CREDIT UNION ACT (EXCERPT)
Act 215 of 2003

490.344 Audits.

Sec. 344. (1) A domestic credit union with assets of $5,000,000.00 or more as of the end of the last calendar year shall obtain at least an annual audit, conducted by a certified public accountant or other professionally qualified individual, who may be self-employed or employed by another person. A domestic credit union with assets of less than $5,000,000.00 as of the end of the last calendar year shall do 1 of the following:

(a) If the credit union board does not proceed under subdivision (b), obtain at least an annual audit, conducted by a certified public accountant or other professionally qualified individual, who may be self-employed or employed by another person.

(b) If the domestic credit union has a supervisory committee, the credit union board may authorize the supervisory committee to conduct an annual audit of the domestic credit union.

(2) If a domestic credit union has a supervisory committee, the supervisory committee shall conduct or direct those supplementary audits, examinations, and verifications of members' accounts that it considers necessary or that the commissioner or the credit union board requires and submit reports of any supplementary audits to the credit union board.

(3) The supervisory committee or other auditor shall submit a written report of each annual audit to the credit union board. The domestic credit union shall provide a copy of the written report or a written summary of that report to any member who makes a written request, within 30 days after receipt of the request.

(4) An individual who is independent of a domestic credit union shall perform an audit of the domestic credit union under this section. An individual is not independent if any of the following apply at any time during the period covered by the audit or the period of the professional engagement or at the time the written audit report is presented:

(a) Unless the individual is a member of the supervisory committee and that committee is performing the audit under subsection (1), the individual performing the audit is an official or employee of the domestic credit union.

(b) The individual performing the comprehensive audit has a material direct or indirect financial interest in any closely held business investment with an official or employee of the domestic credit union.

(c) A situation, condition, or relationship exists that, in the opinion of the commissioner, prevents the individual performing the audit from performing the audit in an objective and independent manner.

(5) A supervisory committee or individual performing an audit under this section shall prepare and retain documentation sufficient to demonstrate that the audit was performed in accordance with the requirements of this section. The audit working papers shall include at least all of the following:

(a) The planning of the audit.

(b) The nature, timing, and extent of the auditing procedures performed.

(c) The conclusions and recommendations reached by the auditor from the information obtained by him or her.

(6) As used in this section:

(a) “Audit” means a comprehensive review of the internal policies, procedures, and controls of the domestic credit union and its compliance with them that is sufficient for the auditor to reach a reasonable conclusion that the financial statements of the domestic credit union fairly and accurately represent the condition of the domestic credit union.

(b) “Professionally qualified individual” means an individual who is self-employed, employed by another person, or employed by an organization, whose usual and customary occupation includes performing audits of businesses or other organizations and reporting audit findings to the board of the organization and authorized third parties and whose education and experience levels are similar to other individuals engaged in auditing as a usual and customary occupation.

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