

WAC 208-444-010 State chartered credit unions—Acceptance of audit instead of examination. (1) RCW 31.12.545 authorizes the acceptance, in the director's discretion, of independent audit reports in lieu of the examination required thereunder. In order to be considered for acceptance in lieu of an examination, an audit must meet the following conditions:

(a) The audit was performed by accountants who have demonstrated to the director extensive knowledge of the examination procedures and techniques utilized by the division of credit unions;

(b) The scope of the audit follow, but is not limited to, the scope of examinations conducted by the division, including a compliance review;

(c) The audit includes a verification of loan and share accounts;

(d) The audit includes a cash reconciliation, including an adequately documented physical cash count, and also includes an affirmative verification of investments and deposits made by the audited credit union;

(e) Verification of the status of funds borrowed by the audited credit union, including promissory notes and certificates;

(f) The audit sets forth such comments as are appropriate in a positive format specifying corrective action recommended and schedule for completing such corrective action;

(g) The audit was performed not less than nine months after and not more than fifteen months after the last examination by the division or an audit which was accepted in lieu thereof.

(h) All working papers as well as the accountant's report, internal control report, and any other documents associated with the audit are made available to the director.

(2) Select portions of an audit may be utilized by division examiners in conducting a particular examination if:

(a) The date of the audit corresponds reasonably with the date of the examination; and

(b) That portion of the audit being utilized is supported by working papers which substantially correspond to examination work papers utilized by the division.

[Statutory Authority: RCW 42.320.040 [43.320.040] and 31.12.535. WSR 96-17-071, § 208-444-010, filed 8/20/96, effective 9/20/96. WSR 96-06-011, recodified as § 208-444-010, filed 2/23/96, effective 6/1/96. Statutory Authority: RCW 31.12.320. WSR 83-05-022 (Order 83-1), § 419-44-010, filed 2/9/83.]