

# Supervisory Committee Overview

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## Summary:

The supervisory committee acts as a watchdog for the credit union, ensuring that it operates in a safe, sound, and ethical manner for the benefit of its members.

## Key Responsibilities and Duties:

The primary responsibilities of a supervisory committee are to:

- **Ensure Financial Reporting Objectives are Met:** They oversee that the credit union's financial statements are accurate, fairly presented, and comply with regulatory requirements.
- **Safeguard Member Assets:** They must ensure that the credit union establishes and maintains practices and procedures sufficient to protect the members' funds and the credit union's assets.
- **Oversee the Board of Directors and Management:** The committee holds the board of directors and senior management accountable for fulfilling their responsibilities in the best interests of the members and operating according to sound business, ethical, and regulatory standards.
- **Ensure Internal Controls are Effective:** They determine whether the credit union has established and effectively maintains internal controls to achieve its financial reporting objectives and protect against errors, fraud, conflicts of interest, and self-dealing.
- **Conduct or Cause Audits:** The committee is responsible for ensuring that a comprehensive annual audit of the credit union's books and member accounts is conducted. They may perform these audits themselves, hire an internal auditor, or engage an external, independent auditor. They also have the authority to conduct supplementary audits as deemed necessary.
- **Verify Member Accounts:** They ensure that member accounts are verified against the credit union's records periodically, at least once every two years. This can be done through a 100% verification or a controlled random statistical sampling.
- **Review Policies and Procedures:** They check that the plans, policies, and control procedures established by the board of directors are properly administered and followed.
- **Address Member Complaints:** The committee often plays a role in reviewing and resolving member complaints related to financial matters or the operation of the credit union.
- **Report Findings:** They are required to submit reports of their audits and findings to the board of directors and, in some cases, to regulatory authorities and the credit union membership.
- **Ensure Regulatory Compliance:** They monitor the credit union's adherence to relevant state and federal regulations.
- **Oversee Internal Audit Functions:** If the credit union has an internal audit department, the supervisory committee often oversees its activities and ensures its independence.
- **Potentially Suspend Officials:** In some circumstances, the supervisory committee may have the authority to suspend a member of the board of directors or a credit committee member for inappropriate behavior, pending a membership vote.

## Structure and Membership:

- **Volunteers:** Supervisory committee members are typically unpaid volunteers from the credit union's membership.
- **Appointment:** They are usually appointed by the credit union's board of directors, although specific rules may vary depending on the credit union's charter and bylaws.
- **Independence:** To maintain their objectivity, members of the supervisory committee often cannot be employees of the credit union or have certain conflicts of interest. In some cases, a non-compensated board member may serve on the committee.
- **Size:** The committee typically consists of 3 to 5 members.

## Importance:

The supervisory committee plays a crucial role in maintaining the trust and confidence of the credit union's members. Their independent oversight helps to:

- Protect member savings.
- Ensure the financial health and stability of the credit union.
- Promote ethical and sound business practices.
- Provide a mechanism for accountability of the board and management.
- Comply with regulatory requirements.

*We would be happy to hear from you with any comments or concerns at:*

**Meridian Trust FCU**  
Supervisory Committee  
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