

§ 1384. Audit reports and financial statements

(a) Within 90 days after receipt of a request from the director, a plan or other person subject to this chapter shall submit to the director an audit report containing audited financial statements covering the 12-calendar months next preceding the month of receipt of the request, or another period as the director may require.

(b) On or before 105 days after the date of a notice of surrender or order of revocation, a plan shall file with the director a closing audit report containing audited financial statements. The reporting period for the closing audit report shall be the 12-month period preceding the date of the notice of surrender or order of revocation, or for another period as the director may specify. This report shall include other relevant information as specified by rule of the director. The director shall not consent to a surrender and an order of revocation shall not be considered final until the closing audit report has been filed with the director and all concerns raised by the director therefrom have been resolved by the plan, as determined by the director. For good cause, the director may waive the requirement of a closing audit report.

(c) Except as otherwise provided in this subdivision, each plan shall submit financial statements prepared as of the close of its fiscal year within 120 days after the close of the fiscal year. The financial statements referred to in this subdivision and in subdivisions (a) and (b) of this section shall be accompanied by a report, certificate, or opinion of an independent certified public accountant or independent public accountant. The audits shall be conducted in accordance with generally accepted auditing standards and the rules and regulations of the director. However, financial statements from public entities or political subdivisions of the state whose audits are conducted by a county grand jury shall be submitted within 180 days after the close of the fiscal year and need not include a report, certificate, or opinion by an independent certified public accountant or an independent public accountant, and the audit shall be conducted in accordance with governmental auditing standards.

(d) A plan, solicitor, or solicitor firm shall make any special reports to the director as the director may from time to time require.

(e) For good cause and upon written request, the director may extend the time for compliance with subdivisions (a), (b), and (h) of this section.

(f) A plan, solicitor, or solicitor firm shall, when requested by the director, for good cause, submit its unaudited financial statement, prepared in accordance with generally accepted accounting principles and consisting of at least a balance sheet and statement of income as of the date and for the period specified by the director. The director may require the submission of these reports on a monthly or other periodic basis.

(g) If the report, certificate, or opinion of the independent accountant referred to in subdivision (c) is in any way qualified, the director may require the plan to take any action as the director deems appropriate to permit an independent accountant to remove the qualification from the report, certificate, or opinion.

(h) The director may reject any financial statement, report, certificate, or opinion filed pursuant to this section by notifying the plan, solicitor, or solicitor firm required to make this filing of its rejection and the cause thereof. Within 30 days after the receipt of the notice, the person shall correct the deficiency, and the failure so to do shall be deemed a violation of this chapter. The director shall retain a copy of all filings so rejected.

(i) The director may make rules and regulations specifying the form and content of the reports and financial statements referred to in this section, and may require that these reports and financial statements be verified by the plan or other person subject to this chapter in a manner as the director may prescribe.

HISTORY:

Added Stats 1975 ch 941 § 2, operative July 1, 1976. Amended Stats 1976 ch 652 § 7, effective August 28, 1976, operative July 1, 1976; Stats 1979 ch 1083 § 12; Stats 1980 ch 1031 § 4;

Stats 1993 ch 735 § 3 (AB 2079); Stats 1996 ch 139 § 1 (AB 2138); Stats 1999 ch 525 § 130 (AB 78), effective January 1, 2000, operative July 1, 2000.