

**STATE OF ILLINOIS**  
**DEPARTMENT FINANCIAL & PROFESSIONAL REGULATION**  
**DIVISION OF FINANCIAL INSTITUTIONS**  
**CREDIT UNION SECTION**

Year \_\_\_\_\_

**SUPERVISORY COMMITTEE**

**INTERNAL AUDIT REPORT**

\_\_\_\_\_  
**CREDIT UNION NAME**

**Internal Audit Date:** \_\_\_\_\_  
(As of date)                      **Month**                      **Day**                      **Year**

**Date Audit Completed:** \_\_\_\_\_  
   **Month**                      **Day**                      **Year**

**IMPORTANT NOTICE**

This state agency is requesting disclosure of information that is necessary to accomplish the statutory purpose as outlined under Paragraph 305/34(1) of the Illinois Credit Union Act. Disclosure of this information is required. Failure to submit the report by the due date will result in a late filing fee for each day the report is overdue pursuant to the Department's Rules & Regulations 190.50 (amended December 2006).

**Due Date:**

The audit report or agreed upon procedures report shall be completed and a copy thereof delivered to the Secretary **no later than 120 days** after the end of the calendar or fiscal year under audit or fiscal period for which the agreed upon procedures are performed. A credit union or group of credit unions may obtain an extension of the due date upon application to and receipt of written approval from the Secretary.

## 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 Department's Rules and Regulations.
- 2) The President and staff **must not help you** with any part of this internal audit other than help you locate records or explain work they have done. Remember, you are verifying their work.
- 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, due to the high volume of work-load caused by year-end closings, the December Year-End 5300 Call Report, and tax season, **we strongly encourage you to perform the audit in the months prior to the December 31 cut off date.**
- 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 Description
1	Statement of Financial Condition
2	Statement of Income
3	Cash Programs
4	Cash Schedule
5 & 6	Loan Programs
7	Loan Schedule
8	Investment Program
9	Investment Schedule
10	Share Program
11	Share (or Savings) Schedule
12	Fixed Asset Program
13	Fixed Asset Schedule
14	Other Assets and Liabilities Program
15	Other Assets and Liabilities Schedule
16	Verification of Members' Share and Loan Accounts
17	Certification of Report

Also included with the Supervisory Committee Internal Audit Report are 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 an 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 1). 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 1.
- 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

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) Thoroughly read the "Verification of Accounts Information". 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 once 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 current members of the Supervisory Committee must sign the Report.**
- 6) Retain a copy for your file and return a copy to:

**Email:** [FPR.CreditUnion@Illinois.gov](mailto:FPR.CreditUnion@Illinois.gov)

**FAX:** 217-557-8461

**US Mail:**

IDFPR - Credit Union Section  
320 W. Washington, Suite 550  
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

### Section 190.130 Verification of Share and Loan Accounts

a) The Supervisory Committee must make or cause to be made at least once each year a reasonable percentage verification of members' share and loan accounts. Except when prior written permission is given by the Division, for good cause shown, the verification results are to be reported in the Supervisory Committee Report filed with the Division. The verification shall be conducted by the Committee, or by a registered public accountant, under the supervision of the Committee.

#### b) Verifications Conducted by the Supervisory Committee

1) The Committee must test 100% of the accounts at least once every two years; however, the Committee may submit a modified program using generally accepted auditing standards for approval by the Division. When conducting the verification, the Committee must establish the following controls:

A) The commencement of the verification must be on a surprise basis, including taking possession and control of books and records, or copies thereof, necessary for the audit.

B) 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.

C) General notice of the verification is to be publicized to the membership in the credit union offices and by other appropriate means.

D) Separate records of members' share and loan account trial balances are to be maintained by the Committee; the Committee must also maintain a separate list of members that is to be updated from the Board minutes for new and terminated members.

E) All responses and communications to the verifications by members must be to the Supervisory Committee or its agents.

F) All records supporting the verification are to be retained by the Supervisory Committee.

2) Verification requests may be of either the positive kind, which requires a direct reply or attestation by the member as to the correctness or the balances, or the negative kind, which require replies only if the information listed is, in the opinion of the member, incorrect. Provided however, that the following accounts must be verified using the positive method:

A) Inactive or dormant accounts – members' accounts that show no member initiated activity for at least 3 years.

B) Accounts with recent activity following a period of at least 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.

3) All discrepancies reported should be resolved and, if known, the reason for the error shall be reported to the board, along with the results of the audit.

c) Verification Conducted by a CPA Firm or Individual Registered with the State of Illinois to Practice as a Public Accountant

1) When the Supervisory Committee's audit is performed by a CPA or a Registered Public Accountant, either positive or negative verification requests may be used. The extent and nature of all tests is to be decided jointly by the Committee and the CPA or Registered Public Accountant.

2) At the conclusion of the audit, a statement must be given that reflects the work performed and the responsibilities accepted by the firm or individual. This statement shall be signed by the person in charge of the audit, or by the person who accepts responsibility for the firm, and shall be attached to the audit report given to the board of directors.

(Source: Amended at 37 Ill. Reg. 12450, effective July 16, 2013)

# STATEMENT OF FINANCIAL CONDITION

**CREDIT UNION:** \_\_\_\_\_

**INTERNAL AUDIT DATE:** \_\_\_\_\_

Month

Day

Year

Assets

Detail Page

(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			_____
6. Insurance Capitalization Deposit	(15)		_____
7. Prepaid Expenses	(15)		_____
8. Other Assets	(15)		_____
9.		<b>TOTAL ASSETS</b>	

LIABILITIES SHARES & EQUITY

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.		<b>TOTAL LIABILITIES + EQUITY</b>	

Comments: \_\_\_\_\_

\_\_\_\_\_

# STATEMENT OF INCOME

**CREDIT UNION:** \_\_\_\_\_

**INTERNAL AUDIT DATE:** \_\_\_\_\_

Month

Day

Year

**OPERATING INCOME**

(Use Whole Dollars Only)

**Year-To-Date**

- |  |           |     |
|--|-----------|-----|
| 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. <b>TOTAL GROSS INCOME</b>             | <b>\$</b> | (a) |

**OPERATING EXPENSES**

- |  |           |     |
|--|-----------|-----|
| 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. <b>TOTAL OPERATING EXPENSES</b>                  | <b>\$</b> | (b) |
| 21. <b>INCOME (LOSS) FROM OPERATIONS (a) - (b) =</b> | <b>\$</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** \$

- |                                |  |  |
|--------------------------------|--|--|
| 26. Interest on Borrowed Money |  |  |
| 27. Dividends on Shares        |  |  |
| 28. Interest on Deposits       |  |  |

29. **NET INCOME (LOSS)** \$

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

# CASH PROGRAM

**CREDIT UNION:** \_\_\_\_\_

**INTERNAL AUDIT DATE:** \_\_\_\_\_

Month

Day

Year

- 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 statement(s) 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**  
(Please mark N/A if not applicable)

**CREDIT UNION:** \_\_\_\_\_

**INTERNAL AUDIT DATE:** \_\_\_\_\_

Month Day Year

(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)  (\*)

(\*) Balance should agree with line 3, page 1.

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

**Comments:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

# LOAN PROGRAM

(Please mark N/A if not applicable)

**CREDIT UNION:** \_\_\_\_\_

**INTERNAL AUDIT DATE:** \_\_\_\_\_

	Month	Day	Year
--	-------	-----	------

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 Departmental Rules and Regulations.

--	--	--

5. Review all loans to directors, officers, and employees of the credit union and check for delinquency, proper loan documentation and approval.

--	--	--

**LOAN PROGRAM**  
(Please mark N/A if not applicable)

**CREDIT UNION:** \_\_\_\_\_

**INTERNAL AUDIT DATE:** \_\_\_\_\_

**Month**

**Day**

**Year**

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

\_\_\_\_\_

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.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**LOAN SCHEDULE**  
(Please mark N/A if not applicable)

**CREDIT UNION:** \_\_\_\_\_

**INTERNAL AUDIT DATE:** \_\_\_\_\_

Month

Day

Year

(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	_____	_____
<b>TOTAL LOANS</b>	<b>□</b>	<b>□</b>

<u>DELINQUENT LOANS</u>	<u>Number</u>	<u>Amount</u>
10. "Slow" Loans (2 - less than 6 months)	_____	_____
11. "Doubtful" Loans (6 - less than 12 months)	_____	_____
12. "Loss" Loans (12 months or over)	_____	_____
13. Other Delinquent Loans due to Bankruptcy	_____	_____
<b>TOTAL DELINQUENT LOANS</b>	<b>□</b>	<b>□</b>

**Comments:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

# INVESTMENT PROGRAM

(Please mark N/A if not applicable)

**CREDIT UNION:** \_\_\_\_\_

**INTERNAL AUDIT DATE:** \_\_\_\_\_

Month

Day

Year

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

(Please mark N/A if not applicable)

**CREDIT UNION:** \_\_\_\_\_

**INTERNAL AUDIT DATE:** \_\_\_\_\_

Month

Day

Year

(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 <sup>1</sup>	_____	_____
4. Corporate Credit Unions	_____	_____
5. Commercial Banks, S & L's, Mutual Savings Banks	_____	_____
6. Credit Unions-Deposits In and Loans To	_____	_____
7. Other Investments	_____	_____
<b>TOTAL INVESTMENTS</b>	\$ <span style="border: 1px solid black; padding: 2px 20px;"> </span> (*)	\$ <span style="border: 1px solid black; padding: 2px 20px;"> </span>

Note: Insurance Capitalization Deposit is listed on Page 15.

<u>CLASSIFICATION OF INVESTMENTS:</u>	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 <sup>2</sup>	_____	_____	_____	_____	_____
5. TOTALS	_____	_____	_____	_____	_____ (*)

(\*) Balance Should Agree with Page 1, Line 4.

Notes:

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

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

# SHARE PROGRAM

**CREDIT UNION:** \_\_\_\_\_

**INTERNAL AUDIT DATE:** \_\_\_\_\_

Month

Day

Year

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 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:** \_\_\_\_\_

**INTERNAL AUDIT DATE:** \_\_\_\_\_

Month

Day

Year

(Use Whole Dollars Only)

Dividend Information

Distribution of Savings	Total # of Accts.	Amount less than 1 Year	(Use Whole Dollars Only)		TOTAL	Last Payment			Accrual <sup>(2)</sup>
			Amount 1-3 Years	Amount More than 3 Years		Rate <sup>(1)</sup>	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									
8. Non-Member Deposits									
9. TOTAL Shares and Deposits									(*)

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

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

<sup>(\*)</sup> Balance should agree with Page 1, Line 14.

**Comments:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



## FIXED ASSET PROGRAM

**CREDIT UNION:** \_\_\_\_\_

**INTERNAL AUDIT DATE:** \_\_\_\_\_

Month

Day

Year

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:

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.

Completed  
By

Date  
Completed


**Comments:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

# FIXED ASSET SCHEDULE

**CREDIT UNION:** \_\_\_\_\_

**INTERNAL AUDIT DATE:** \_\_\_\_\_

Month

Day

Year

(Use Whole Dollars Only)

ITEM	Original Cost	Accumulated Depreciation	Book Value
Land			
Building			
Leasehold Improvements			
Furniture and Equipment			
Autos			
Computer Equipment			
<b>TOTAL</b>			

(\*)

(\*)

(\*)

(\*) Column Balances Should Agree with Page 1, Line 5.

**Comments:** \_\_\_\_\_

\_\_\_\_\_

# OTHER ASSETS AND LIABILITIES PROGRAM

**CREDIT UNION:** \_\_\_\_\_

**INTERNAL AUDIT DATE:** \_\_\_\_\_

Month

Day

Year

Purpose:

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

Procedure:

Date  
Completed

Completed  
By

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**

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**INTERNAL AUDIT DATE:**

Month

Day

Year

(Use Whole Dollars Only)

**OTHER ASSETS:**

<u>ITEM:</u>	NCUA <input type="checkbox"/>	ASI <input type="checkbox"/>	(* Reference	<u>BALANCE</u>
Insurance Capitalization Deposit			Line 6(*)	_____
Prepaid Expenses			Line 7(*)	_____
Accrued Interest Receivable - Loans			Total	_____
Accrued Interest Receivable - Investments			{	Equals
Other Assets				Line 8, Pg. 1 (*)
<b>TOTAL OTHER ASSETS</b>				<div style="border: 2px solid black; width: 100px; height: 15px;"></div>

**LIABILITIES:**

<u>ITEM:</u>			(* Reference	<u>BALANCE</u>
Accounts Payable			Line 10 (*)	_____
Total Borrowings			Line 11 (*)	_____
Accrued Dividends Payable			Line 12 (*)	_____
Payroll Taxes Payable			Total	_____
Accrued Expenses			{	Equals
Other Liabilities				Line 13, Pg. 1 (*)
<b>TOTAL OTHER LIABILITIES</b>				<div style="border: 2px solid black; width: 100px; height: 15px;"></div>

(\* ) Totals on these lines should agree with corresponding lines on Page 1.

**Comments:**

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# ANNUAL VERIFICATION OF MEMBERS' SHARE AND LOAN ACCOUNTS

**CREDIT UNION NAME:** \_\_\_\_\_

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

\*Note: Please refer to the Verification Instruction pages at the beginning of this report or Section 190.130 of the Rules and Regulations for detailed information and requirements.

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:

Name: \_\_\_\_\_ Firm Name: \_\_\_\_\_  
Address: \_\_\_\_\_ City: \_\_\_\_\_  
State: \_\_\_\_\_ Zip: \_\_\_\_\_ Phone: \_\_\_\_\_

See Instructions or Article 190.130 of the Rules & Regulations for detailed instructions.

## Verification of Accounts Summary

CU Name: \_\_\_\_\_

**POSITIVE  
CONFIRMATIONS:**

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 Postive Method every year (also found in the instructions at beginning of this report).

	<b>Share Accounts</b>	<b>Loan Accounts</b>
	<u>Item</u> <u>Count</u>	<u>Item</u> <u>Count</u>
<b>Total Number of Accounts</b>	_____	_____
# 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  
CONFIRMATIONS:**

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

	<b>Share Accounts</b>	<b>Loan Accounts</b>
	<u>Item</u> <u>Count</u>	<u>Item</u> <u>Count</u>
<b>Total Number of Accounts</b>	_____	_____
# of Negative Confirmations Mailed	_____	_____
# Returned without exceptions	_____	_____
# Returned with exceptions	_____	_____
# unable to confirm, Post office returns or "no mail" accounts:	_____	_____
# of non-replies, presume correct	_____	_____
<b>Total Confirmations Mailed</b> (Positive & Negative)	=====	=====

\* If any third requests for positive verification were sent out, please provide details on a separate page & attach.

# CERTIFICATION PAGE

**CREDIT UNION NAME:** \_\_\_\_\_

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.***