

March 4, 1998

Keith J. Orfanides, Internal Auditor
Steuben Educators Federal Credit Union
77 Victory Highway
Painted Post, New York 14870

Re: Supervisory Committee Audit, §701.12(c)(1)
Your letter dated November 6, 1997.

Dear Mr. Orfanides:

You have asked what date should be considered as the date of the last supervisory committee audit, the year the audit work actually was performed or the year of the period covered by the audit. The appropriate date to use is the date that the audit work was performed.

You state that the supervisory committee performed an audit the week of January 29, 1996, for the period of January 1, 1995, through December 31, 1995, and the week of January 27, 1997, for the period of January 1, 1996, through December 31, 1996. At present, the supervisory committee plans to schedule the next audit for the week of April 28, 1998, for the period of January 1, 1997, through March 31, 1998. The supervisory committee is concerned that, by moving the end of the audit period to March 31, 1998, it may be in violation of §701.12(c)(1). The concern is that, if 1996, the period covered by the audit, is considered the date of the last audit, there would be a violation.

Section 701.12(c)(1) provides that "[a] supervisory committee audit of each Federal credit union shall occur at least once every calendar year and shall cover the period elapsed since the last audit period." The date that the audit work is performed is the date that the credit union should consider as the date of the last audit. Thus, as long as one supervisory committee audit is performed each year, a credit union would be in compliance with §701.12(c)(1).

In your case, January 27, 1997, would be considered the date of the last supervisory committee audit. The credit union intends to schedule an audit in 1998, and, thereby, would be in compliance with §701.12(c)(1).

Sincerely,

Sheila A. Albin
Associate General Counsel

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