

National Credit Union Administration
SUPPORTING STATEMENT

Supervisory Committee Audits and Verifications, 12 CFR 715
OMB No. 3133-0059

A. JUSTIFICATION

1. Circumstances that make the collection of information necessary.

Title 12 CFR part 715 prescribes the responsibilities of the supervisory committee to obtain an audit of the credit union and verification of member accounts as outlined in Section 115 of the Federal Credit Union Act, 12 U.S.C. §1761d. A supervisory committee audit is required at least once every calendar year covering the period since the last audit and to conduct a verification of members' accounts not less frequently than once every two years.

The Credit Union Membership Access Act of 1998 (CUMAA), Pub.L. 105-219, 112 Stat. 918, amended certain audit and financial reporting requirements of the Federal Credit Union Act (FCUA). Final amendments to the FCUA specify the minimum annual audit a credit union is required to obtain according to its charter type and asset size, the licensing authority required of persons performing certain audits, the auditing principles which apply to certain audits, and the accounting principles which must be followed in reports filed with the NCUA Board.

2. Purpose and use of the information collection.

The information is collected by the credit union's supervisory committee or its designated representative, through a supervisory committee audit which is required at least once every calendar year covering the period since the last audit. The information is used by both the credit union and the NCUA to ensure through audit testing that the credit union's assets, liabilities, equity, income, and expenses exist, are properly valued, controlled and meet ownership, disclosure and classification requirements of sound financial reporting. A written report on the audit must be made to the board of directors and, if requested, NCUA. Working papers must be maintained and made available to NCUA. Independence requirements must be met; standards governing verifications and the methods used to verify member's passbooks and accounts are set forth. Section 741.202 makes these requirements applicable to federally insured state-chartered credit unions.

Audits can be preventative and contribute substantially to the safety and soundness of the credit union system. Audits have been used by the agency as a third-party attestation of the fair presentation of financial statements in all material respect; as "value-added" in the detection of errors and irregularities; and as a means of identifying internal control reportable conditions in advance of the occurrence of material misstatement or errors and irregularities.

3. Use of information technology

In recent years, this information has migrated to scanned, automated, electronic, mechanical or other technological collection means. Generally, the engagement letter, the working papers and the audit report(s) are generated initially in electronic form and printed in hardcopy paper form. The form of subsequent storage and retention is a decision of the credit union. A credit union may choose to store the information through any reasonable means which would permit an NCUA examination, e.g., optical scanning, microfiche, Microsoft, Adobe, etc. Credit unions are not precluded from using information technology to collect this information.

4. Duplication of information.

Section 115 of the FCUA requires audit and verification for all FCUs. Part 715 are the implementing regulations for FCUs and federally-insured state credit unions required to comply by insurance agreement and part 741 of NCUA regulations. Other NCUA efforts to collect similar information, e.g., through the Call Report and through the examination process, do not include the independent tests of controls and substantive testing on which to ensure sound financial reporting.

5. Efforts to reduce burden on small entities.

The majority of requirements are not applicable to smaller credit unions. If the supervisory committee or an uncompensated designated representative will be performing the supervisory committee audit, many of the provisions of this part are less complex. These exemptions were added to minimize the burden on small credit unions.

6. Consequences of not conducting the collection.

Statute requires an annual audit and a report to the members at the annual meeting. There would be substantial risk to the credit union members and to the National Credit Union Share Insurance Fund which insures members' deposits in credit unions, if the collection of information were not conducted

7. Inconsistencies with guidelines in 5 CFR 1320.5(d)(2).

There are no special circumstances. This collection is consistent with the guidelines in 5 CFR 1320.5(d)(2).

8. Efforts to consult with persons outside the agency.

A 60-day notice for this information collection was published in the *Federal Register* on December 12, 2025, at 90 FR 57781, soliciting comments from the public. No public comments were received in response to this notice.

9. Payment or gifts to respondents.

No payments or gifts are offered.

10. Assurance of confidentiality.

Some of the information the supervisory committee or its designated representative may gain in the course of its audit, may contain some information of a confidential nature, e.g., transactions of a member. Section 748 requires credit union officials to hold such transactions in confidence. NCUA, too, is bound to ensure the confidentiality of information obtained by the supervisory committee in the normal course of an audit or verification.

11. Questions of a sensitive nature.

No personally identifiable information (PII) is collected.

12. Burden of information collection.

The obtaining of an annual audit by a financial institution is a customary and usual business practice. Nonetheless, we provide the following annual hour burden estimates:

	12 CFR	Information Collection Activity	Type of Burden	# Respondents	# Responses per Respondent	# Annual Response	Hours per Response	Total Annual Burden
1	715.5(a), 715.6(a)	Financial Statement Audit Performed by State-licensed Person. Total assets of \$500 M or greater. A FCU & FSCU must obtain an annual audit of its financial statements performed in accordance with GAAS by an independent person who is licensed to so do by the State or jurisdiction.	Record-keeping	740	1	740	0.5	370
2	715.7	Supervisory Committee audit alternatives to a financial statement audit. Audits performed by the supervisory committee, its internal auditor, or any other qualified person (such as a certified public accountant, public accountant, league auditor, credit union auditor consultant, retired financial institutions examiner, etc.) that satisfies the minimum requirements in Appendix of this part.	Record-keeping	3,671	1	3,671	0.5	1,836
3	715.8(a)	Membership Verification. The Supervisory Committee shall, at least once every two years, cause the passbooks and accounts of the members to be verified against the records of the treasurer of the credit union.	Record-keeping	2,206	1	2,206	0.5	1,103
4	715.9(b)	Engagement Letter. The engagement of a compensated auditor to perform all or a portion of the scope of a financial statement audit or supervisory committee audit shall be evidenced by	Record-keeping	4,411	1	4,411	0.5	2,206

		an engagement letter. In all cases, the engagement must be contracted directly with the Supervisory Committee. The engagement letter must be signed by the compensated auditor and acknowledged therein by the Supervisory Committee prior to commencement of the engagement.						
5	715.10(a)	Audit report. The Supervisory Committee must submit the report(s) to the board of directors, and provide a summary of the results of the audit to the members of the credit union orally or in writing at the next annual meeting of the credit union.	Disclosur e	4,411	1	4,411	1	4,411
6	715.10(b)	Working Papers. Complete set of working papers supporting each supervisory committee audit.	Record- keeping	4,411	1	4,411	0.25	1,103
TOTALS				4,411		19,850		11,029

The cost to respondents is based on the 2025 GS-11 RUS salary table with an hourly labor rate of \$39 per hour. The total annual cost to respondents is estimated to be \$430,131.

There are no costs to respondents. The completion of audits and the related contracting through engagement letters and the preparation of working papers in support of an audit is a customary and usual business practice for a financial institution, therefore, we have not included cost burden estimates for the work paper requirements.

13. Capital start-up or on-going operation and maintenance costs.

There are no capital start-up or ongoing operations/maintenance costs associated with this information collection.

14. Annualized costs to Federal government.

There are no costs to the Federal government.

15. Changes in burden.

There was a decrease in the number of respondents which resulted in a decrease of 1,520 total annual burden hours.

16. Information collection planned for statistical purposes.

There are no plans for publication.

17. Request non-display the expiration date of the OMB control number.

Non-display is requested. The OMB control number and expiration date associated with this PRA submission will be displayed on the Federal government's electronic PRA docket website at www.reginfo.gov.

18. Exceptions to Certification for Paperwork Reduction Act Submissions.

There are no exceptions to the certification statement.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not involve statistical methods.