

Family First Credit Union

Supplement to Audit Policy

Types of Acceptable Audits

Federally insured credit unions with assets of \$500 million or more must obtain an opinion audit of the Credit Union's financial statements.

Federally insured Credit Unions with assets of more than \$10 million but less than \$500 million have the following options:

1) An opinion audit of the Credit Union's financial statements.

An opinion audit must be performed by an independent accountant licensed by the state of Georgia (CPA). The audit reports include:

- Audited financial statements and independent auditor's report. The auditor's report issues an opinion as to the fair presentation of the financial statements in conformity with generally accepted accounting principles.
- A management letter (or report), which outlines any findings and recommendations on controls and operations.

An opinion is generally more expensive than a regular supervisory committee audit due to the fact that the auditor is attesting to the accuracy of the financial statements and takes on more risk by doing so. Accordingly, the audit scope is usually broader, which means the auditor incurs more hours and expenses.

2) A supervisory committee audit (agreed-upon procedures engagement).

The supervisory committee audit meets the regulatory agencies' requirements for an annual audit (Department of Banking and Finance and NCUA). The audit report includes:

- A detailed description of the procedures performed and the exceptions or differences noted.
- Findings and recommendations for correcting differences, deficiencies, exceptions and/or weaknesses in controls and operations.

3) The Supervisory Committee may also consider the option of obtaining an opinion audit every three to four years and the supervisory committee audit in the other years.