

WCTA FEDERAL CREDIT UNION
P.O. Box 40, 10 Benton Place
Sodus, New York 14551
(800) 724-9282
Fax (315) 483-9716

April 24, 2006

Ms. Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

VIA Email

RE: WCTA Federal Credit Union Comments on Part 715 ANPR, Supervisory
Committee Audits

Dear Ms. Rupp,

We offer the following responses to the request for comments regarding Supervisory
Committee Audits:

Internal Control Assessment and Attestation

1. Should Part 715 require, in addition to a financial statement audit, an attestation on
internal controls over financial reporting above a certain minimum asset size threshold?

We oppose the imposition of a requirement for attestation on internal controls on
natural person credit unions. This requirement would be burdensome and expensive for
federally-insured credit unions, which are already highly regulated. The benefit to be
derived from the time and expense that would be required is extremely questionable.
Credit union members would be much better served by application of this money
elsewhere. Our credit union is better served by a strong internal audit program than it
would be from a requirement for attestation on internal controls. Accountants and
accounting firms would be the primary beneficiaries of such a requirement.

2. What minimum size threshold would be appropriate for requiring an attestation on internal control?

As stated above, we do not believe that a requirement for attestation on internal controls would be appropriate for natural person credit unions. If NCUA decides to proceed with imposing such a requirement, anything less than the \$1 billion threshold applied by FDICIA would be highly inappropriate.

3. Should the minimum size threshold be the same for natural person credit unions and corporate credit unions?

We are not in a position to comment on requirements for corporate credit unions.

Qualification of Supervisory Committee

10. Should Supervisory Committee members of credit unions above a certain minimum asset size threshold be required to have a minimum level of experience or expertise in credit union, banking or other financial matters?

Experience or expertise requirements are not realistic given that Supervisory Committee members are volunteers, donating their time without pay.

11. Should Supervisory Committee members of credit unions above a certain minimum asset size threshold be required to have access to their own outside counsel?

Access to outside counsel should not be required as a matter of routine. Supervisory Committees report identified problems to the Board of Directors, where the responsibility for correction lies. In the event that the Board of Directors fails to address identified problems of serious magnitude, the NCUA Supervisory Committee Guide identifies as resources for the Committee the credit union attorney, the NCUA examiner, and a representative of the surety bond company. In the rare circumstance that a Supervisory Committee may need access to their own outside counsel in addition to these resources, it should not be a factor of asset size.

12. Should Supervisory Committee members of credit unions above a certain minimum asset size threshold be prohibited from being associated with any large customer of the credit union other than its sponsor?

NCUA regulations, which limit concentrations of credit in general and specifically limit concentrations of member business loans, reduce the likelihood that a credit union would have a large customer meeting the definition of 12 CFR 363.5(b).

13. If any of the potential qualifications mentioned were required of Supervisory Committee members, would credit unions have difficulty in recruiting and retaining competent individuals to serve in sufficient numbers?

Yes. As mentioned above, the volunteer nature of Supervisory Committees would make it difficult to recruit persons of specific expertise. Many credit unions would consider themselves fortunate if they were able to recruit one Committee member with financial expertise.

We appreciate the opportunity to provide comments in response to the Board's Advanced Notice of Proposed Rulemaking.

Supervisory Committee
WCTA Federal Credit Union