

Equity Credit Union Inc.  
**Engagement Letter**  
**Re: Internal Audit**

2024 - JS Consultants

<b>Client Name</b>	<b>Equity Credit Union Inc.</b>
<b>Client's Administrator</b>	<b>Tom Dimson, CEO</b>
<b>Reporting to</b>	<b>Audit Committee, Chair Jeannine Wilson</b>
<b>Assigned Work</b>	<b>Internal Audit</b>
<b>Engagement Duration</b>	<b>12 Months</b>
<b>Begin Date</b>	<b>January 1, 2024</b>
<b>End Date</b>	<b>December 31, 2024</b>

### Internal Audit Schedule

<b>Quarter</b>	<b>Item description</b>	<b>Delivery schedule</b>	<b>Estimated Days</b>
1st	Corporate Governance Capital, Liquidity, Market Structural Risk Management and ERM	Mar 2024	2 Days
2nd	Cash, Bank & Corporate Bank & Corporate Negotiable Items, Corporate Expense Audit, Broker Deposits, Dormant Accounts, and Internal Controls	Jun 2024	2 Days
3rd	Credit Management (Personal & Mortgage Loans and Commercial Loans)	Sep 2024	2 Days
4th	Asset Quality & Impaired Loan Analysis, ATM, and IT controls AML/ATF and Staff and Director Account Review	Dec 2024	2 Days

## Reporting Date and Fee

<i>Phase</i>	<i>Audit Date</i>	<i>Fees</i>
1st Quarter	March 2024	\$2,150 + HST
2nd Quarter	June 2024	\$2,150 + HST
3rd Quarter	September 2024	\$2,150 + HST
4th Quarter	December 2024	\$2,150 + HST

## INTERNAL AUDIT ASSUMPTIONS

1. Provide an annual review and assessment on the adequacy and effectiveness of the credit union’s process for controlling its activities and managing its risks in the areas set out in the audit program and scope.
2. Report significant issues related to the processes for controlling the activities of the credit union including potential improvements to those processes and provide information concerning such issues through resolution.
3. Provide quarterly information on the status and results of the internal audit program and the sufficiency of controls or lack thereof by risk area.
4. Coordinate with and provide oversight of the other control and monitoring functions (risk management, compliance, security, ethics, and external audit).
5. If during the engagement it becomes evident of possible areas for improvement, recommendations will be made regarding the existing internal controls systems and procedures and related operational practices. Higher risk areas will be monitored for corrective action.

## Internal Audit Scope

1. The internal auditor will be responsible for the scope as outlined in the Internal Audit Program 2024 and as agreed to by the Audit Committee.
2. The internal auditor will keep the Audit Committee informed of emerging trends and successful practices in auditing as well as measuring these against current practices.
3. Provide a list of significant measurement methods and results to the audit committee.
4. Assist in the investigation of significant suspected fraudulent activities with the credit union and notify management and the Audit Committee of the findings.

5. Consider the scope of work and findings of the external auditors and regulatory authority for the purpose of providing optimal audit coverage for the credit union.
6. Provide for the improving management control, profitability and the credit union's image observed during the audit. These observations will be communicated to the appropriate level of management.

## Internal Audit Authority

1. The authority is granted for the full, free, and unrestricted access to any and all credit union records, physical properties and personnel relevant to any function under review.
2. All employees are required to assist and cooperate in the internal audit in fulfilling this function.
3. The internal audit shall also have free and unrestricted access to the chair of the Board of Directors and Audit Committee.
4. Documents and information given to the internal audit during a quarterly review will be handled in the same prudent manner as those employees normally accountable for them.

## Reporting

1. A written report will be prepared and issued on the internal audit or designee following the conclusion of each audit and will be distributed to management and the Audit Committee.
2. Internal audit shall be responsible for appropriate follow-up on audit findings and recommendations. All significant findings will remain as open issues until cleared by internal audit or the Audit Committee.

## Privacy

The privacy and security of the personal information provided will be held with the strictest of confidentiality. There will be strict compliance with all applicable provincial and federal standards of protection and disclosure of personal information by all parties or government agencies. There will be no information collected or information distributed without your knowledge and consent, unless required to do so by legal authority of applicable provision rules and professional conduct.

## Professional Independence

In completing the services of the internal audit, we wish to report the following:

1. We have no financial interest either directly or indirectly with the credit union.
2. We do not hold a position either directly or indirectly that allows us significant influence over the financial or accounting policies of the credit union.
3. We have no personal or business relationship either directly or indirectly with employees of the credit union and/or their immediate family members, close relative or business partners.
4. We have no economic dependence with the credit union other than the fees for those services rendered in completing the internal audit.
5. We have no perceived conflicts of interest in completing the services of the internal audit.

## Standards of Audit Practice

The internal audit will meet generally accepted auditing standards and be reviewed and signed off by a designated CPA, CA.



JS Consultants