



CREDIT UNION SECTION

**SUPERVISORY COMMITTEE
INTERNAL AUDIT REPORT**

Year _____

CREDIT UNION NAME

Internal Audit Date: _____
(Month End) **mm/dd/yyyy**

Date Audit Completed: _____
mm/dd/yyyy

IMPORTANT NOTICE

This state agency is requesting disclosure of information that is necessary to accomplish the statutory purpose as outlined under Paragraph 305/34 of the Illinois Credit Union Act. Disclosure of this information is required. **Failure to submit the report within 120 days** after the end of the calendar or fiscal year under audit or fiscal period for which the agreed upon procedures are performed may result in a late filing fee for each day the report is overdue pursuant to the Department's Rules & Regulations 190.50 (effective July 16, 2013) unless an extension is requested and approved prior to the due date for good cause.

SUPERVISORY COMMITTEE INTERNAL AUDIT REPORT

The purpose of this Supervisory Committee Internal Audit Report, pursuant to Paragraph 305/34 (1) of the Illinois Credit Union Act, is to verify the accuracy of the credit union's books and records. Your conscientious and thorough work can only help to ensure the safety of members' funds and promote a sound and efficient credit union. Please review the following comments prior to the start of the internal audit.

- 1 Review Paragraph 305/34 of the Illinois Credit Union Act and Section 190.130 of the Illinois Credit Union Act Rules and Regulations.
- 2 All work is to be done by the Supervisory Committee or its designated agents; all credit union staff, employees and other directors shall not be involved, other than to explain exceptions.
- 3 All financial data must relate to the same month and **must be within the current calendar year**. Records may be examined **as of the end of the month of your choice**, though current records may be more accessible. **However, we strongly encourage you to perform the audit in the months prior to December 31**, due to the high volume of work-load because of year-end closings, the December Year-End 5300 Call Report, and tax season.
- 4 All worksheets and tapes must be kept by the Supervisory Committee members for review at a later date with an examiner from the Division of Financial Institutions.
- 5 A copy of the internal audit report is to be presented to the Board of Directors and is to be included with the minutes of that meeting, and a summary is to be given to the members at their next annual meeting.

The Supervisory Committee Internal Audit Report consists of the following pages:

Page		Page	
1	Statement of Financial Condition	11	Share (or Savings) Schedule
2	Statement of Income	12	Fixed Asset Program
3	Cash Programs	13	Fixed Asset Schedule
4	Cash Schedule	14	Other Assets and Liabilities Program
5 & 6	Loan Programs	15	Other Assets and Liabilities Schedule
7	Loan Schedule	16	Verification Information
8	Investment Program	17	Verification of Accounts Summary
9	Investment Schedule	18	Certification of Report
10	Share Program		

Also available are the Supervisory Committee Internal Audit Report sample work-papers that may be used as a guide in completing the audit programs. These sample work-papers **need not be filed** with the report.

In order to complete the Internal Audit Report, the following will be necessary:

- 1 Record the credit union's general ledger account balances on the Statement of Financial Condition (page one). The total amount of assets **must agree** with the total amount of liabilities and equity.
- 2 Record the credit union's year-to-date income and expenses on the Statement of Income (page 2). The amounts should also be obtained from the general ledger. The net income (loss) should agree with the "Year-To-Date Net Income (loss)" as shown on page one.
- 3 Complete the procedures and schedules as outlined in each of the following areas:

Cash	pages 3 & 4
Loans	pages 5, 6 & 7
Investments	pages 8 & 9
Shares	pages 10 & 11
Fixed Assets	pages 12 & 13
Other Assets and Liabilities	pages 14 & 15
Verification of Accounts	page 16 & 17
Certification	page 18

The person completing each procedure should initial and date in the appropriate space provided. **Please note "N/A" if a certain procedure is not applicable for your credit union.**

- 4 Read over the "Verification of Accounts Information", located on pages c & d. Record the most recent account verification results in the appropriate areas on page 16. You are reminded that **an account verification must be conducted each calendar year**. 100% verification is required every two years (see 190.130 of the Illinois Credit Union Act Rules and Regulations).
- 5 Sign and notarize page 17 of the Supervisory Committee Internal Audit Report. **All members of the Supervisory Committee must sign the Report.**
- 6 Retain a copy for your file and return a copy to:

Via email: FPR.creditunion@Illinois.gov

Via Fax: 217-557-8461

**Hard Copy - mail: IDFPR - Division of Financial Institutions
Credit Union Section
320 W. Washington, 2nd Floor
Springfield, Illinois 62786**

If you have any questions or concerns with respect to this Supervisory Committee Internal Audit Report, please contact the Credit Union Section at (217) 782-2834.

VERIFICATION OF ACCOUNTS

The Illinois Credit Union Act has designated in Paragraph 305/34 (Duties of the Supervisory Committee), and Section 190.130 of the Rules and Regulations (Verification of Share and Loan Accounts), the procedures that must be followed to conduct the internal audit, including the verification. You should read those sections carefully before commencing the verification. The procedures differ based on the credit union's assets, however, every credit union completing (or having completed) an **internal audit** must perform the following:

Every two years, the Supervisory Committee must perform (or have performed*) a **complete 100% verification of both share and loan accounts**. Verification requests may be of either the positive kind, which requires a direct reply or attestation by the member as to the correctness of the balances, or the negative kind, which requires replies only if the information listed is, in the opinion of the member, incorrect. However, Section 190.130 Par b), 2) of the Rules and Regulations **requires** accounts of seven different types (as listed below) to be verified on a **positive** basis **every year**.

- A) Inactive or dormant accounts - members' accounts which show no member initiated activity for at least three (3) years.
- B) Accounts with recent activity following a period of at least three (3) years of dormancy.
- C) Accounts that show unusually large share withdrawals.
- D) Accounts that have delinquent loans.
- E) Share and loan accounts closed or charged off since the last verification was conducted.
- F) Accounts where negative requests are returned due to an inaccurate address.
- G) Any other accounts with unusual or significant activity, or which, in the judgment of the Committee, should be done on a positive basis to verify the integrity of the negative verification requests.

For all positive verifications, a signed member's response **must be received**, indicating as to whether he/she agrees or disagrees with the balance shown, and an explanation for any disagreement. (A stamped, addressed return envelope helps to expedite the response). Should a member not respond within a reasonable time, (normally around two weeks) a **second request must be sent**. In addition, a third request may also be sent. If there is still no response, the Supervisory Committee must satisfy itself that the balance is correct by other means.

*Verification of accounts completed by an outside registered accountant may **all** be done on a negative basis if the audit is considered an **External Audit**. If an outside registered accountant performs an **Internal Audit**, then the requirements above must be followed.

The Supervisory Committee should follow Section 190.130, Paragraph B) 2.), of the Rules and Regulations on an annual basis. If a 100% verification was not performed in the prior year, it must be done in the current year. Follow-ups **must** be performed on all statements returned, positive confirmations with member comments, and all statements that were undeliverable. The entire verification process must be under the control of the Supervisory Committee once statements are printed or received from an outside bureau.

All responses and communications to the verifications by members must be to the Supervisory Committee and not separated or removed by management. All replies should be sent to a location controlled by the Supervisory Committee (i.e., P.O. Box) or if delivered to the credit union, any responses must be forwarded to the Supervisory Committee unopened.

It is the responsibility of management to update the address files prior to the mailing, and to investigate those verifications returned by the Post Office after the Supervisory Committee has recorded those returns. Any statements without an address must remain under the control of the Supervisory Committee.

Error Checks

Throughout the Supervisory Audit spreadsheet, validation checks are provided to alert the user if the audit is in balance or not.

Validation checks can be found on various schedules in the audit, generally adjacent to summary totals. Reference is included to identify the corresponding cell on page 1 of the audit form that was used to validate the totals per various schedule pages.

When the audit balances, a green validation box with the words, “In Balance” or “Assets and Liabilities Balance” will appear.

When the audit is out of balance, a red validation box with the words, “Not In Balance” or “Assets and Liabilities Out of Balance” will appear. The user will need to determine where the error is and correct.

On Page 4 (Cash Schedule), Page 7 (Loan Schedule), Page 8 (Investment Program), Page 9 (Investment Schedule), on row eight will be a message that reads, “If this schedule does not apply select "Not Applicable" from the drop-down menu.” When “Not Applicable” is selected, all cells will be automatically be grayed out. The user will not need to type anything on that page and can move on to the next page of the audit.

The tab called, “Error Checks” provides a high-level overview of each error check located throughout the Supervisory Audit. In column G will list if each validation is, “In Balance” or “Not In Balance.” Before submitting the audit to the Department, each validation check must read, “In Balance.” Each validation check provides a reference to where the value in either column B or D is pulling from. This allows the user to quickly determine where the audit is out of balance.

On the Signature Page, if the audit is out of balance a red validation box with the message, “Not In Balance” will appear on the signature lines, preventing the Supervisory Committee and Notary from providing their signature approving the audit. Once the audit is in balance, the warning message will be removed.

STATEMENT OF FINANCIAL CONDITION

CREDIT UNION: 0

INTERNAL AUDIT DATE: 01/00/1900

<u>Assets</u>	<u>Detail Page</u>	(Use Whole Dollars Only)	
1 Total Loans	(7)	\$ -	
2 Less Allowance for Loan Losses	(7)	(\$ -)	
-Net Loans			\$ -
3 Cash - and Cash Equivalents	(4)	\$ -	
4 Total Investments	(9)	\$ -	
5 Fixed Assets (cost)	(13)	\$ -	
Less - Accumulated Depreciation	(13)	(\$ -)	
- Book Value - Fixed Assets			\$ -
6a NCUA Insurance Capitalization Deposit	(15)	\$ -	
6b ASI Insurance Capitalization Deposit	(15)	\$ -	
7 Prepaid Expenses	(15)	\$ -	
8 Other Assets	(15)	\$ -	
9		TOTAL ASSETS	\$ -
<u>LIABILITIES SHARES & EQUITY</u>			
10 Accounts Payable	(15)	\$ -	
11 Total Borrowings	(15)	\$ -	
12 Accrued Dividends Payable	(15)	\$ -	
13 Accrued Expenses/Other Liabilities	(15)	\$ -	
14 Total Shares and Deposits	(11)	\$ -	
15 Regular Reserve		\$ -	
16 Investment Valuation Reserve		\$ -	
17 Other Reserves		\$ -	
18 Undivided Earnings		\$ -	
19 Year-To-Date Net Income (Loss)	(2)	\$ -	
20		TOTAL LIABILITIES + EQUITY	\$ -

Comments:

STATEMENT OF INCOME

CREDIT UNION: **0**

INTERNAL AUDIT DATE: **01/00/1900**

<u>OPERATING INCOME</u>		(Use Whole Dollars Only)
		<u>Year-To-Date</u>
1	Interest on Loans	\$ -
2	(Less) Interest Refunded	(\$ -)
3	Investment Income	\$ -
4	Fee Income	\$ -
5	Income (Loss) from Trading Securities	\$ -
6	Other Operating Income	\$ -
7	TOTAL GROSS INCOME	\$ - (a)
 <u>OPERATING EXPENSES</u>		
8	Compensation and Benefits	\$ -
9	Travel and Conference	\$ -
10	Office Occupancy	\$ -
11	Office Operations	\$ -
12	Educational and Promotional	\$ -
13	Loan Servicing Expense	\$ -
14	Professional and Outside Services	\$ -
15	Provision for Loan Losses	\$ -
16	Provision for Investment Losses	\$ -
17	Members Insurance and Bond	\$ -
18	Operating Fees (Exam and/or Supervision Fees)	\$ -
19	Misc. Operating Expenses	\$ -
20	TOTAL OPERATING EXPENSES	\$ - (b)
21	INCOME (LOSS) FROM OPERATIONS (a) - (b) =	\$ - (c)
22	Gain (Loss) on Sale of Investments (Not Trading Securities)	\$ -
23	Gain (Loss) on Disposition of Fixed Assets	\$ -
24	Other Non-Operating Gains (Losses)	\$ -
25	INCOME (LOSS) BEFORE COST OF FUNDS (c)-(22-24)	\$ - (d)
26	Interest on Borrowed Money	\$ -
27	Dividends on Shares	\$ -
28	Interest on Deposits	\$ -
29	NET INCOME (LOSS) (d)-(26-28)	\$ - (e)

Comments:

CASH PROGRAM

CREDIT UNION: **0**

INTERNAL AUDIT DATE: **01/00/1900**

- To determine if cash on hand and cash in checking account(s) reconcile to the general ledger balance.
- To determine whether or not cash transactions are properly recorded in a timely manner.

PROCEDURES:	Completed By	Date Completed
1 Count the cash on hand and reconcile it to the general ledger.	_____	_____
2 Review reconciliation's for all transactional accounts held at financial institutions.		
a. Trace the reconciled balance to the general ledger.	_____	_____
b. Investigate all reconciling items in excess of sixty (60) days outstanding.	_____	_____
c. Trace the beginning balance(s) to the original from the financial institution.	_____	_____
d. Verify that all deposits in transit are recorded on the next bank statement as received.	_____	_____
3 Verify that all receipts are being deposited within 48 hours for at least one test month.	_____	_____
4 Document the validity of the operating expenses for at least one test month.	_____	_____
5 Foot and cross-foot the cash receipts and cash disbursements journal(s) for one test month. Trace these footings to the general ledger.	_____	_____

Comments:

CASH SCHEDULE

CREDIT UNION: 0

INTERNAL AUDIT DATE: 01/00/1900

(Use Whole Dollars Only)

CASH ON HAND

Vault Cash	\$	-
Teller Drawer Cash	\$	-
TOTAL	(a) \$	-

CASH IN TRANSACTIONAL BANK ACCOUNTS

Institution #1 (below)	\$	-
Institution #2 (below)	\$	-
Institution #3 (below)	\$	-
Institution #4 (below)	\$	-
Corporate Credit Union #5 (below) (not including investments and PCB accounts which belong on Page 9)	\$	-
TOTAL	(b) \$	-

TOTAL CASH on hand and Transactional Accounts from Financial Institutions (a + b) \$ - (*)

	Institution #1	Institution #2	Institution #3
Name	_____	_____	_____
Address	_____	_____	_____
	_____	_____	_____
Account #	_____	_____	_____
	Institution #4	Institution #5	
Name	_____	_____	
Address	_____	_____	
	_____	_____	
Account #	_____	_____	

Comments:

LOAN PROGRAM

CREDIT UNION: 0

INTERNAL AUDIT DATE: 01/00/1900

Purpose:

- To ensure that delinquent loans are being reported accurately.
- To determine proper documentation is obtained on loans.
- To verify that the aggregate amount of the subsidiary ledger(s) agree(s) with the general ledger control.
- To determine if the Reserve/Allowance for Loan Losses account is properly funded.
- To determine compliance with written lending and collection procedures.

Policies:

	Yes	No
1 Is there a Lending Policy available for use by all interested parties?	_____	_____
2 Is there a Collection Policy available for use by all interested parties?	_____	_____
3 Do the above policies indicate they have been approved by the Board of Directors?	_____	_____
3a. Date of approval for the Lending Policy? _____		
3b. Date of approval for the Collection Policy? _____		
4 Are these policies being followed by administrative personnel in conducting their daily operations?	_____	_____

Procedures:

	Completed By	Date Completed
1 Review the accuracy of the delinquent loan report by re-computing the number of months past due on various loans listed in the report.	_____	_____
2 Check at least 10% of the loans classified as current for possible delinquency (maximum of 25 loans).	_____	_____
3 Evaluate all delinquent loans for collectability and determine which loans, if any, should be charged off.	_____	_____
4 Determine the adequacy of the balance in the Allowance for Loan Losses Account in accordance with Section 190.70 of the	_____	_____
5 union and check for delinquency, proper loan documentation and approval.	_____	_____

Comments:

LOAN PROGRAM

CREDIT UNION: 0

INTERNAL AUDIT DATE: 01/00/1900

		Completed By	Date Completed
6	Test sample a number of loan files for adequate documentation and compliance with written lending policies. At least 10% of all loan files should be tested (maximum of 25).	_____	_____
7	Compare the aggregate amount of the individual account totals (subsidiary ledgers) to the general ledger balance by running an adding machine tape. If on computer, compare the trial balance total to the general ledger.	_____	_____
8	Review the collection activities for each delinquent loan and verify compliance with written collection policies.	_____	_____
9	Review files of charged off loans to determine if collection effort is continuing.	_____	_____

(Mark below Yes or No)

		Yes	No
10	Is there a record of all charged off loans?	_____	_____
11	Have all collection efforts been exhausted?	_____	_____
11	Is management alert to actions needed to protect the credit union's assets when a member files bankruptcy?	_____	_____
12	Do the lending and collection policies adequately cover the issue of credit cards?	_____	_____
13	List below any recommendations for improvement(s) in the credit union's current written lending and collection procedures.	_____	_____

Comments:

LOAN SCHEDULE

CREDIT UNION: 0

INTERNAL AUDIT DATE: 01/00/1900

(Use Whole Dollars Only)

<u>TYPE OF LOAN</u>	<u>Number</u>	<u>\$ Amount</u>
1 Unsecured Credit Card Loans	_____	\$ -
2 All Other Unsecured Loans	_____	\$ -
3 Share Secured Loans	_____	\$ -
4 New Vehicle Loans	_____	\$ -
5 Used Vehicle Loans	_____	\$ -
6 First Mortgage Loans	_____	\$ -
7 Subordinate Mortgage Loans	_____	\$ -
8 Insured or Pledged Loans	_____	\$ -
9 Other (Purchased or Non-Member Loans)	_____	\$ -
10 Commercial & Agricultural Loans	_____	\$ -
TOTAL LOANS	0	\$ -

<u>DELINQUENT LOANS</u>	<u>Number</u>	<u>\$ Amount</u>
10 Substandard Loans (2 - less than 6 months)	_____	\$ -
11 Doubtful Loans (6 - less than 12 months)	_____	\$ -
12 Loss Loans (12 months or over)	_____	\$ -
TOTAL DELINQUENT LOANS	0	\$ -

Comments:

INVESTMENT PROGRAM

CREDIT UNION: 0

INTERNAL AUDIT DATE: 01/00/1900

Purpose:

- To verify investment activity is carried out in accordance with written policy.
- Confirm that current investments exist in the amount(s) shown in the general ledger.
- Ensure that all investments are legally within the guidelines of Paragraph 305/59 of the Illinois Credit Union Act.
- To confirm that the credit union is categorizing investments according to (SFAS) 115.

Policies:

	Yes	No
1 Is there an Investment Policy available for use by all interested parties?	_____	_____
2 Has the Investment Policy been updated to reflect the requirements of FASB 115?	_____	_____
3 Does this policy indicate it has been approved by the Board of Directors?	_____	_____
3a. What was the date of approval? _____		
4 Is the policy being followed by administrative personnel in conducting daily operations?	_____	_____

Procedures:

	Completed by	Date Completed
1 Verify all investment balances in writing, unless they can be confirmed by the original statement, passbook, etc.	_____	_____
2 Confirm that all investments are allowable under Section 305/59 of the Illinois Credit Union Act.	_____	_____
3 Review current written investment policies to determine if all investment activity is in compliance with the policies.	_____	_____
4 Review the credit union’s method of accounting for premiums and discounts on investment securities, if applicable.	_____	_____
5 Obtain the market value and maturity of all investments.	_____	_____
6 Verify that accounting for investments separates them into “Held to Maturity”, “Available for Sale”, and/or “Trading Securities”.	_____	_____
7 Determine that “Available for Sale” and/or “Trading Securities” are re-priced regularly and the balances in the general ledger reflect market price.	_____	_____

INVESTMENT SCHEDULE

CREDIT UNION: 0

INTERNAL AUDIT DATE: 01/00/1900

(Use Whole Dollars Only)

<u>INVESTMENT TYPE:</u>	<u>Book Value</u>	<u>Market Value</u>
1 U.S. Government Obligations	\$ -	\$ -
2 Federal Agency Securities	\$ -	\$ -
3 Mutual Funds & Common Trust Investments ¹	\$ -	\$ -
4 Corporate Credit Unions	\$ -	\$ -
5 Commercial Banks, S & L's, Mutual Savings Banks	\$ -	\$ -
6 Credit Unions-Deposits In and Loans To	\$ -	\$ -
7 Other Investments	\$ -	\$ -
TOTAL INVESTMENTS	\$ - (*)	\$ -

Note: Insurance Capitalization Deposit is listed on Page 15.

CLASSIFICATION OF INVESTMENTS

	A. < 1 Year	B. 1-3 Years	C. 3-10 Years	D. > 10 Years	E. Total Amount
1 Held to Maturity	\$ -	\$ -	\$ -	\$ -	\$ -
2 Available for Sale	\$ -	\$ -	\$ -	\$ -	\$ -
3 Trading	\$ -	\$ -	\$ -	\$ -	\$ -
4 Non-SFAS 115 Investments ²	\$ -	\$ -	\$ -	\$ -	\$ -
5 TOTALS	\$ -	\$ -	\$ -	\$ -	\$ - (*)

Notes:

¹ Mutual Funds & Common Trust Investments must be either categorized as Available for Sale or Trading Securities.

² CD's with Corporate Credit Unions, Commercial or Savings Banks, or with other Credit Unions must be treated as Non-SFAS 115 Investments.

Comments:

SHARE PROGRAM

CREDIT UNION: **0**

INTERNAL AUDIT DATE: **01/00/1900**

Purpose:

- To verify that the aggregate amount of the subsidiary ledgers agrees with the general ledger control.
- To determine if dividends are being paid ratably within each share type and in accordance with board policy.
- To ensure that new members are within the credit union's field of membership.

Policies:

	Yes	No
1 Is the Credit Union making appropriate efforts to maintain contact with members with inactive accounts?	_____	_____
2 Is the Credit Union turning over to the Unclaimed Property Division all accounts dormant for greater than three (3) years?	_____	_____

Procedures:

	Completed By	Date Completed
1 Compare the aggregate amount of the individual account totals (subsidiary ledger) to the general ledger balance by running an adding machine tape. If on computer, compare the trial balance total to the general ledger.	_____	_____
2 Test the accuracy of the dividend computation under the new "TIS" ruling for each type of share held. The number tested should be at least five (5) accounts for each type of share.	_____	_____
3 Select a list of new members from the Board minutes (5-10 names). Verify the membership qualifications by reviewing the information contained on the membership cards.	_____	_____
4 Verify that all closed accounts are reported to the Board and any balances are properly reconciled and/or paid.	_____	_____
5 Verify that the credit union has a plan to cover all certificates and/or non-member deposits at their dates of maturity.	_____	_____

SHARE (OR SAVINGS) SCHEDULE

CREDIT UNION: **0**

INTERNAL AUDIT DATE: **01/00/1900**

(Use Whole Dollars Only)						Dividend Information			
Distribution of Savings	Total # of Accts.	Amount less than 1 Year	Amount 1-3 Years	Amount More than 3 Years	TOTAL	Last Payment			Accrual ⁽²⁾
						Rate ⁽¹⁾	Date Paid	Freq.	
1 Share Drafts					\$ -				
2 Regular Shares					\$ -				
3 Money Market Shares					\$ -				
4 Share Certificates					\$ -				
5 IRA/KEOUGH Accounts					\$ -				
6 All Other Shares					\$ -				
7 TOTAL SHARES	0	\$ -	\$ -	\$ -	\$ -				
8 Non-Member Deposits									
9 TOTAL Shares and Deposits	0	\$ -	\$ -	\$ -	\$ -				(*)

⁽¹⁾ Dividend Rate should be that which was paid at the most recent payment date to the majority of shareholders.

⁽²⁾ Accrual - Indicate whether dividends are being accrued from the last dividend payment date (yes or no).

^(*) Balance should agree with Page 1, Line 14.

Comments:

FIXED ASSET PROGRAM

CREDIT UNION: **0**

INTERNAL AUDIT DATE: **01/00/1900**

Purpose:

- To verify the existence of fixed assets owned by the credit union.
- To determine whether or not fixed assets are being properly depreciated.
- To determine if the disposition of fixed assets, including all gains and losses, are correctly recorded.

Procedures:	Completed By	Date Completed
1 Obtain a listing of fixed assets owned by the credit union and sight all items listed. (Sample 10% if over 50 items are listed).	_____	_____
2 Review the invoices and canceled checks of any fixed assets purchased since the last audit to determine proper recording.	_____	_____
3 Check the depreciation computation for all fixed assets to determine accuracy. (Sample 10% if over 50 items are listed, including all items reviewed in #2 above).	_____	_____
4 Trace the balances shown on the credit union's depreciation schedule to the general ledger.	_____	_____
5 Check the removal from the records including the computations of all gains and losses on the disposition of every fixed asset. (Sample no more than 10%).	_____	_____
6 Determine that items on lease are properly identified and accounted for.	_____	_____
7 Verify that property and casualty insurance is adequate to cover all property owned and/or leased, including computer records.	_____	_____
8 Review transactions involving repossessed collateral (if any) for proper accounting and safekeeping. Sight test all items listed. Trace recordings of all collateral items sold to cash receipts journal and members' loan accounts.	_____	_____

Comments:

FIXED ASSET SCHEDULE

CREDIT UNION: **0**

INTERNAL AUDIT DATE: **01/00/1900**

(Use Whole Dollars Only)

ITEM	Original Cost	Accumulated Depreciation	Book Value
Land	\$ -	\$ -	\$ -
Building	\$ -	\$ -	\$ -
Leaseholder Improvements	\$ -	\$ -	\$ -
Furniture and Equipment	\$ -	\$ -	\$ -
Autos	\$ -	\$ -	\$ -
Computer Equipment	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -

Comments:

OTHER ASSETS AND LIABILITIES PROGRAM

CREDIT UNION: **0**

INTERNAL AUDIT DATE: **01/00/1900**

Purpose:

- To confirm that other assets and liabilities are proper and correctly accounted for.

Procedure:

		Completed By	Date Completed
1	Verify all beginning balances in prepaid expense accounts by examining paid invoices and/or canceled checks to determine validity.	_____	_____
2	Test the credit union’s amortization computations for each prepaid asset to insure accuracy and timeliness.	_____	_____
3	Verify all liabilities in writing unless they can be confirmed through an outside source (statement, unpaid invoice, etc.).	_____	_____
4	Test the accuracy and reasonableness of all accrued expense (asset accounts) and accrued income (liability accounts).	_____	_____
5	Review all other assets and liabilities to determine correct financial statement presentation, existence, ownership and proper valuation.	_____	_____
6	Verify that payroll taxes are accrued for all employees and paid when due.	_____	_____

Comments:

OTHER ASSETS AND LIABILITIES SCHEDULE

CREDIT UNION: 0

INTERNAL AUDIT DATE: 01/00/1900

(Use Whole Dollars Only)

OTHER ASSETS

<u>ITEM:</u>		<u>BALANCE</u>
NCUA Insurance Capitalization Deposit		\$ -
ASI Insurance Capitalization Deposit		\$ -
Prepaid Expenses		\$ -
Other Assets	\$ -	
Accrued Interest Receivable - Loans	\$ -	
Accrued Interest Receivable - Investments	\$ -	
Total Other Assets		\$ -
TOTAL OTHER ASSETS		\$ -

LIABILITIES

<u>ITEM:</u>			<u>BALANCE</u>
Accounts Payable			\$ -
Total Borrowings			\$ -
Accrued Dividends Payable			\$ -
Payroll Taxes Payable			\$ -
Accrued Expenses			\$ -
Other Liabilities			\$ -
TOTAL OTHER LIABILITIES			\$ -

Comments:

ANNUAL VERIFICATION OF MEMBERS SHARE AND LOAN ACCOUNTS

See Article 190.130 of the Rules & Regulations for detailed instructions

CREDIT UNION NAME: 0

NOTICE

This Section, concerning the Annual Verification of Members' Share and Loan Accounts, must be completed when filing the Annual Supervisory Committee Internal Audit Report.

	Yes	No
1 Was 100% Verification of Members' Share and Loan Accounts completed for LAST YEAR's report? If yes, then a reasonable percentage verification of members' share and loan accounts may be performed. If no, then <u>100% Verification</u> MUST be completed this	_____	_____
2 Was 100% Verification of Members' Share & Loan Accounts completed for THIS YEAR's report?	_____	_____
3 Does the credit union have any accounts that must be verified positive per Article 190.130 (2)?	_____	_____

- Note: Please refer to pages b and c of this report for information and requirements for Verification of Accounts.

If a Registered Public Accountant was employed to make the Annual Verification of Member's Share and Loan Accounts for the Supervisory Committee or the annual audit and preparation of this verification, show below the name of the accountant, the firm name, address and phone number:

Auditor's Name: _____	Firm Name: _____
Address: _____	City: _____
Zip: _____	Phone: _____

VERIFICATION OF ACCOUNTS SUMMARY

CREDIT UNION NAME: 0

POSITIVE Requires a direct reply or attestation by the member as to the correctness of the balances. See Section 190.130 of the Rules & Regulations for account types that **must** be verified by Positive Method every year.

	Share Accounts	Loan Accounts
	<u>Item Count</u>	<u>Item Count</u>
Total Number of Accounts	_____	_____
# of Positive Confirmations mailed	_____	_____
# Returned without exceptions	_____	_____
# Returned with exceptions	_____	_____
# of second request mailings*	_____	_____
# of non-replies (including "no mail" accounts & P.O. returns)	_____	_____

NEGATIVE Require replies only if the information listed is incorrect (in the members' opinion)

	Share Accounts	Loan Accounts
	<u>Item Count</u>	<u>Item Count</u>
Total Number of Accounts	_____	_____
# of Negative Confirmations mailed	_____	_____
# Returned without exceptions	_____	_____
# Returned with exceptions	_____	_____
# unable to confirm, Post office	_____	_____
# of non-replies, presume correct	_____	_____

TOTAL CONFIRMATIONS (Positive & Negative)	=====	=====
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- If any third requests for positive verification were sent out, please provide details on a separate page and attach.

<i>Account Name</i>		Balance Sheet		Schedule		Difference			
<i>Assets v Liabilities</i>	Page 1 Cell H27	\$	-	Page 1 Cell K41	\$	-	\$	-	In Balance
<i>Cash and Cash Equivalents</i>	Page 1 Cell K15	\$	-	Page 4 Cell L28	\$	-	\$	-	In Balance
<i>Total Loans</i>	Page 1 Cell I11	\$	-	Page 7 Cell I27	\$	-	\$	-	In Balance
<i>Allowance for Loan Losses / Delinquent Loans</i>	Page 1 Cell I12	\$	-	Page 7 Cell I40	\$	-	\$	-	In Balance
<i>Total Investments</i>	Page 1 Cell K16	\$	-	Page 9 Cell H23	\$	-	\$	-	In Balance
<i>Classification of Investments</i>	Page 1 Cell K16	\$	-	Page 9 Cell J35	\$	-	\$	-	In Balance
<i>Total Shares and Deposits</i>	Page 1 Cell K35	\$	-	Page 11 Cell G30	\$	-	\$	-	In Balance
<i>Fixed Assets</i>	Page 1 Cell I18	\$	-	Page 13 Cell C20	\$	-	\$	-	In Balance
<i>Accumulated Depreciation</i>	Page 1 Cell I19	\$	-	Page 13 Cell D20	\$	-	\$	-	In Balance
<i>Book Value</i>	Page 1 Cell K20	\$	-	Page 13 Cell E20	\$	-	\$	-	In Balance
<i>NCUA Insurance Capitalization Deposit</i>	Page 1 Cell K22	\$	-	Page 15 Cell I16	\$	-	\$	-	In Balance
<i>ASI Insurance Capitalization Deposit</i>	Page 1 Cell K23	\$	-	Page 15 Cell I17	\$	-	\$	-	In Balance
<i>Prepaid Expenses</i>	Page 1 Cell K24	\$	-	Page 15 Cell I18	\$	-	\$	-	In Balance
<i>Other Assets</i>	Page 1 Cell K25	\$	-	Page 15 Cell G19	\$	-	\$	-	In Balance
<i>Total Assets</i>	Page 1 Cell K22-K25	\$	-	Page 15 Cell I24	\$	-	\$	-	In Balance
<i>Accounts Payable</i>	Page 1 Cell K31	\$	-	Page 15 Cell I30	\$	-	\$	-	In Balance
<i>Total Borrowings</i>	Page 1 Cell K32	\$	-	Page 15 Cell I31	\$	-	\$	-	In Balance
<i>Accrued Dividends Payable</i>	Page 1 Cell K33	\$	-	Page 15 Cell I32	\$	-	\$	-	In Balance
<i>Accrued Expenses/Other Liabilities</i>	Page 1 Cell K34	\$	-	Page 15 Cell I33, I34, and I35	\$	-	\$	-	In Balance

CERTIFICATION PAGE

CREDIT UNION NAME: 0

STATE OF ILLINOIS)
) ss
COUNTY OF _____)

We, the undersigned, being **all** of the members of the Supervisory Committee of the above stated Credit Union and being duly sworn on oath, depose and say, each for themselves, under penalty of perjury, that they are a member of the Supervisory Committee of the above stated credit union; that they have caused an annual audit to be made, as provided in Paragraph 305/34 of the Illinois Credit Union Act; and they attest this report is the result of such audit; that the statements herein contained have been examined by them and are true and correct to the best of their knowledge and belief.

Total # of Members on Supervisory Committee: _____
(per your bylaws)

Subscribed and sworn to before me this:

Day Month Year

Notary Signature

(Seal)

Signature _____
Chairperson, Supervisory Committee

Signature _____
Member, Supervisory Committee

Signature _____
Member, Supervisory Committee

Signature _____
Member, Supervisory Committee

Signature _____
Member, Supervisory Committee

Please Note: ALL members of the Supervisory Committee are REQUIRED to sign. Also, if any member of the Supervisory Committee has changed since the last Annual Meeting, please indicate (new) after their signature.

For internal control purposes, when completing an internal audit, it is highly recommended the Supervisory Committee should seek out a Notary Public that is not associated with the credit union.

If the cells above show the phrase "Not In Balance", the audit is not in balance and thus cannot be completed. Please see the "Error Checks" tab to learn where the audit is out of balance. Once the audit is in balance, the blacked out areas will be removed.