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NATIONAL CREDIT UNION ADMINISTRATION
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Comments on ANPR concerning Part 715, Supervisory Committee Audits:

(1) Should credit unions be required to obtain an "internal control attestation" from their external auditors?

We think that this requirement would be redundant and burdensome. Internal controls are already addressed by the external auditors as part of their audit. In our case, as a very small credit union with limited staff (less than 2 persons), the auditors address this issue in detail. They thoroughly examine the procedures we use to compensate for our inability to follow "common practice" internal controls due to our limited staff size. The additional paperwork, time, and – inevitably – increased cost, would be a burden for small credit unions

(2) What standards should govern the assessment and evaluation components of an "internal control attestation"?

If the attestation is to be required of all credit unions, the standards should be developed to take into consideration the vast difference between very small, small, & large credit unions.

(3) What qualifications should be required as prerequisites to serve on a credit union Supervisory Committee?

The qualifications need to be different for very small credit unions than they would for large or very large credit unions. The actual duties performed by members of supervisory committees differ according to the size & complexity of the credit union. Common sense would dictate that a supervisory committee member should be a person of good character, with a fairly good credit history, and with sufficient business "know-how" to adequately perform the duties required. Beyond that, the qualifications should be determined by the credit union to address the issue of what duties will actually be performed by the committee members.

(4) What standard should dictate the degree of independence required of state-licensed, compensated auditors of credit unions?

This seems to be simply a matter of common sense. The key word here is "independence". Auditors should not have any substantial relationship, financial or otherwise, with the credit union, with any member(s) of its board of directors, or with any senior management of the credit union. An auditor should be able to be a member of the credit union, but not a large enough depositor, or debtor, that their financial interest could influence, or be affected by, the results of the audit.

We appreciate the opportunity to comment on this, and other, proposed regulatory changes.

Sincerely,

Paul Weed
President