

Article 10. – CREDIT UNION ANNUAL AUDIT REQUIREMENTS

121-10-1. Definitions. For purposes of this article, the following definitions shall apply:

(a) "Agreed-upon procedures engagement" means an engagement to report on findings based on specific agreed-upon procedures performed by an independent certified public accountant. The nature and extent of the procedures to be performed shall be agreed to and specified in a written agreement between the supervisory committee and the independent certified public accountant.

(b) "Audit" means a review of a credit union's receipts, disbursements, income, assets, and liabilities.

(c) "Financial statement audit" and "opinion audit" mean the examination of a credit union's financial statements performed by an independent certified public accountant for the purpose of expressing an opinion as to whether those financial statements of the credit union present fairly, in all material respects, the financial position and results of operations of the credit union.

(d) "Independent certified public accountant" means a certified public accountant who meets the following requirements:

(1) Holds a valid permit to practice issued by a state board of accountancy. The independent certified public accountant's firm shall be registered with the Kansas board of accountancy; and

(2) is independent of the credit union as defined by the code of professional conduct issued by the American institute of certified public accountants.

(e) "Supervisory committee annual audit and internal control checklist" means the audit and list of a credit union's work procedures that a credit union submits to the Kansas department of credit unions on a form supplied by the department. **(Authorized by and implementing K.S.A. 17-2211; effective August 1, 2008; amended May 28, 2010.)**

121-10-2. Credit union audit reporting requirements. (a) The supervisory committee of each new credit union shall be required to obtain an audit of that credit union as specified in subsection (b) at least once during the first year of operation.

(b) The supervisory committee of each established credit union shall be required to obtain, at least once during each calendar year, an audit of that credit union that covers the entire period of time that has elapsed since the previous audit. The type of audit required shall be one of the following, as applicable:

(1) For a credit union with total prior year-end assets of \$10 million or less, a supervisory committee annual audit and internal control checklist, an agreed-upon procedures engagement, or a financial statement audit;

(2) for a credit union with total prior year-end assets greater than \$10 million but less than \$250 million, an agreed-upon procedures engagement or a financial statement audit; or

(3) for a credit union with total prior year-end assets of \$250 million or greater, a financial statement audit. **(Authorized by and implementing K.S.A. 17-2211; effective August 1, 2008.)**