



## Supervisory Committee Charter

### I. Purpose

The Supervisory Committee (“the Committee”) of Clearview Federal Credit Union (“the Credit Union”) supports the Board of Directors (“the Board”) in the fulfillment of its oversight responsibilities for the following:

- Integrity of financial reporting;
- Compliance with legal and regulatory requirements;
- Appointment and supervision of external auditors;
- Oversight of internal audit functions;
- Evaluation of internal controls and operational risk management;
- Other duties as requested by the Board of Directors.

### II. Organization

The Board of Directors appoints the Supervisory Committee from members of the Credit Union. The Board will name one Director as a non-voting representative of the Board to the Supervisory Committee, as long as that individual is not the financial officer. To serve on the Supervisory Committee, an individual may not be an employee of the Credit Union. The Board of Directors determines the number of members of the Committee, which may not be fewer than three or more than five.

- **Committee Member Qualifications**

Committee members, as a group, shall ensure they maintain the competencies necessary to ensure the Committee's particular fiduciary functions can be effectively executed. All Committee members shall have substantially all the following competencies:

1. Ability to understand and analyze financial statements of the Credit Union;
2. An understanding of the application of generally accepted accounting principles with respect to such financial statements, especially with respect to estimates, accruals and reserves;
3. Experience in reviewing and assessing risk management processes and internal controls; and
4. An understanding of supervisory committee functions.

- The Supervisory Committee members choose a Chair, who must fulfill the definition of an independent director, and a Secretary. The Secretary of the Committee prepares, maintains and has custody of full and correct records of all actions taken by the Committee. The same person may hold the offices of Chair and Secretary.

- Regular terms of all Supervisory Committee members are for a period of one year;

- The Chairperson and Secretary will be selected by the committee members in conjunction with the Board of Directors Chairperson every two years.

### **III. Structure and Meetings**

- The Committee may meet or have formal communication each month and convene at least once each quarter. The Committee will periodically invite management, external auditors or others to provide pertinent information as necessary;
- The Committee will meet with the external auditor and management after the annual audit. The Committee may request additional meetings, as needed;
- Meeting agendas and minutes will be prepared and distributed based on an agreed upon timeframe.

### **IV. Goals and Responsibilities**

The Supervisory Committee has the authority to conduct or authorize any review of matters within its scope of responsibilities and duties. The Committee's authority includes the power to:

- Appoint, compensate and oversee the work of an external firm hired by the Credit Union to conduct annual Financial and Member verification audits and to pre-approve all auditing and non-auditing services to be performed;
- Maintain unrestricted access to Credit Union personnel and documentation;
- Review the Credit Union's business objectives, strategies and plans;
- Engage the Credit Union's Internal Audit Department to perform such functions as necessary to meet its responsibilities related to adequacy of internal controls, risk management and governance practices;
- Facilitate resolution on internal audit findings, as needed;
- The Committee is not responsible for making operating decisions; however, it shall ensure that the Board's plans and policies are reasonable, and that they protect the safety and soundness of the Credit Union. Therefore, members of the Supervisory Committee will attend monthly Board meetings or review Board minutes to determine the reasonableness of the business plan and to ensure that business operations are adequately controlled;
- Board Intervention: It may become necessary for the Supervisory Committee to take appropriate actions within its authority, as specified in the Clearview Federal Credit Union bylaws, to address situations threatening the financial soundness and safety of the Credit Union up to and including the removal of Directors and calling for special member meetings to report violations;
- Specific duties include:

#### **(1) Financial Reporting**

Review the integrity of the Credit Union's financial reporting processes and results, including:

- Critical management estimates, judgments and complex or unusual transactions underlying the financial statements;
- Any significant changes in accounting principles, practices, standards or policies;

- The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements;
- Review the results of the annual audit with management and the external auditor, including any difficulties encountered; this review will include any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreement with the management;
- Discuss the annual audited financial statements with management and the external auditors;

(2) Compliance

Review the effectiveness of the system for monitoring compliance with laws and regulations, as well as the results of management's investigation and follow-up of any instances of non-compliance, including:

- Review the findings of any examination by regulatory agencies and any auditor observations;
- Meet, if needed, with Outside Counsel to review any matters that may have a material impact on safety, soundness and reputational issues;
- Obtain regular updates from the management and the Compliance Officer or equivalent regarding compliance matters, including how compliance is being monitored and how any follow ups are being tracked and reported;
- Ensure that fraud related policies are acknowledged for all employees annually;
- Review the effectiveness of the process by which employees may submit confidential and anonymous concerns for investigation and correction annually;
- Review all NCUA complaints received by the Credit Union, investigate the concerns and prepare a written response within 30 days of receipt. A summary of all complaints received will be provided at the monthly Board of Directors meeting.

(3) Independent External Audit

Oversee the independent audit including:

- Retain and review the performance of the external auditor;
- Review the external auditor's proposed audit scope and approach;
- Review the external auditor's performance, including any difficulties or disputes between management and the external auditor during the audit;
- Present written results of the external auditor to the Board of Directors;
- Ensure rotation on the lead partner and other audit partners every seven years;
- Consider whether there should be a rotation of the external audit firm;
- Confirm the external audit firm does not provide consulting or other services to the Credit Union that impair its independence;
- Collaborate with the Internal Audit Department to conduct meetings each year with external auditors as needed including one post audit meeting.

(4) Internal Audit

Oversee internal audit functions including:

- Review the overall scope effectiveness and organizational structure of the internal audit function;
- Review the yearly Audit Plan to ensure its relevance to the overall Credit Union business objectives and associated risk management;
- Ensure that the Management of Internal Audit has direct access to the Supervisory Committee; meet periodically with Internal Audit Management to discuss any issues of concern;
- Provide periodic updates from the Internal Audit team to the Board.

(5) Internal Controls and Operational Risk Management

Review the effectiveness of the Credit Union's internal controls and operational risk management including:

- Operational efficiencies;
- Control environment and governance, including information technology security;
- Financial Reporting, including the scope of internal and external auditors' reviews of internal control;
- Compliance with laws and regulations;
- Process for assessing material risks and the steps management has taken to manage such risks.

The Chair of the Supervisory Committee shall present at the Annual Meeting to the members to communicate their process and findings on the safety and soundness of Clearview Operations.

The responsibilities set forth in this Charter should serve as a guide only, with the express understanding that the Committee may carry out additional responsibilities and duties, and adopt additional policies and procedures as may be necessary in light of any changing business, legislative, regulatory, legal or other condition.

**V. Committee Resources**

The Committee shall have the sole authority to retain or terminate consultants that assist the Committee in the fulfillment of its duties. The Committee shall have sole authority to determine the terms of engagement and the extent funding is necessary for payment to any counsel, advisor, consultant or other professional retained to advise the Committee.

**VI. Disclosure of the Supervisory Committee responsibilities**

Information describing the role of the Supervisory Committee will be made available on the Credit Union's Web site at [www.clearviewfcu.org](http://www.clearviewfcu.org) along with information on how to contact the Supervisory Committee.

**VII. Standards of Practice**

The Supervisory Committee will meet or exceed the charter standards above. This mandate was last revised and approved by the Supervisory Committee on April 1, 2022.

Supervisory Committee Chair

Supervisory Committee Secretary

Supervisory Committee Member

Supervisory Committee Member

Supervisory Committee Member