

SUPERVISORY / INTERNAL AUDIT REPORT
29th A.G.M. 30/01/21

The role of the Supervisory Committee is to monitor the credit union against its own policies and procedures, and to make sure it abides by The Prudential Regulatory Authority (PRA) guidelines, governing credit unions.

We do this along with an independent firm of Internal Auditors (Alexander Sloan Accountants). Who carry out ongoing checks of a regulatory nature and checks that the credit union is abiding by the Financial Conduct Authority (FCA) in relation to compliance of treating customers fairly and not misleading members? They carry out these checks once a Quarter and over a 2-day period in the credit union office, once they publish their findings this is supplied to the Supervisory Committee and the Board of Directors at the first appropriate meeting, who will look at any changes or recommendations being made by them.

The Supervisory Committee carry out reconciliation checks on members accounts and bank accounts, we check members loan request, share withdrawals, and share to loan transfers, making sure that all procedures have been followed through, we may even write out to individual members asking them about their account, all these checks are carried out on behalf of the members to make sure that the credit union is operating correctly.

Also, as part of the Internal Audit work being carried out our Internal Auditors will not only check our procedures and policies are being met but will offer advice and best practice to help assist the credit union in performing their role more effectively and at the same time adding value to the credit union.

During this past year there has been no major discrepancy's that would give us any cause for concern and would assure you today that your credit union is run efficiently.'

Please see a copy below of Alexander Sloan's (our Internal Auditors) letter to give you further assurances of the work being done by us and them.

Thank you.
Gary Green
Rob Hall



Alexander Sloan
Accountants and Business Advisers

Internal Audit Annual Report

Alexander Sloan perform Internal Audit reviews on behalf of 1st Class Credit Union and report to the Credit Union's Supervisory Committee. The work is based on the Alexander Sloan's specialist Credit Union manuals and work programmes. Internal audit tests are carried out on a sample basis and are based on historical information. It is therefore subject to inherent limitations. The work considers the Credit Union's compliance with policies, procedures, and legislation. In addition, Alexander Sloan will make recommendations where we believe that improvements can be made to the efficiency or effectiveness of processes in the Credit Union.

During the last year Internal Audit has carried out visits reviewing the following areas-

- Lending and arrears
- Operational resilience

Following each visit a report is made to the Board detailing our findings and any recommendations where in our opinion improvements could be made to strengthen controls or improve performance. The reports are then considered by the Board who decide, where appropriate, if changes should be implemented.

Alexander Sloan

30 September 2020

Thank you.

Gary Green