

**STATE OF LOUISIANA
OFFICE OF FINANCIAL INSTITUTIONS**

SUPERVISORY COMMITTEE EXAMINATION REPORT

Name of Credit Union _____

City and Parish _____, **Louisiana**

Period Beginning _____, 20____, **Ending** _____, 20____

This Report should be completed annually. One copy should be retained in the Credit Union's files and a copy submitted to the Commissioner of Financial Institutions with such recommendations as the Committee deems advisable.

Note: LSA-R.S. 6:651(C) requires that the Supervisory Committee examine the financial condition and internal control structure of the credit union annually. The Supervisory Committee must maintain adequate work papers documenting what checks and verifications were performed. In addition, the Supervisory Committee must perform an independent verification of member accounts not less frequently than once every two years. Examiners from this Office will review these work papers and determine their adequacy. Failure by the Supervisory Committee to perform a satisfactory examination and maintain proper work papers will require that outside auditors be employed to perform this function. Failure to provide for such examination and verification of accounts will be considered an unsafe or unsound practice and may result in regulatory action.

1. (a) Was all cash verified and found in proper order? _____
\$ Counted _____ \$ GL _____
- (b) Does the treasurer reconcile the cash in bank account monthly? _____
\$ Counted _____ \$ GL _____
- (c) Are the receipts deposited in the bank within the time limits prescribed in the by laws? _____
- (d) Are checks properly signed and/or countersigned, as applicable? _____
- (e) Are disbursements supported by loan applications, applications for share withdrawals, invoices, or journal vouchers? _____

2. If investments have been made by the credit union, are they within the limits of LSA-R.S. 6:644 of the Credit Union Act? _____
\$ Portfolio _____ \$ GL _____
3. Was the general ledger found to be in balance? _____
\$ Assets _____ \$ Liabilities _____ Capital _____
4. (a) Balance of general ledger account shares was \$ _____
Total of share account balances in individual ledger was \$ _____
(b) Balance of general ledger account loans was \$ _____
Total of loan account balances in individual ledger was \$ _____
(c) Balances must agree. If differences appear, what is being done to correct them?

(d) Were all ledgers posted up to the last month-end? _____
(e) Level of real estate related loans? _____
(f) Volume of commercial loans? _____
5. Were all loans made during the period covered by this examination:
(a) Supported by loan applications properly executed, signed by the borrower, and approved by the Credit Committee? _____
(b) Evidenced by properly signed and fully completed notes? _____
(c) Correctly entered in the individual loan accounts? _____
(d) Within the limitations as to amount and time prescribed by LSA-R.S. 6:656 of the Credit Union Act? _____

6. During the period covered by this examination, were any loans:
- (a) Made to directors or committee members in violation of LSA-R.S. 6:656? _____
- (b) Endorsed by directors or committee members? _____
7. During the period covered by this examination, were interest rates and monthly payments on loans accurately entered on data processing equipment? _____
8. Is the financial and statistical report accurately and promptly prepared at the end of each month? _____
9. (a) Was a correct list of delinquent loans presented by the treasurer to the Board of Directors for discussion, and was a summary of these loans correctly shown on the financial and statistical report? _____
- \$ Delinquent Loans _____
- (b) Is this method of collecting delinquent loans effective? _____
- (c) Was the adequacy of the regular/loan loss reserve considered to be appropriate in view of the current level of delinquencies, and the requirements of Part 741 of the National Credit Union Rules and Regulations (NCUSIF)? _____
10. Are proper minutes maintained of members, directors, credit and supervisory committee meetings? _____
11. Are monthly meetings of the Board of Directors and Credit Committee being held? _____

12. Should the amount of the treasurer's bond be increased? _____
Amount Now \$ _____ Should be \$ _____

13. Are all persons handling funds of the credit union bonded? _____
If yes, amount of the bond? \$ _____

14. Has correction been made of all exceptions disclosed by the:
(a) Last examination of Supervisory Committee? _____
(b) Last examination report of Office of Financial Institutions? _____

15. What percentage of members' passbooks and share accounts have been verified during the last quarter? _____% In the past two years? _____%
Date of last verification: _____
Method of verification: _____

Describe internal controls and procedures used to ensure all members were contacted and discrepancies reported to the Committee. Specifically, does the credit union ensure that no one outside the Supervisory Committee is involved in the direct verification of member accounts?

16. Recommendations for improvements of operations, financial condition, and growth of the credit union:

17. Amount of blanket bond (discovery) coverage \$ _____

18. Does the credit union have a formal business plan? _____
If not, explain why: _____

19. What formal policies have been adopted? Are they reviewed at least on an annual basis? _____

20. Does the credit union currently have any investments in structured noted, Collateralized Mortgage Obligations (CMOs) or any other type of mortgage derivative products (MDPs)? If so, indicate the type and dollar amount invested. Is such an investment authorized in the credit union's Investment Policy? If so, did the investment receive the prior approval of the Board of Directors?

21. Have formal steps been taken to ensure compliance with Truth-in-Savings and accounting for investments in accordance with Financial Accounting Statement 115? If yes, explain in detail.

22. Remarks or comments:

We hereby certify that the above report was taken from the books and records of the above credit union as of the date indicated, and to the best of our knowledge is true and correct.

Signed: _____

Date Examination Completed

Signed: _____

(Must be signed by at least two members of the Supervisory Committee)

[revised 01/2001]