

SUPERVISORY COMMITTEE REPORT
72ND ANNUAL GENERAL MEETING
MAY 26TH, 2023

Greetings Directors, Officers, Management and Staff, and Members-owners of St. Martin's Credit Union. The Supervisory Committee is pleased to present its report for the 72nd Annual General Meeting of the St. Martin's Credit Union for the financial year April 2022 to March 2023.

After our AGM last year, the Supervisory Committee met and agreed to rotate the composition of the Committee; Ms. Laura Sierra became the Chairperson, Mrs. Irma Sanchez - Secretary and Mrs. Karen Perez - member. I can assure you that the Committee members met more than once a month to ensure that we carried out the duties assigned to us on your behalf.

As per Central Bank requirement, SMCU was tasked with the development of an Internal Audit Manual, a Supervisory Committee Charter, and revision of the Internal Audit Charter which was accomplished during the first quarter. These documents serve to ensure that SMCU maintains a high level of oversight and monitoring. In addition, importance was placed in capacity building by having the Internal Auditor join the membership of the Institute of Internal Auditors (IIA) and attained the International Advanced Certificate in Anti-money Laundering from the International Compliance Association (ICA).

The Supervisory Committee met with the Internal Auditor, Mr. Wilson Vargas, monthly and submitted quarterly reports of audits conducted. The Internal Auditor also submitted the annual report to the Board of Directors.

The Committee, with the assistance of the Internal Auditor, monitored the Credit Union's functions and daily operations. Where necessary, recommendations were made to strengthen procedures and internal controls of the Credit Union to protect the assets of the memberships. Audits conducted through the year were:

- Annual cash count of ATM, vault, and tellers for Benque branch and San Ignacio
- Review of the financial reports on a quarterly basis
- Review of the monthly budget expenses
- Review of loans to ensure compliance with Loan Policy
- Review and perusal of Board Minutes to ensure clear directive and guidance is provided to management.
- Meeting with the Board to present the Internal Audit Annual Plan based on Risk Assessment and the IA manual.
- Meeting with External Auditor
- Recommended the completion of the Human Resources Policy Manual which is underway.

This was a challenging year for the Supervisory Committee as SMCU experienced a high staff turnover mainly due to resignations. The Internal Auditor was also tasked with reviewing the pay out of staff benefits to ensure that they were standardized, fair, and in accordance with labor law. No institution is free of risk and when deemed necessary special audits had to be commissioned to ensure that the internal controls were strengthened, and corrective measures were implemented to mitigate any loss to SMCU and its member-owners.

The Supervisory Committee expresses gratitude to the membership for giving us the opportunity to serve you. Special thanks to Mrs. Irma Sanchez and Mrs. Karen Perez for the many occasions we had to meet to ensure we accomplished our duties. Special thanks to:

- Mr. Vargas, who accommodated our late-night meetings.
- To Mr. Gemayel Babb, from the Belize Credit Union League for the advice rendered to the Committee.
- To the Management and Staff for providing the information we requested to conduct our due diligence.

We are grateful for your dedication and commitment.

Sincerely,

Supervisory Committee

Ms Laura Sierra, Chairperson

Mrs Irma Sanchez, Secretary

Mrs Karen Perez, Member