



Filed via regcomments@ncua.gov

April 22, 2019

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

Re: Supervisory Committee Audits and Verifications
RIN 3133-AE91

Dear Mr. Poliquin:

The Illinois Credit Union League (ICUL) is the primary trade association for over 250 state and federally chartered credit unions throughout the State of Illinois, who in turn serve over 3 million consumers. We appreciate the opportunity to comment on the proposed plan to amend the National Credit Union Administration's (NCUA) regulations governing the responsibilities of a federally insured credit union to obtain an annual supervisory committee audit of the credit union.

ICUL applauds NCUA's efforts to implement flexibility and bring necessary relief to credit unions by clarifying and simplifying requirements related to the supervisory committee audits.

Supervisory Committee Audit Alternatives to a Financial Statement Audit

We support the proposed amendment to remove references to the Supervisory Committee Guide and replace with references to the minimum requirements of proposed new Appendix A to Part 715, which will provide credit unions and outside parties hired to conduct credit union audits a streamlined approach to determine the minimum audit requirements rather than needing to refer to the current Supervisory Committee Guide.

The targeted list of minimum procedures presented in the proposed Appendix A is a welcome improvement over the burdensome and overly specific Supervisory Committee Guide credit unions and outside parties hired to conduct audits are obliged to consult.

NCUA requests comment on if there are other areas of review that should be included in Appendix A, including, for example, a review of pay and benefits to employees and board members.



We find examining compensation packages is beyond the scope of a supervisory committee audit and may trigger unsolicited discussion of a sensitive nature. Inspecting pay and benefits is a review best left in the board room.

Additionally, the suggestion to include a review of compliance with the Bank Secrecy Act in Appendix A is warranted if the supervisory committee, internal auditor or other qualified person determines additional procedures are needed to supplement the required independent test.

Assistance From Outside, Compensated Person

When hiring a compensated auditor to perform audit functions a credit union must adhere to §715.9 (c) (6) of the NCUA's regulations requiring an engagement letter specify a target date of delivery of written reports "not to exceed 120 days from the date of calendar or fiscal year under audit." We support the proposed amendment to eliminate the 120-day time frame in favor of language free of any deadline articulated in a number of days. The new standard provides credit unions with flexibility to negotiate the target date for delivery of written reports with the person or firm it contracts with and still meet the audit requirements as conveyed in section §715.4 of the NCUA's regulations.

Conclusion

In summary, we support NCUA's proposal to remove from §715.7 of the NCUA's regulations the reference to the "NCUA's Supervisory Committee Guide" and amend in §715.9 of the NCUA's regulations the requirement related to the 120 day timing condition for delivery of written reports.

Further, we commend NCUA's efforts in identifying regulations that are outdated, ineffective or excessively burdensome and implementing change as outlined in NCUA's Regulatory Reform Task Force's Regulatory Reform Agenda.

Thank you for the opportunity to comment on this proposed rule.

Sincerely,

A handwritten signature in black ink that reads "Joni Senkpeil". The signature is written in a cursive, flowing style.

Illinois Credit Union League
By: Joni Senkpeil, SVP Member Solutions