

**SUPERVISORY COMMITTEE REPORT**  
**73<sup>rd</sup> ANNUAL GENERAL MEETING**  
**May 31<sup>st</sup>, 2024**

A pleasant good evening: Directors, Officers, Management and Staff, Member Owners of St Martin's Credit Union, invited guests. The Supervisory Committee is pleased to present its report for the 73rd Annual General Meeting of St. Martin's Credit Union for the financial year 2023-2024.

As we complete the second year of our elected term, we assure you that the committee members met numerous times and, on some occasions, more than once a month. This past year, we participated in the sessions for the development of a 3-year Strategic Plan, and in the discussions for the new lending strategy. We are also part of the Finance and Audit Committee whereby we contributed to the budget exercise for 2024-2025, and the Admin and HR Committee, whereby we participated in the hiring process of Management positions as they arise, in this case, an Assistant General Manager.

The Committee, with the assistance of the Internal Auditor, observed 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 petty cash 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
- ATM cards procedure
- Other audits as per the annual plan

This was indeed another demanding year as we were tasked by the Central Bank to ensure that the updating of policies and procedure manuals are completed, and that recommended internal control measures are implemented in a timely manner. We therefore met several times outside the regular meetings, with the Board and Management to facilitate these requests. Making ourselves available to meet all these requirements, while remaining committed to our full time jobs, can be challenging at times.

With the roll out of online banking and the numerous mandatory reports to the regulator, the Committee recommended an assistant for the Internal Audit Department to assist with the workload, and to ensure a wider audit scope. As with any online network, risk increases, and we have a responsibility to protect the integrity of the system and members' accounts. The Board of Directors and Management supported the recommendation, and the approved budget accommodates for the hiring of an Assistant Internal Auditor who will come on board in the very near future. Members are hereby reminded and encouraged

to check their accounts regularly and that they can always bring their concerns to the credit union and/or to the Supervisory Committee.

Once again, I am grateful to Mrs. Irma Sanchez and Mrs. Karen Perez, fellow committee members, and to Mr. Wilson Vargas, Internal Auditor, for their dedication and commitment to SMCU, and for the late-night meetings to accommodate our hectic schedules. Special thanks to Mrs. Irma Sanchez who delivered a staff motivational session at our Annual Staff and Officers Retreat earlier this year; it was well received. To the Management, Staff and Board of SMCU for providing the information requested and the time to discuss issues as needed.

Thank you for your support.

Supervisory Committee

Ms. Laura Sierra, Chairperson

Mrs. Irma Sanchez, Secretary

Mrs. Karen Perez, Member