

## **Family First Credit Union**

### **Audit Policy**

#### **Purpose**

The audit policy is established for the purpose of ensuring the Supervisory Committee and Board of Directors are meeting their fiduciary responsibilities for safeguarding the assets of the credit union on behalf of its members.

It is the policy of Family First Credit Union to comply with requirements for the annual audit per Chapter 80-2-6 of the Rules and Regulations of the Department of Banking and Finance and Section 7-1-657 of the Financial Institutions Code of Georgia.

#### **Objectives**

The audit policy objectives include:

1. Obtaining an annual audit to ensure the Credit Union is operated in a safe and sound manner and that assets are adequately safeguarded.
2. Obtaining an annual audit of the Credit Union that will meet at least the minimum requirements of the regulatory agencies (Georgia Department of Banking and Finance and the NCUA).
3. Ensuring other external and internal audits, reviews and risk assessments are completed annually as required.

#### **Responsibility and Authority**

The Supervisory Committee will be comprised of at least four members of the Board of Directors. One member of the executive management team will be the staff liaison to the Supervisory Committee.

The Supervisory Committee is charged by regulation to make, or cause to be made, a comprehensive annual audit of the credit union at least once per year. The fiduciary responsibility for the safeguarding of assets remains ultimately with the Board of Directors; however, the Supervisory Committee will be authorized with the responsibility of implementing the audit function. The Supervisory Committee will select the outside auditor and present its recommendation to the Board of Directors for approval.

The Supervisory Committee will maintain an audit tracking report for all audits and/or examinations. The audit tracking report will identify any findings and recommendations and the individual(s) responsible for correcting or complying with each recommendation. The Committee will monitor the progress of correcting or complying with each recommendation until it is completed.

## **External Audit**

The Supervisory Committee will select an independent outside auditor to complete the annual Supervisory Committee audit, which may be a qualified individual, an independent auditing firm, or an independent certified public accounting firm. To ensure independence the external independent auditor:

- will not be a member of the Credit Union.
- will not be related to any of the employees or officials of the Credit Union.
- will contract directly with the Supervisory Committee.
- will not make management decisions.

The Supervisory Committee will obtain an engagement letter from the independent auditor. The purpose of the engagement letter is to facilitate communication at the contracting point.

The Committee will ensure the following items are included in the engagement letter:

1. Specify the terms, conditions, and objectives of the engagement.
2. Specify the rate or fee to be paid for the audit.
3. Upon completion of the audit, the auditor will deliver a written report to the Supervisory Committee.
4. The report will set forth within the report or in a separate management letter, any internal control reportable conditions and/or irregularities or illegal acts which come to the auditor's attention during the normal course of the audit.
5. Specify a target date of delivery of the written report(s).
6. Acknowledge that working papers will be retained for a minimum of three years from the date of the written report.

The audit will be performed in accordance with generally accepted auditing standards set forth in the pronouncements of the American Institute of Certified Public Accountants (AICPA).

The Supervisory Committee will ensure that a copy of the annual audit report is provided to the Department of Banking and Finance.

The results of the external audit will be reported to, and reviewed with, the Supervisory Committee. The Supervisory Committee, or the auditor(s) on behalf of the Committee, will report the results to the Board of Directors.

Management will be responsible for taking action to comply with any findings and recommendations resulting from the annual audit. Action taken by management will be reported to the Supervisory Committee, the Board of Directors and the Department of Banking and Finance.

## **Other Audits, Tests and Reviews**

The Supervisory Committee will insure that certain other audits and tests are completed on an annual basis as follows:

1. Independent review of compliance with the Bank Secrecy Act (external).
2. Review of the information security program and intrusion tests of the credit union's data processing system (external).
3. ACH Self-Audit Procedures (may be performed in-house or external).
4. Test of the credit union's disaster recovery plan (may be performed in-house or external).
  
5. Review of credit union's risk assessments (prepared in-house) as follows:
  - BSA/ OFAC risk assessment (compliance officer).
  - Information security risk assessment (IT Specialist).
  - Business continuity / disaster plan risk assessment (compliance officer).

In addition to the annual audits previously mentioned, the Supervisory Committee will insure that certain internal audit procedures are completed in three quarterly reviews. The Committee will perform an annual Risk Assessment to determine the audit scope. The audit scope will identify the procedures to be performed and the frequency of those procedures.

Each year the Supervisory Committee will reassess the Credit Union's operating and regulatory environment and adjust the plan as needed. The Committee will approve the plan and any changes to the plan.

## **Supervisory Committee Meetings**

The Supervisory Committee will call a meeting to review the annual audit, the quarterly internal audits, the BSA audit, the ACH audit and the regulatory examination. The Committee will also meet to review and approve all audit engagement letters. The minimum number of Supervisory Committee meetings to be held annually is four (at least one per quarter).

This policy will be reviewed annually by the Board of Directors and the Supervisory Committee.

Adopted \_\_\_\_\_

Date\_\_\_\_\_

Reviewed \_\_\_\_\_

Date\_\_\_\_\_

Board Approved 08/21/2018

Reviewed \_\_\_\_\_

Date\_\_\_\_\_