

105TH CONGRESS
1ST SESSION

H. R. 2552

To amend the requirements in the Federal Credit Union Act relating to audit requirements and supervisory committee oversight of insured credit unions, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 25, 1997

Mr. MCCOLLUM (for himself and Mr. BACHUS) introduced the following bill;
which was referred to the Committee on Banking and Financial Services

A BILL

To amend the requirements in the Federal Credit Union Act relating to audit requirements and supervisory committee oversight of insured credit unions, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Credit Union Audit
5 Improvement Act of 1997”.

1 **SEC. 2. FINANCIAL STATEMENT AND AUDIT REQUIRE-**
2 **MENTS.**

3 Paragraph (6) of section 202(a) of the Federal Credit
4 Union Act (12 U.S.C. 1782(a)(6)) is amended to read as
5 follows:

6 “(6) FINANCIAL STATEMENT AND AUDIT RE-
7 QUIREMENTS.—

8 “(A) FINANCIAL STATEMENT.—

9 “(i) IN GENERAL.—Each insured
10 credit union shall prepare annual financial
11 statements in conformity with generally
12 accepted accounting principles.

13 “(ii) AUDIT REQUIREMENT.—The su-
14 pervisory committee of each insured credit
15 union shall have an annual independent
16 audit of the financial statement of the
17 credit union performed in accordance with
18 generally accepted auditing standards by
19 an independent certified public accountant
20 or public accountant licensed by the appro-
21 priate State or jurisdiction to perform such
22 services.

23 “(B) EFFECTIVENESS OF INTERNAL CON-
24 TROLS.—

25 “(i) IN GENERAL.—Each insured
26 credit union shall prepare a written asser-

tion annually about the effectiveness of the internal controls over financial reporting.

“(ii) EXAMINATION OF WRITTEN ASSERTION.—The supervisory committee of each insured credit union shall obtain annually an attestation report on an examination of management’s written assertion under clause (i) which shall be prepared in accordance with generally accepted standards for attestation engagements by an independent certified public accountant or public accountant licensed by the appropriate State or jurisdiction to perform such services.

“(C) COMPLIANCE WITH LAWS AND REGULATIONS.—Each insured credit union shall prepare a written report annually on the extent to which the credit union is in compliance with laws and regulations relating to safety and soundness which have been designated by the Board.

“(D) DE MINIMUS EXCEPTION.—This paragraph shall not apply with respect to any fiscal year of any insured credit union the total

1 assets of which, as of the beginning of such fis-
2 cal year, are less than \$10,000,000.”.

3 **SEC. 3. REQUIREMENTS FOR SUPERVISORY COMMITTEES.**

4 (a) **FEDERAL CREDIT UNIONS.**—Section 115 of
5 the Federal Credit Union Act (12 U.S.C. 1761d) is
6 amended—

7 (1) by striking “The supervisory committee
8 shall make or cause to be made” and all that follows
9 through “submit reports of the supplementary au-
10 dits to the board of directors; may by a unanimous
11 vote” and inserting “(a) **IN GENERAL.**—The super-
12 visory committee may, by a unanimous vote,”; and

13 (2) by adding at the end the following new sub-
14 section:

15 “(b) **MANAGEMENT OVERSIGHT.**—

16 “(1) **RISK AREAS.**—The supervisory committee
17 shall—

18 “(A) identify annually risk areas of the
19 activities of the credit union; and

20 “(B) assess the extent to which internal
21 and external audit coverage is necessary for
22 those activities of the credit union which the
23 committee determines have a high risk.

1 “(2) INTERNAL AUDITS.—The supervisory com-
2 mittee shall perform or supervise any internal audits
3 of the credit union.

4 “(3) OUTSIDE AUDITORS.—In the case of any
5 outside audit of the credit union, the supervisory
6 committee shall engage only an independent certified
7 public accountant or public accountant licensed by
8 the appropriate State or jurisdiction to perform such
9 services.

10 “(4) AUDIT REPORTS TO BOARD OF DIRECTORS
11 AND MEMBERS.—The supervisory committee shall—

12 “(A) promptly submit the audit report of
13 any internal or outside audit to the board of di-
14 rectors and the Administration; and

15 “(B) submit the audit report of any out-
16 side audit and submit a summary of the audit
17 report of any internal audit to the members at
18 the annual meeting following the completion of
19 any such report.”.

20 (b) INSURED STATE CREDIT UNIONS.—Section
21 201(b) of the Federal Credit Union Act (12 U.S.C.
22 1781(b)) is amended—

23 (1) by redesignating paragraphs (8) and (9) as
24 paragraphs (9) and (10), respectively; and

1 (2) by inserting after paragraph (7) the follow-
2 ing new paragraph:

3 “(8) to maintain a supervisory committee which
4 complies with the requirements applicable under sec-
5 tion 115(b) to a supervisory committee of a Federal
6 credit union;”.

7 **SEC. 4. EFFECTIVE DATE.**

8 The amendments made by this Act shall apply with
9 respect to fiscal years (of insured credit unions) ending
10 on or after December 15, 1997.

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