

## **NACUSAC News Winter 2011**

### **Article #1**

#### **Emerald City to Host June Conference**

When supervisory and audit committees from across the country meet in Seattle for [NACUSAC's 2011 Annual Conference & Expo](#) this June, there will be no shortage of topics delivered by experts in the areas of accounting, auditing, IT security, fraud and more.

If it's on your committee's radar screen, it will be on this year's conference agenda. Keynoter Randy Morgan will kick off the three-day program with his high-energy, out-of-the-box session. Next up, NCUA Supervisory Examiner Leslie Thompson will provide a regulatory update from the agency. The following day's general session features a panel of auditors to field committee members' most pressing questions. Then, CUNA Senior Economist Bill Hampel will share his outlook for the economy and credit unions.

Nine concurrent sessions will round out the information-packed agenda. [CPE](#) (continuing education) credits will be available to auditing and accounting professionals. And, enrollees in [NACUSAC University](#) will have the opportunity to earn course credits. For new supervisory committee members, or those wishing to brush up on the basics, there will be an optional training session. About half of the day-long session will be spent on reading and understanding financial statements and interpreting key ratios.

[Seattle](#), often called the Emerald City for its lush green landscape and majestic waterways, is one of the Pacific Northwest's premier destinations. Located in the heart of downtown Seattle, the [Fairmont Olympic](#) is NACUSAC's official host hotel. Because June is a popular month to visit Seattle, it's best to make room reservations early. NACUSAC has negotiated a special rate of \$199 for single or double accommodations. Call 1-206-621-1700, Extension 3131 to be connected to the Fairmont's Reservation Department. And, be sure to watch your inbox in the coming weeks for more conference details.

### **Article #2**

#### **Shelton Named Executive Director**

On January 1, Celeste Shelton became NACUSAC's Executive Director. Shelton, who has worked as part of the team managing the association for the past 13 years, replaces Bob Spindler, who will remain on staff in a support role. "I am excited to collaborate with the NACUSAC Board of Directors as we continue to look for ways to meet the unique educational needs of supervisory and audit committees," Shelton said. "One of our goals will be to elevate the profile of supervisory and audit committee members in the credit union community. They deserve recognition and support for the important contribution they make."

Prior to working with credit union associations, Shelton worked in the marketing and recruiting departments of LPL Financial Services, one of the largest independent brokerage firms in the country. Shelton holds a bachelor's degree in Psychology from San Diego State University and is a member of the American Society of Association Executives.

### **Article #3**

#### **SAS 70 to SSAE 16: Change Is**

#### **On the Horizon**

**By Mark Eich, [LarsonAllen](#)**

Statement of Auditing Standards 70 (SAS 70) provides guidance for audits of a service organization's internal controls and information security practices that support the preparation of user organization's financial statements. As part of a continuing effort to achieve global convergence of accounting standards SAS 70 will soon be replaced by Statement of Standards for Attestation Engagements (SSAE) 16. The change will be required for all service organization control reports with periods ending June 15, 2011 or later, with earlier adoption permitted.

Significant changes within SSAE 16 include:

- Service organization management must provide an assertion as the design and effectiveness of its internal controls (similar to the assertion provided in SOX audit engagements).
- Service organization management must have a basis for making this assertion, such as the work of an internal auditor, monitoring activities, or other management testing activities.
- The report will provide a description of the service organization's "system" --an expansion of the SAS 70 requirement to describe "controls."
- Service organization management must perform a documented risk assessment that identifies risks that control objectives within the system description will not be met.
- Service organization management must document its system and processes.
- Any use of an internal auditor's work by the service auditor must be disclosed within the body of the report.
- The service auditor's opinion about the design, suitability, and effectiveness of controls must cover the entire period covered by the report.

Certain elements of SAS 70 remain unchanged with SSAE 16:

- Although found in the attestation standards versus the auditing standards, an SSAE 16 engagement still carries an opinion signed by a CPA.
- SSAE 16 reports are still designed to be used as auditor-to-auditor communication.
- The concept of the type I versus type II is unchanged.
- The concept of control objectives supported by control activities remains the same, although expanded by the requirement to more holistically described the

"system."

- Other information provided by the service organization (such as a description of a disaster recovery or business continuity plan) may still be provided.
- The treatment of sub-service organizations remains largely unchanged (most service organizations will likely choose the carve out method).

Migration from SAS 70 to SSAE 16 is not an option for service organizations. It is a requirement that will take careful planning and organization.

If you have questions about SSAE 16 please contact Mark Eich at 1-612-397-3128 or [meich@larsonallen.com](mailto:meich@larsonallen.com).

## **Article #4**

### **NACUSAC Newsbriefs**

#### **Nominate a colleague for Golden Service Award**

Do you know someone who has been an outstanding credit union supervisory or auditing committee member? Consider nominating them for [NACUSAC's Golden Service Award](#). The award will be presented at the [2011 Annual Conference](#) in Seattle this June. To submit your nomination simply send an email to [celeste@nacusac.org](mailto:celeste@nacusac.org) detailing the accomplishments and achievements of the NACUSAC member you are recommending for the award. Nominations must be submitted than April 29, 2011.

#### **2011 Dues Reminder**

Dues statements were mailed to members in mid December along with a courtesy copy to the internal audit contact. If you missed the first invoice a reminder was sent last week. The reasonable dues rate covers the entire supervisory committee and internal audit staff. Has any of your committee's contact information changed recently? Now is a good time to email your changes to [nacusac@nacusac.org](mailto:nacusac@nacusac.org).

#### **New Associate Member Joins**

[Firley, Moran, Freer and Eassa](#) is the most recent auditing firm to become an associate member of NACUSAC. Located in Central New York, they have one of the largest, most diverse credit union practices in the state. To see a list of the full range of the services they provide credit unions, visit their [online credit union page](#).