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STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES
OFFICE OF CREDIT UNIONS

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DATE: January 09, 2020
LETTER NO: 2020-CU-02
TO: CEOs, Chairpersons and Supervisory Committee Members of Michigan FISCUs
SUBJECT: Supervisory Committee Requirements and Guidance

Revised Rule: In October 2019, the NCUA published a final rule amending Part 715 of their Rules and Regulations addressing supervisory committee audits. Specific changes became effective on January 6, 2020 and apply to credit unions chartered in the State of Michigan. Note, these changes do not impact your responsibilities as prescribed by MCL 490.344 of the Michigan Credit Union Act ("Audits"), or listed within your credit union's bylaws.

In part, the rule amends Section 715.7 (12 CFR Part 715) by eliminating two audit type options: a balance sheet audit and a report on examination of internal controls over call reporting. The rule also eliminates the requirement for a specific deadline for outside, compensated persons to *deliver* written audit reports to FICUs stated in section 715.9 (12 CFR part 715). Previously, this deadline was set at 120 days from the date of the calendar or fiscal year-end under audit.

New Supervisory Committee Guide: In addition, the NCUA Board decommissioned the Supervisory Committee Guide and the rule now establishes an Appendix to Part 715 (12 CFR part 715) which lists the minimum requirements of a Supervisory Committee Audit found at: Supervisory Committee Audit - Minimum Procedures. On January 8, NCUA issued other guidance for the minimum procedures of a Supervisory Committee audit which can be found at: <https://www.ncua.gov/files/publications/guides-manuals/2020-supervisory-committee-audit-guide.pdf>. Please be sure to review both of these items to familiarize yourself with the revised expectations related to Supervisory Committee responsibilities.

Please share this information with all Supervisory Committee members. The full text of the final rule can be found at: <https://www.federalregister.gov/documents/2019/10/07/2019-20822/supervisory-committee-audits-and-verifications>.

Your service to your credit unions is honorable and valued. I hope this aids you in your duties.

Sincerely,

Denice Schultheiss
Director, Office of Credit Unions
Deputy Director, DIFS