

(VI) MAY NOT HAVE BEEN REMOVED BY THE COMMISSIONER OR ANY STATE OR FEDERAL REGULATORY AGENCY AS AN OFFICER, OFFICIAL, OR EMPLOYEE OF A FINANCIAL INSTITUTION.

(E) THE MEMBERS OF THE SUPERVISORY COMMITTEE SHALL ELECT THE CHAIRMAN OF THE SUPERVISORY COMMITTEE:

(1) AT THE BEGINNING OF EACH TERM OF APPOINTMENT TO THE COMMITTEE; AND

(2) AT ANY TIME THERE IS A VACANCY AND THE BOARD IS NOTIFIED.

[(e)] (F) A member of the supervisory committee serves for 1 year and until a successor is appointed and qualifies.

[(f) The supervisory committee shall fill any vacancy on the committee by appointing an individual to serve until the next regular meeting of the board of directors.]

(G) EACH MEMBER OF THE SUPERVISORY COMMITTEE SHALL TAKE AN OATH TO PERFORM FAITHFULLY THE DUTIES OF THE OFFICE.

(H) (1) THE BOARD SHALL APPROPRIATE FUNDS:

(I) FOR AN AUDIT CONDUCTED BY AN OUTSIDE AUDITOR; AND

(II) IF REQUIRED, FOR AN INTERNAL AUDITING FUNCTION.

(2) THE SUPERVISORY COMMITTEE HAS THE SOLE AUTHORITY TO ENGAGE OR TERMINATE OUTSIDE AND INTERNAL AUDITORS.

[6-302.] 6-402.

[(a) The supervisory committee of a credit union shall inspect the securities, cash, and accounts of the credit union.

(b) (1) At least semiannually, the supervisory committee shall audit the affairs of the credit union and make a full report on its audit to the board of directors. The report for the period ending December 31 shall be read at the annual meeting of the members of the credit union and kept with the records of the credit union.

(2) In making an audit, the supervisory committee shall:

(i) Determine whether the reserve fund is sufficient;

(ii) Examine the checkbook stubs to determine whether the balance is correct;

(iii) Examine the bank statements to determine whether they reconcile;

(iv) Compare the dates of deposits as shown on the bank statements with the collection sheets to determine whether collections were deposited promptly;