



NCUA Media Advisory

Hyland Highlights Supervisory Committee Role, Calls for Continued Vigilance

Address to industry group emphasizes independence, activism

June 11, 2010, Alexandria, Va. -- National Credit Union Administration Board Member Gigi Hyland yesterday emphasized the critical part that credit union supervisory/audit committees in overseeing the safe and sound operation of credit unions. “The role of the Supervisory/Audit Committee cannot be over emphasized,” commented Hyland. “It is critical that the committees play an active oversight role. Today, more than ever, oversight of the governance functions of the organization is critical. The Supervisory/Audit Committee’s role is not just about counting cash and making sure the books are in order. Rather, it includes ensuring management and the board are fulfilling their responsibilities as good stewards of the members’ money.”

The remarks came during the annual meeting of the National Association of Credit Union Supervisory and Audit Committees in Baltimore. Hyland counseled the 150 attendees to “maintain appropriate independence. Your auditor should report to you and not management or the board of directors. (This) concept is universal regardless of the size or composition of the organization. When we as a regulator and insurer see serious breakdowns in these basic principles of independence, we often encounter serious and emerging problems in the organization. Erosion of the principles is often symptomatic of a larger lack of diligence and integrity of the overall control environment.”

In assessing the business environment in which credit unions operate, Hyland identified key areas that NACUSAC members should pay particular attention to, including risks associated with cost cutting, determining an appropriate scope for an audit, compliance and fraud prevention, and proper risk assessment and management.

“Your responsibility and obligation is not to the board or paid management but to the many regular people who make up your membership. You are watching out for them. And your service, regardless of how misunderstood or underappreciated it may feel, is absolutely critical to the sound functioning of your credit union,” stated Hyland.

The National Credit Union Administration is the independent federal agency that regulates, charters and supervises federal credit unions. With the backing of the full faith and credit of the U.S. government, NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of over 90 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

- NCUA -