NCUA LETTER TO FEDERAL CREDIT UNIONS

NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314

DATE: February 15, 1996
LETTER NO.: 96-FCU-1

TO THE FEDERAL CREDIT UNION ADDRESSED:

Background. The *Supervisory Committee Guide for Federal Credit Unions* was last updated in 1987. Since that time, there have been two proposed amendments and one final revision to the related regulation, *the NCUA Rules and Regulations §701.12, Supervisory committee audits and verifications*. In addition, there have been many subsequent additions and revisions to existing generally accepted auditing standards which govern audits by independent accountants.

Request. We are considering the revision of the *Supervisory Committee Guide* for a 1996 re-issuance. Before doing so, however, we want to survey the credit union customer NCUA serves. **Our request is that the supervisory committee within your credit union participate in the survey on the credit union's behalf. We would appreciate and encourage you to take some time to address survey questions targeted at assessing the usefulness and relevance of the *Guide* as a reference tool to your credit union.** Participation in the survey is not mandatory, but would be much appreciated.

Survey. Enclosed.

Requested Action Date. We request survey results be returned by April 5, 1996.

Survey Results. Please mail the credit union's completed survey to:

Attn: Accounting Officer
National Credit Union Administration
Office of Examination and Insurance
1775 Duke Street
Alexandria, VA 22314

Sincerely,

Karl T. Hoyle
Executive Director

SURVEY TO ASSESS THE USEFULNESS AND RELEVANCE OF THE REFERENCE TOOL
"THE SUPERVISORY COMMITTEE GUIDE FOR FCUS"

Current Usage of *Supervisory Committee Guide*.

1. The supervisory committee of your credit union most relies on which of the following for guidance in meeting the audit and verification requirements of the *Federal Credit Union Act* and the *NCUA Rules and Regulations* (mark only one answer as indicative of which you most rely on)?

   ____ NCUA Examiner
   ____ CPA
   ____ External auditor (other than CPA)
   ____ Internal Audit Department
   ____ AICPA/FASB Professional Pronouncements
   ____ NCUA's Supervisory Committee Guide
   ____ League/Trade Organization's Guide
   ____ Other, Specify _____

2. How often would you say the supervisory committee referred to the NCUA *Supervisory Committee Guide* in the past year?

   ____ Frequently
   ____ Seldom
   ____ Not at all
   ____ Other _____

3. If the supervisory committee relies more on another reference tool over the NCUA's *Supervisory Committee Guide*, please identify the other reference tool.

   _____

Demand for the *Supervisory Committee Guide*.

The *Guide* was last revised in 1987. The *Guide* was issued by NCUA and was targeted to the supervisory committee volunteer who was untrained in accounting/auditing matters. In the mid to late '90s:

4. Does the need for such a guide continue to exist?

   ____ Yes
   ____ No

5. In the present form?

   ____ Not applicable
   ____ Yes
   ____ No

6. Should the federal regulator be issuing such guidance?

   ____ Yes
   ____ No

____ Indifferent

7. Would the *Guide* be more helpful to you if it were offered in a CD-ROM, or other format, rather than hardcopy?

   ____ Yes
   ____ No

   Further Comment:_____

8. To what targeted audience should the *Guide* be directed?

   ____ Untrained supervisory committee volunteer (not knowledgeable in accounting/auditing matters)
   ____ Trained supervisory committee volunteer (knowledgeable in accounting/auditing matters)
   ____ Internal Auditor
   ____ External Auditor
   ____ Other
   ____ Guide not necessary

9. Would the *Guide* be more useful to the credit union if it were a source of general information with specific references to accounting/auditing literature as appropriate, or should the *Guide* be a stand-alone document?

   ____ General reference tool
   ____ Stand-alone document

   Further Comment:_____

10. Is the existing guidance provided by the American Institute of Certified Public Accountants (e.g., the industry audit and accounting guide, *Audits of Credit Unions*) and other accounting and auditing standards-setters meeting the needs of the supervisory committee?

    ____ Sufficient
    ____ Too technical
    ____ Of little usefulness
    ____ In need of a credit union industry supplement
    ____ In need of an NCUA supplement

Guide Revision

11. What topics in the current *Guide* are of minimal usefulness to the supervisory committee?

    _____ _____
    _____ _____
    _____ _____
    _____ _____
    _____ _____

_____ _____
_____ _____

12. The *Guide* would be more helpful to the supervisory committee if it addressed what additional topics?

_____ _____
_____ _____
_____ _____
_____ _____
_____ _____
_____ _____
_____ _____

13. The current *Guide* gives supervisory committees the freedom to establish their own audit program and to choose their own reporting format. Do you favor continuing this approach in the revised *Guide*?

____ Yes
____ No

Further Comment:_____

14. Do you have any suggestions for how NCUA might include individual credit unions and credit union industry representatives generally in the process of revising the *Guide*, beyond this preliminary step of surveying credit union customers?

____ Yes
____ No

Further Comments:_____
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15. We welcome your further comments and questions.

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