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**Iowa Division of Credit Unions
Regulatory Advisory Bulletin**

Board of Director Appointments

Iowa law requires state chartered credit unions to elect a Board of Directors, and for the Board of Directors to establish an Audit Committee, a Credit Committee, and elect the officers of the Board. Iowa Code section 533.205.

Board of Directors:

The Board of Directors requirements are set in the credit union's individual Bylaws; however, Iowa law dictates the Board shall consist of at least seven members, and shall always be composed of an odd number of directors. Iowa Code section 533.204. Each director shall serve a term of three years and such terms shall be staggered for each director. A Board of Directors must contain the following officers of the board: chairperson of the board, vice chairperson, secretary, and a financial officer whose title shall be designated by the board.

Employees of the credit union are prohibited from serving on the Board of Directors, with the exception of the Chief Executive Officer of the credit union. See Iowa Code section 533.205(5); (6). Board members are further prohibited from being related to any person employed by the credit union in a management position. See Iowa Code section 533.209A. This is consistent with the requirements established in Generally Accepted Accounting Principles.

The officers of the board are required to be elected by the Board of Directors within five days of each annual meeting and shall be listed by position on the Oath of Directors. See Iowa Code section 533.205. At the same time the Board of Directors shall establish the Audit and Credit Committees and name their members.

Audit Committee (533.208):

The Audit Committee consists of no less than three board members or **members of the credit union**. See Iowa Code section 533.205(2). No appointed officer of the Board of Directors, no credit union employees, no members of the credit committee may be active members of the audit committee. Iowa Code section 533.205; Oath of Directors, <https://creditunions.iowa.gov/media/35/download?inline?inline> or <https://creditunionsportal.iowa.gov> (last visited November 19, 2021).

The audit committee is responsible for examining the affairs of the credit union no less than annually, including an audit of the credit union's financial records. The audit committee is also required to perform a member account verification no less than every two years. The audit committee is responsible for providing a report to the credit union members at each annual meeting of the membership.

Special meetings of the credit union members may be called by a majority of the audit committee in order to consider any matters submitted to the audit committee. Additionally, the audit committee is responsible for review of the actions of the board itself. The audit committee may suspend any officer, director, or member of the committee if the audit committee deems the action "necessary to the proper conduct of the state credit union." See Iowa Code section 533.208(3).

No member of the audit committee may be allowed to review actions they are responsible for in the course of any paid employment. See Iowa Code section 533.209.

Credit Committee (533.205):

The credit committee shall have responsibility for the general supervision of all loans to members. The credit committee may appoint one or more loan officers to approve or reject loans subject to written policies and procedures adopted by the credit committee. The credit committee, separate from the audit committee, may include members of the board of directors or members of the credit union.



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