do so by the written request of the board
14 of directors or the Commissioner of Financial Institutions, such outside independent auditing firm
15 shall immediately proceed to examine the condition of the bank and, upon completion of such
16 examination, shall file its report in writing with the board of directors. Such report shall set forth in
17 detail all items included in the assets of the bank which the firm has reason to believe are not of
18 the value at which they appear on the books and records of the bank, and shall give the value of
19 each of such items according to its judgment. The board of directors shall cause such report to
20 be retained as a part of the records of the bank.

21 (d) The workpapers of any audit, including any materials associated with an audit of the
22 bank's electronic data procedures, shall be made available to the commissioner or to the
23 examiners of the Division of Financial Institutions upon request, and will be accorded
24 confidentiality in conformity with section four, article two of this chapter.

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

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Chairman, House Committee

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Chairman, Senate Committee

Originating in the House.

In effect ninety days from passage.

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Clerk of the House of Delegates

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Clerk of the Senate

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Speaker of the House of Delegates

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President of the Senate

The within this the.....
day of, 2016.

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Governor