

REPORT OF  
**THE SUPERVISORY  
COMMITTEE**



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## **1. INTRODUCTION**

Greetings to the Membership of RHAND Credit Union. In accordance with the Co-operatives Societies Act Chapter 81:03 (Act No.22 of 1971) and Bye-laws of RHAND Credit Union Co-operative Society Ltd, the Supervisory Committee is pleased to present a report of activities done within the Administrative period May 2019 to April 2020 and the financial year January 1, to December 31, 2019.

## **2. COMPOSITION OF THE SUPERVISORY COMMITTEE**

At the 71st Annual General Meeting held on Saturday, April 27, 2019 the following members were elected to serve on the Supervisory Committee:

- Mrs. Patricia Williams
- Ms. Erica Charles

Ms. Nadine Ellis and Mrs. Linda Renaud-Medford were elected as 1st and 2nd Substitutes, respectively.

In accordance with Bye-Law 24(c)(iii), the inaugural meeting of the Committee was held on May 1, 2019. Ms. Claudette Brown and Ms. Pamela Ogiste were elected in the positions of Chairperson and Secretary, respectively.

Further, in accordance with Bye-Law 24(c)(i), the five (5) members who comprised the Supervisory Committee for the 2019/2020 term were as follows:

- Ms. Claudette Brown - Chairperson
- Ms. Pamela Ogiste - Secretary
- Mr. Ancil Forde - Member
- Mrs. Patricia Williams - Member
- Ms. Erica Charles - Member

Member Ancil Forde resigned from the Committee effective August 19, 2019 and 1st substitute Nadine Ellis accepted the invitation to serve as a member to the end of the term.

At this 72nd Annual General Meeting of 2020 the term of office of the following members comes to an end:

- Ms. Claudette Brown
- Ms. Pamela Ogiste
- Ms. Nadine Ellis

## **3. THE AUTHORITY OF THE SUPERVISORY COMMITTEE**

- 3.1 Bye-Law 24 (a) states that the Supervisory Committee is the Statutory Internal Auditors of the Credit Union and as such, have the following powers and duties:

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- Make an examination of the affairs of the Society, including an examination of its books, at least semi-annually and, if the Committee thinks it necessary, make a report of its findings to the Commissioner for Co-operative Development.
- Make an annual report of its audit and submit same to the Annual General Meeting of the members.
- Attest (at least one (1) member) the monthly statement prepared by the General Manager of the Society.

## 4. ATTENDANCE AT MEETINGS OF THE SUPERVISORY COMMITTEE

### 4.1 Statutory and Special Meetings

The Supervisory Committee held twelve (12) Statutory and four (4) Special meetings up to the time of reporting.

Attendance at Supervisory Committee Meetings is as follows:

	STATUTORY				SPECIAL				REMARKS
	P	V	Ex	Ab	P	V	Ex	Ab	
Claudette Brown	9	-	-	-	3	-	-	-	
Pamela Ogiste	9	-	-	-	3	-	-	-	
Patricia Williams	11	-	1	-	3	-	-	-	
Erica Charles	7	1	1	-	3	-	-	1	Work-related
Nadine Ellis	8	-	1	-	2	-	1	-	
Linda Renaud-Medford	9	-	-	1	3	-	-	-	
Ancil Forde	2	-	1	1	1	-	-	-	

### 4.2 Macro Committee Meetings

The Board of Directors invited the Supervisory Committee to attend Macro Committee Meetings to discuss the following:

- Review of Financial Performance 2019
- Insight into 2020 - Strategic Business Plan
- Corporate Scorecard 2020
- Marketing Plan 2020
- Budget for 2020



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## **4.3 Other Meetings**

Members of the Supervisory Committee participated in the work of the following Board-Appointed Committees:

- AGM Planning Committee
- AGM Brochure Committee

## **5. WORK PROGRAMME OF THE COMMITTEE FOR THE PERIOD MAY 2019 TO DECEMBER 2019.**

5.1 For the period under review the following key areas of the operations of the Credit Union were examined and reports and recommendations were submitted to the Board of Directors:

- Attestation of the monthly Financial Statements
- Credit Administration Review
- Review of the Delinquency Portfolio
- Review of Minutes of Meetings of the Board of Directors
- Cash Counts
- Review of Branch Operations
- Review of the Education Committee Activities
- Review of Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Compliance Minutes
- Review of the Verbatim Notes of the 2019 Annual General Meeting
- Review of the Occupational Safety and Health Act Compliance

## **6. OBSERVATIONS ON AREAS OF EXAMINATION**

### **6.1 Examination of the Financial Records and Attestation of the Monthly Statements**

Arising out of our duties as the Statutory Internal Auditors of the Society, Bye-law 24 (a) (iv) requires the Committee to: *“Attest (at least one (1) member) the monthly statement prepared by the Treasurer or Manager of the Society”*.

The monthly Financial Statements were examined to ensure that:

- a. Expenditure was supported by adequate and relevant documentation
- b. Expenditure incurred was for the benefit of the operations of the Credit Union

Observations arising out of our examination were discussed with the General Manager and the Manager, Finance and Accounting.

From our examination expenditure incurred was for the benefit of the operations of the Credit Union and was properly supported by relevant documents.

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## **6.2 Credit Administration Review**

Audits were conducted on the Loan Portfolio with an objective to determine whether:

- There was adherence to the Co-operative Societies Act and its supporting Regulations, RHAND's Bye-Laws and the Credit Administration Policy Manual.
- Securities held for Mortgage Loans were valid and adequate.

### **Methodology**

A random sample of approved loans was selected for auditing in accordance with the provisions of Bye-Law 24(b) and the Programme of Work of the Supervisory Committee.

Satisfactory compliance was observed in the granting and disbursement of loans in keeping with RHAND's Bye-Laws and Credit Administration Policy Manual. Observations were brought to the attention of the Supervisor of Loans and the Manager, Credit Administration for review.

## **6.3 Review of the Delinquency Portfolio**

Audits were conducted on the delinquency portfolio in order to determine the success of implemented measures to reduce the number of non-performing loans.

As at December 31, 2019 there were five hundred and nine (509) non-performing loans with a value of \$27,926,494.00 on the books of RHAND Credit Union. This represents a Delinquency Ratio of 6.99 % which is above the PEARLS Ratio of 5%. The corresponding period of 2018 showed a figure of four hundred and eight (408) non-performing loans with a value of \$28,476,864.00 and a delinquency ratio of 7.11%. This is a decrease of 0.12 % over last year's delinquency ratio and warrants continued close monitoring by the Committee.

## **6.4 Review of Minutes of Meetings of the Board of Directors**

During the period under review the Supervisory Committee reviewed minutes of meetings of the Board of Directors. The decisions taken by the Board were in the main implemented in a timely manner.

## **6.5 Conduct of Cash Counts**

Statutory and mid-year Cash Counts were conducted at Head Office and Branch Offices. No excesses or shortages of cash was revealed in the conduct of these exercises.

## **6.6 Audit of Branch Operations**

In our review of the operations at the Branches, the focus remained with Credit Administration and Cash Counts. The continuous efforts of management for compliance with the Occupational Safety and Health



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Act is evident. The challenges faced by the membership as it relates to parking continues to haunt the organization. Nevertheless, the operations at both branch offices were in accordance with the policies and guidelines as established by RHAND and the Co-operative Society Act.

## **6.7 Review of the Education Committee Activities**

Section 21 (a) of the Bye-Laws of RHAND Credit Union states the role of the Education Committee is as follows:

“This Committee shall be in charge of publicity and education and shall supply strategic support to the Board of Directors in achieving the objectives of the Society...”.

The Committee held monthly and special meetings to plan activities which, based on reported feedback, redounded to the further education and appreciation of the membership.

As is customary, the Children’s Christmas Party was well attended. However, the Masters and Youth Calypso Competition did not attract the anticipated turnout. Commendation is due to the Committee for their effective planning and execution of these and other events despite financial challenges to keep within budgetary allocations.

The following were the events hosted by the Committee:

- All Fours Competition
- Masters and Youth Calypso Competition
- Children’s Christmas Party
- Youth Leadership Workshops
- Credit Union Month celebrations
- Member Outreach: Investing for Retirement & Will and Estate Planning MSDP Classes (2 Modules)
- Publication of the annual RHAND Calendar
- SEA and May Cherrie Awards
- Youth Sub-Committee Activity – Participation in Beach Clean-up 2019

## **6.8 Review of Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Compliance**

A review was undertaken of RHAND’s compliance with the law and regulations governing Anti- Money Laundering and Combating the Financing of Terrorism.

### **Methodology**

The methodology included:

- Review of the Proceeds of Crime Act and supporting regulations
- Meeting with the Compliance Officer to view documents and hold discussions

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- Submissions of findings to the Compliance Officer and the Manager Human Resources
- Review of responses from the Compliance Officer and the Manager Human Resources

From the review undertaken the Committee is satisfied that RHAND is taking the necessary steps to ensure compliance with the law and regulations.

## **6.9 Review of the Verbatim Minutes of the 2019 Annual General Meeting**

The verbatim notes of the proceedings of the 2019 Annual General Meeting were reviewed in the context of questions raised on matters of concerns by the membership, who are the owners of RHAND Credit Union Co-operative Society Limited. The review also focused on feedback and promised follow-up actions to be taken by the Board of Directors.

## **6.10 Review of the Occupational Safety and Health Act Compliance**

Included in the Supervisory Committee's Work Programme for the 2019/2020 term was a review of the organization's compliance with the main areas of the Occupational Safety Health (OSH) Act, Chapter 88:08. The exercise commenced at Head Office to ensure that RHAND continues to operate within the scope of the OSH Act. Further, being compliant also demonstrates RHAND's willingness to fulfil its obligations by ensuring the well-being and safety of its staff and members. This review is ongoing and will be expanded to include the Branch offices.

## **7. TRAINING**

7.1 Members of the Supervisory Committee participated in several trainings and workshops conducted by both internal and external providers. These sessions were aimed at enhancing the capability and knowledge of members in the execution of their duties.

Internal:

- Use of the Flex/Juice System
- Office 365
- Network Security Awareness
- Anti-Money Laundering/Combating the Financing of Terrorism
- Strategic Business Planning

External:

- Caribbean Workers' Forum 2019 - Cipriani College of Labour and Co-operative Studies
- Credit Union Month Thought Leadership Session – "Local Service, Global Reach" - Central Finance Facility Co-operative Society of Trinidad and Tobago Limited

## **8. INTERNAL AUDIT DEPARTMENT**

8.1 Inherent in our duties as the Statutory Internal Auditors of the Society, the Committee is required to



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ensure that the System of Internal Controls is effective and forms a reliable basis for the preparation of the Financial Statements. In this regard discussions were held with the Internal Auditor and copies of the Internal Auditor's Reports were made available. The relationship with the Internal Auditor was facilitated through the Audit Committee who ensured that copies of the reports and plans of the Internal Auditor were readily submitted to the Committee.

The Committee is of the opinion that a continued effective working relationship with the Internal Auditor would:

- a. Assist in enabling the Committee to carry out its duties as required under Bye-Law 24
- b. Avoid unnecessary duplication of effort

## 9. **APPRECIATION**

The Management of RHAND Credit Union Co-operative Societies Ltd continues to adopt a proactive approach to new ways in doing business, not only with its members, but also with other financial institutions for the creation of income for the benefit of its membership.

In spite of financial constraints in the economy, Management continues to set strategic goals to increase business for the membership with a focus on viable marketing strategies to achieve financial gains.

The Supervisory Committee supports the Board of Directors, Management and Staff for the work done to achieve the success of RHAND Credit Union Co-operative Society Limited.

Respectfully submitted,

**Claudette Brown** - Chairperson

**Pamela Ogiste** - Secretary

**Patricia Williams**

**Erica Charles**

**Nadine Ellis**

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Claudette Brown  
**Chairman – Supervisory Committee**

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Pamela Ogiste  
**Secretary – Supervisory Committee**