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**TO:** Kansas Chartered Credit Unions  
**SUBJECT:** Supervisory Committees

### SUPERVISORY COMMITTEES

As a follow-up to [KDCU Bulletin 2019-KDCU-CUB-7](#) discussing Boards of Directors and Supervisory Committees, this Bulletin addresses Supervisory Committees in more detail.

The Kansas Credit Union Act outlines the duties of the Supervisory Committee. K.S.A. 17-2211 (2019 Supp.). In addition, NCUA Regulation §715.4 addresses Supervisory Committee Audits and Verifications. As noted in [KDCU Bulletin 2019-KDCU-CUB-4](#), the Kansas statute for member account verification was repealed by the Kansas Legislature during the 2019 session. However, credit unions are still subject to NCUA Regulation §715.8 regarding verification of member accounts.

In carrying out its responsibilities, the Supervisory Committee must:

- Ensure that the credit union adheres to the measurement and filing requirements for reports filed with the NCUA Board under §741.6;
- Perform or obtain a supervisory committee audit as required by §715.4;
- Verify or cause the verification of members' accounts against the records of the credit union, as prescribed by §715.8; and
- Act to avoid imposition of sanctions for failure to comply with the requirements of §§715.11 and 715.12.

Supervisory committees should review the [NCUA Regulations](#) on a regular basis to confirm their duties and responsibilities are being fulfilled.

During recent KDCU exams, the following has been written in to the exam report:

- An employee of the credit union was a member of the Supervisory Committee. The Supervisory Committee must remain independent to conduct an audit; having an employee on the committee does not allow for independence. An employee cannot audit their own work.
- The audit report was presented to the board by the credit union manager. The report must be submitted by the Supervisory Committee.
- The return address on member account verifications was to the credit union. The address must be separate from the credit union, e.g., the home address of a committee member.
- The Supervisory Committee was only doing a cash count and loan review. The committee members must review wire transfers, insider accounts, bank reconciliations, ALLL calculations, loan modifications and TDR loans, and general ledger transactions.

The NCUA has a number of [videos](#) available for Supervisory Committee training. The importance of the Supervisory Committee to the operation of a credit union is critical to the safety and soundness of the credit union, as well as the protection of member assets.