April 21, 2006

National Credit Union Administration
Mary Rupp, Secretary of the Board
1775 Duke Street
Alexandria, VA 22314-3428

APR26'0

Subject: Supervisory Committee Audits

Dear Ms. Rupp:

Enclosed are our comments regarding the Supervisory Committee Audit advanced notic of proposed rulemaking (ANPR). In addition, due to the importance of the proposed rulemaking, BECU's Supervisory Committee has forwarded their comments to you regarding this proposal under separate cover.

BECU has been proactive in addressing the very issue that you are researching. For the past two years, on a quarterly basis, the President / CEO and the CFO have signed a Statement of Affidavit regarding the accuracy of the financial information and this affidavit is posted on our website (www.becu.org). In addition we have included copies of the information for you review.

As you continue to research the issue of attestation of internal controls, we would be willing to meet with you regarding this issue as we think it is a very important issue facing our industry.

Sincerely,

T. Bradford Canfield
Chief Financial Officer

WWW.BECU.ORG | 800-233-2328

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STATEMENT OF AFFIDAVIT
FOR THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER REGARDING FACTS AND CIRCUMSTANCES RELATING TO REGULATORY FINDINGS

I, Gary J. Oakland, President and Chief Executive Officer of BECU and I, T. Bradford Canfield, Chief Financial Officer of BECU, certify that:

1. To the best of my knowledge and, based upon my review of the filing of the 5300 reports with the NCUA for BECU, for the period ending December 31, 2005.

   >> No filing contained an untrue statement of a material fact as of the end of the period covered by the filing.

   >> No filing contained a misleading material fact as of the end of the period covered by the filing.

   >> No filing omitted a material fact necessary to make the statements as of the end of the period covered by in the filing.

   >> The financial condition and the statement of income for the period covered are presented fairly.

2. We have reviewed the contents of this statement with the Credit Union's Supervisory Committee.

3. We agree that any and all errors, untrue statements, misleading facts or material omissions discovered in the filings will be corrected or supplemented in a subsequent filing.

G J Oakland
Gary J. Oakland
President and Chief Executive Officer
February 24, 2006

T. Bradford Canfield
T. Bradford Canfield
Chief Financial Officer
February 24, 2006

Signed or attested before me on February 24, 2006.

Mary Rose Toal
Mary Rose Toal
Notary Public

My appointment expires on May 5, 2006.

MARY ROSE TOAL
COMMISSION EXPIRES
NOTARY
PUBLIC
5-5-06
STATE OF WASHINGTON

PO Box 97050, Seattle, WA 98124-9750

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BECU and Subsidiaries
SELECTED FINANCIAL AND OTHER DATA
(Unaudited)

(THOUSANDS OF DOLLARS)

	Twelve Months Ended December 31, 2005		Twelve Months Ended December 31, 2004	
Balance Sheet				
Loans, net	$	4,682,433	$	3,982,611
Investments	$	837,228	$	809,501
Shares (Deposits)	$	5,328,524	$	4,518,285
Reserves	$	503,799	$	427,928
Total Assets	$	6,137,503	$	5,151,457
Income Statement				
Interest Income	$	283,102	$	235,792
Non-Interest Income	$	72,056	$	64,607
Dividend & Interest Expense	$	113,867	$	72,132
Operating Expense	$	149,170	$	152,552
Net Income	$	75,082	$	48,821
Other Data				
New Members		60,583		59,876
Number of Members		426,637		391,407
Loans Granted, Number		94,762		81,855
Loans Granted, Dollars	$	3,675,647	$	3,563,973

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FINANCIAL SUMMARY

In order to earn and maintain your trust, we post our financial information on our web site for your review. In addition, the President/CEO and the Chief Financial Officer sign a Statement of Affidavit each quarter that confirms the accuracy of our financial statements as reported in Form 5300 (Call Report). The President/CEO and the Chief Financial Officer review Form 5300, which is the National Credit Union Administration's (NCUA) tool to aggregate financial and statistical information for the nation's federally insured credit unions. The NCUA is the independent federal agency that charters and supervises federally insured credit unions.

By voluntarily signing this statement, those in charge of the financial safety and soundness of BECU are committing to you that BECU is dedicated to providing you accurate information. It's another way to ensure your trust in BECU.

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April 21, 2006

National Credit Union Administration
Mary Rupp, Secretary of the Board
1775 Duke Street
Alexandria, VA 22314-3428

Subject: Supervisory Committee Audits

Dear Ms. Rupp:

Boeing Employees' Credit Union (BECU) appreciates the opportunity to provide comments on the advanced notice of proposed rulemaking regarding Supervisory Committee Audits. BECU is a state-chartered, federally insured credit union with assets of $5.8 billion and a membership base of over 440,000.

Here is our information on your questions:

1. Should Part 715 require, in addition to a financial statement audit, an attestation on internal controls over financial reporting above a certain minimum asset size threshold?
There is value in having credit union management report on the effectiveness of their systems of internal controls; however there is no extended value to be derived in requiring an opinion from external auditors on management's evaluation of the effectiveness of internal controls. Management should be held accountable for fair and accurate reporting, and as a part of this process would include an overall review of the systems of internal controls.

2. What minimum asset threshold would be appropriate for requiring, in addition to a financial statement audit, an "attestation on internal controls" over financial reporting, given the additional burden on management and its external auditor?
We feel credit unions with assets greater than $250 million should be able to report without an opinion from external auditors. We strongly believe that there is no value to be derived from requiring an independent attestation.

3. Should the minimum assets threshold for requiring an "attestation over internal controls" over financial reporting be the same for natural person credit unions and corporate credit unions?
No opinion.

4. Should management's assessments of the effectiveness of internal controls and the attestation by its external auditor cover all financial reporting (i.e., financial statements prepared in accordance with GAAP and those prepared for regulatory reporting purposes),or should it be more narrowly framed to cover only certain types of financial reporting? If so, which types?
Credit union management should only report on those controls that could materially affect the financial statements. State and NCUA examiners, credit union internal auditors and our independent external firm already perform independent tests of most of these controls.

5. Should the same auditor be permitted to perform both the financial statement audit and the "attestation on internal controls" over financial reporting, or should a credit union be allowed to engage one auditor to perform the financial statement audit and another to perform the "attestation on internal controls?"

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In our opinion, it would be highly inefficient and ineffective to have different auditors perform the attestation vs. financial statement audit. In order to perform due diligence when auditing financial statements, auditors must obtain an adequate comfort level with the underlying controls. There would be no value added as well as unnecessary costs incurred if it required two separate auditors to perform these functions.

6. If an "attestation on internal controls" were required of credit union, should it be required annually or less frequently?
If an attestation on internal controls is required, it should be done at the same time the financial statement audit is performed. Additionally, it would be inefficient and ineffective to do these at different times and with different auditors.

7. If an "attestation of internal controls" were required of credit unions, when should the requirement become effective (i.e., in the fiscal period beginning after December 15 of what year)?
We feel it should be at least 4 years out. Given the burden that was experienced with the requirement's imposed by 404 on both the publicly traded companies and their independent accounting firms there needs to be time allowed for adequate preparation.

8. If credit unions were required to obtain an "attestation on internal controls," should Part 715 require that those attestations, whether for a natural person or corporate credit union, adhere to the PCAOB's AS2 standard that applies to non-public companies?
We feel a modified adherence to the standard could be acceptable if properly done. For example, if the requirements related to the Internal Control design, evaluations and testing were all tailored to preventing "material errors" only, then it has a chance to make sense.

9. Should NCUA mandate COSO's Internal Control – Integrated Framework as the standard all credit union management must follow when establishing, maintaining and assessing the effectiveness of the internal control structure and procedures or should each credit union have the option to choose its own standard?
COSO is the generally accepted framework used in the internal audit industry.

10. Should Supervisory Committee members of credit unions above a certain minimum asset size threshold be required to have a minimum level of experience or expertise in credit union, banking or other financial matters? If so, what criteria should they be required to meet and what should the minimum asset size threshold be?
It should be based on size and the complexity of the credit union. There are many things that could present risks to a credit union (i.e., regulations, fraud (internal and external), etc.). Knowledge of what those risks could entail would be beneficial.

11. Should Supervisory Committee members of credit unions above a certain minimum asset size threshold be required to have access to their own outside counsel? If so, at what minimum asset threshold?
All Supervisory Committee members should have access to their own legal counsel no matter what the asset size of the credit union.

12. Should Supervisory Committee members of credit unions above a certain minimum asset size threshold be prohibited from being associated with any large customer of the credit union other than its sponsor? If so, at what minimum asset size threshold?
The rules of conduct should be the same as with any financial institution.

13. If any of the qualifications addressed in questions 10, 11 and 12 above were required of Supervisory Committee members, would credit unions have difficulty in recruiting, and retaining competent individuals to serve in sufficient numbers? If so, describe the obstacles associated with each qualification.
Despite the outcome of items 10, 11, and 12 there could be a real issue surrounding the recruitment and retention of competent individuals to both the Board and Supervisory Committee. There is a need to re-address the issue of voluntary boards and committee vs. allowing for just compensation for active involvement.

14. Should a State-licensed, compensated auditor who performs a financial statement audit and/or "internal control attestation" be required to meet just the AICPA's "independence" standards or should they be required to also meet SEC's "independence" requirements and interpretations? If not both, why not?
We have no experience in dealing with SEC requirements, and as such, have no opinion.

15. Is there value in retaining the "balance sheet audit" in existing §715.7(a) as an audit option for credit unions with less than $500 million in assets?
No opinion.

16. Is there value in retaining the "*Supervisory Committee Guide* audit" in existing §715.7(c) as an audit option for credit unions with less than $500 million in assets?
No opinion.

17. Should part 715 require credit unions that obtain a financial statement audit and/or an "attestation on internal controls" (whether as required or voluntarily) to forward a copy of the auditor's report to NCUA? If so, how soon after the audit period-end? If not, why not?
From an insurer standpoint we would agree, from a regulator standpoint state-chartered credit unions should forward their reports to their state regulator and not the NCUA. It would be reasonable that the reports be sent within 90 days after year-end.

18. Should part 715 require credit unions to provide NCUA with a copy of any management letter, qualification, or other report issued by its external auditor in connection with services provided to the credit union? If so, how soon after the credit union receives it? If not, why not?
Supplying the regulator with copies of the audited financial statements, and if required the attestation on internal controls would suffice. These reports will contain the letter from the independent firms which should suffice the requirements of the regulator. During the normal examination process the regulators will have access to the letter, if one was issued, along with management's response.

19. If credit unions were required to forward external auditors' reports to NCUA, should part 715 require the auditor to review those reports with the Supervisory Committee before forwarding them to NCUA?
Since the independent audit firm is engaged by the Supervisory Committee any reports addressed to the Committee should be reviewed with the Committee prior to forwarding to any regulator.

20. Existing part 715 requires a credit union's engagement letter to prescribe a target date of 120 days after the audit period-end for delivery of the audit report. Should this period be extended or shortened? What sanctions should be imposed against a credit union that fails to include the target delivery date within its engagement letter?
No opinion.

21. Should part 715 require credit unions to notify NCUA in writing when they enter into an engagement with an auditor, and/or when an engagement ceases by reason of the auditor's dismissal or resignation? If so

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in cases of dismissal or resignation, should the credit union be required to include reasons for the dismissal or resignation?

Notification of engaging an "auditor" could be an excess burden as credit unions may engage auditors for multiple types of engagements in a year (audits of compliance programs, audits of information protection programs, etc.). Notification to the regulator, State or NCUA, of a change in audit firms to perform an examination of the annual financials would be acceptable.

22. NCUA recently joined in the final *Interagency Advisory on the Unsafe and Unsound Use of Limitation of Liability Provisions in External Audit Engagement Letters*, 71 FR 6847 (Feb. 9, 2006). Should credit union Supervisory Committees be prohibited by regulation from executing engagement letters that contain language limiting various forms of auditor liability to the credit union? Should Supervisory Committees be prohibited from waiving the auditor's punitive damages liability?

No wavier should be provided.

Thank you for the opportunity to respond to the proposal. We look forward to the final outcome.

Sincerely,

Gary J. Oakland
President and CEO

T. Brad Canfield
Chief Financial Officer

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APR26'06 PM 2:10 BOA

April 19, 2006
National Credit Union Administration
Mary Rupp, Secretary of the Board
1775 Duke Street
Alexandria, WA 22314-3428

Subject: Supervisory Committee Audits

As board directors of Boeing Employee's Credit Union and members of the supervisory committee we strongly oppose any requirement to have external auditors attest on internal control over financial reporting.

Individually we have extensive relevant professional experience, including direct Sarbanes-Oxley responsibilities for a $5 billion publicly traded company. Our views regarding the appropriateness of requiring independent auditor attestations on internal control are based on our collective experience in the publicly traded company environment together with over 40 years as credit union board directors.

We believe that requiring management to report on internal control can easily be justified, but a requirement for an external auditor attestation on internal control cannot be justified on a comprehensive cost-benefit basis and would actually be harmful to the credit union industry.

The fundamental objectives of the credit union governance are very different from those of publicly traded companies. It may be tempting to assume that what is good for publicly traded companies would be good for not-for-profit cooperatives such as credit unions. Sound corporate governance is obviously important for both, however, corporate governance for publicly traded companies is primarily about protecting the interest of shareholders, while corporate governance for credit union's is about serving and protecting the members' interests. These are fundamentally very different objectives, and they should be the basis for assessing the appropriateness of governance requirements. Good internal control over financial reporting for publicly traded companies is essential to the efficie... the equity markets. For credit unions, financial soundness and member service object... prevailing corporate governance objectives. Adding very substantial regula... unions for external audits of internal control over financial reporting, esp... of the financial reporting itself is already required, would add unnecess... the credit union industry with no real benefit to credit union members.

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Because the Sarbanes-Oxley Section 404 requirements for external au... internal control is still in its infancy and continues to be under much debate and rea... including when and whether it should become a requirement for publicly traded compan... with revenues up to $250 million, it would be premature to adopt such a requirement for credit unions. Very few credit unions, if publicly traded would currently fall under the Sarbanes-Oxley Section 404 requirements. Also of interest is the fact that Canadian regulators plan to adopt the requirement for management reporting on internal control, but not the requirement for an external auditor attestation. Based on our own collective experience in implementing Sarbanes-Oxley Section 404 requirements as they currently exist, the true cost and consequences outweigh the actual benefits. All this demonstrates the need to be cautious and thoughtful in adopting any new requirements with such important implications.

The cost of having the external auditor attest to internal control over financial reporting as well as attest to the financial statements has typically meant a doubling of the overall audit fees for companies the size of the larges credit unions, as well as substantial internal organizational cost and outside consulting cost. It should be noted that these added requirements and cost only deal with one portion of the overall COSO Framework for internal controls — just financial reporting. Other aspects of internal control for credit unions are actually more important to ensure the basic credit union mission is achieved.

Without a very real and tangible problem in the credit union industry being identified to fix, requiring such incremental cost to be incurred would not only be unjustified, but would inappropriately undermine the very objective of credit unions of serving members by adding unnecessary and wasteful costs.

In conclusion, we strongly urge the National Credit Union Association to not implement a requirement that credit unions have an external auditor attestation on internal control over financial reporting.

Sincerely,

Jack Byeman
Supervisory Committee Chair and Board member

Gary Beil
Supervisory Committee and Board member

Sheila Boze
Supervisory Committee and Board member

Don Hyun
Supervisory Committee and Board member

Geoff Carpenter
Supervisory Committee member