

Motion 1: **Change from Supervisory Committee to Internal Audit Committee**

This AGM agrees to register with the regulator an amendment to the rules of this credit union in accordance with the proposals set out in the summary of the proposed rule changes

**Summary of proposed rule changes**

The board have considered the arrangements for the operation of the Supervisory Committee which require amendments to the Rule Book. Amendments must be agreed at an AGM or SGM by the membership. A Supervisory Committee protects the interests of the membership and for that reason has been independent of the board of directors.

As the credit union has grown in size and complexity, we have employed an Internal Auditor and these rule changes enable the Supervisory Committee to become a sub committee of the board, its member volunteers can become directors whilst the Internal Auditor remains independent of both management and the board. If necessary, the Internal Audit function can be outsourced.

Rule 129 changes the committee's name from Supervisory to Internal Audit and the arrangements for appointing its members. Rule 130 defines the responsibilities of the Internal Audit Committee and its reporting arrangements. Rule 131 makes it clear the primary role of the Internal Audit committee is to oversee the work of the Internal Auditor.

Changes to rules 90, 91, 99 are purely consequences of changing the name of the committee. Changes to rules 122n,122q,122v,122w, 123g,123i, 132, and 87, 83, 133, 146 and 134 are either changed because of the name change, rescinded as no longer applicable or amended to redistribute responsibility to a board director or directors.

Separately we are proposing changes to the arrangements for the Expulsion of Members that delegate the investigation role from the board to the credit union's senior management and gives the board the responsibility for hearing appeals.

**The Annual General Meeting will be asked to vote and accept Motion 1, Change from Supervisory Committee to Internal Audit Committee.**

Motion 1: **Change from Supervisory Committee to Internal Audit Committee**

This AGM agrees to register with the regulator an amendment to the rules of this credit union in accordance with the proposals set out below.

Existing Rule	Proposed New Rule
<p><b>Abolition of Supervisory Committee in favour of Audit Committee</b>            Changing rules <b>129</b> to <b>131</b> to replace supervisory committee with audit sub-committee of the Board.</p> <p><b>Why the changes?</b></p> <p><i>Growth of the credit union</i>            As the size and complexity of the credit union increases, the Board has employed an Internal Auditor. This has meant many functions and tasks of a Supervisory Committee have been conducted by Internal Audit. As the credit union grows these changes would provide the option for the Internal Audit function to be outsourced.</p> <p><i>Control and risk management</i>            The Board has also recognised that the Prudential Regulation Authority and Financial Conduct Authority believe that such complexity in management, systems and controls should be managed by a sub-committee of the board.</p> <p>These changes require consequential removal of references to Supervisory Committee in other rules.</p>	
<p><b>129.</b> The credit union shall have a supervisory committee. The Board of Directors and the supervisory committee shall agree the Terms of Reference of the supervisory committee. Members of the supervisory committee shall not be members of the Board of Directors, or any other permanent committee of the Credit Union, or be employed by the Credit Union, and shall be elected in accordance with the provision of these Rules.</p>	<p><b>129.</b> The Credit Union shall have an Internal Audit Committee which shall be a sub-committee of the Board of Directors. Membership of the Audit Committee will consist of a minimum of two and a maximum of three directors, the Chief Executive/most Senior Manager of the credit union or their appointed deputy and the Internal Auditor or their appointed representative. One Director will be elected by the Board of Directors as the Chairperson of the Audit Committee. The Audit Committee, with the approval of the Board of Directors, shall have the power to appoint others as it sees fit to carry out its duties.</p>
<p><b>130.</b> If a vacancy occurs on the supervisory committee its remaining number shall have the power to co-opt a replacement for the remaining term of office. The supervisory committee shall be notified of all meetings of the Credit Union and be entitled to attend such meeting, including meetings of the Board of Directors of the Credit Union. The supervisory committee shall report each year to the annual general meeting.</p>	<p><b>130.</b> The board of directors shall agree and set the Terms of Reference under which the Internal Audit Committee operates. The Internal Audit Committee will be responsible for monitoring the Credit Union's internal and external audit functions and regulatory reporting, ensuring that they are performed in accordance with prescribed terms of reference. The Committee will report to the meeting of the Board of Directors and make recommendations on these matters.</p>
<p><b>131.</b> The <del>supervisory committee</del> has the power to recommend to the Board that the internal audit function be outsourced. The supervisory committee shall be responsible for ensuring that the internal audit function is performed in accordance with prescribed terms of reference.</p>	<p><b>131.</b> The Internal Audit Committee has the power to recommend to the Board that the internal audit function be outsourced. The Internal Audit Committee shall be responsible for ensuring that the internal audit function is performed in accordance with prescribed terms of reference.</p>
<p><b>90.</b> A Member of the Credit Union may not vote by proxy at a general meeting of the Credit Union. Postal</p>	<p><b>90.</b> A Member of the Credit Union may not vote by proxy at a general meeting of the Credit Union. Postal</p>

<p>voting may be used, at the discretion of the Board of Directors, as part of the procedure for the nomination and election of the Board of Directors, <del>supervisory committee</del> and the credit committee (if in existence) of the Credit Union.</p>	<p>voting may be used, at the discretion of the Board of Directors, as part of the procedure for the nomination and election of the Board of Directors and the credit committee (if in existence) of the Credit Union.</p>
<p><b>91.</b> Elections for the Board of Directors <del>and supervisory committee</del> of the Credit Union shall be conducted by secret ballot unless undertaken prior to the annual general meeting by postal vote. Except where otherwise specified in these Rules or law, all questions shall be resolved by a simple majority of votes cast.</p>	<p><b>91.</b> Elections for the Board of Directors of the Credit Union shall be conducted by secret ballot unless undertaken prior to the annual general meeting by postal vote. Except where otherwise specified in these Rules, or law, all questions shall be resolved by a simple majority of votes cast.</p>
<p><b>99.</b> Nominations for the Board of Directors, <del>the supervisory committee</del> and the credit committee (if in existence) shall be in Writing and shall be signed by a propose and a seconder who must also be Members of the Credit Union and also by the nominee to indicate their consent, and their willingness to submit any requirements of the relevant authority. Nominations shall be sent so as to ensure they reach the registered office of the Credit Union at least 14 days before the date of the annual general meeting where the election shall take place.</p>	<p><b>99.</b> Nominations for the Board of Directors and the credit committee (if in existence) shall be in Writing and shall be signed by a propose and a seconder who must also be Members of the Credit Union and also by the nominee to indicate their consent, and their willingness to submit any requirements of the relevant authority. Nominations shall be sent so as to ensure they reach the registered office of the Credit Union at least 14 days before the date of the annual general meeting where the election shall take place.</p>
<p><b>Responsibilities of Directors</b></p> <p><i>These Changes are required to remove references to the Supervisory Committee</i>  Rules 122n and 122q remove references to Supervisory Committee  Rule 122q, changing reference from Supervisory Committee to Audit Committee  Rules 122v and 122w, combining rules to reflect changes to other rules, rescind rule 122w.</p> <p><i>Vacation of office</i>  Rule 123g and 123 l, removing reference to Supervisory Committee</p>	
<p><b>122n.</b> Filling any casual vacancy in the office of auditor, or in any office in the Credit Union, <del>other than the supervisory committee</del>, subject to rules 111and 141.</p>	<p><b>122n.</b> Filling any casual vacancy in the office of auditor, or in any office in the Credit Union, subject to rules 111and 141.</p>
<p><b>122q.</b> Remunerating necessary clerical and auditing assistance employed or utilised by the <del>Supervisory committee;</del></p>	<p><b>122q.</b> Remunerating necessary clerical and auditing assistance employed or utilised by the Internal Audit Committee.</p>
<p><b>122v.</b> Remove from office Officers and sub-committee members, except members of the supervisory committee, for failure to perform their duties of breach of these Rules;</p>	<p><b>122v.</b> Remove from office Officers and sub-committee members, for failure to perform their duties of breach of these Rules;</p>
<p><b>122w.</b> Suspend any or all of the members of the supervisory committee as provided for by rules 133 and 134;</p>	<p>Rule Rescinded</p>
<p><b>123g.</b> They resign their office in Writing to the Secretary or <del>to the president or to the supervisory committee;</del></p>	<p><b>123g.</b> They resign their office in Writing to the Secretary or Chairperson of the Board of Directors</p>
<p><b>123i.</b> They are removed by a resolution of a majority of the Members of the Credit Union present at a special general meeting called for that purpose by the Board of Directors <del>or by the supervisory committee</del> or by the Members provided that such an Officer shall be given at least 14 days not</p>	<p><b>123i.</b> They are removed by a resolution of a majority of the Members of the Credit Union present at a special general meeting called for that purpose by the Board of Directors or by the Members provided that such an Officer shall be given at least 14 days not</p>

**Suspension of Officers**

Amend Rules 87 and 132 to change process for suspension and removal of an elected officer.

The board of Directors has legal and regulatory responsibility for governance of the credit union. The change gives the Board of Directors the power to investigate and expel officers elected by the membership with the right of appeal to the membership. These changes remove references to Supervisory Committee.

~~132. The supervisory committee may, by a unanimous vote of the entire membership at a special general meeting called for the purpose, suspend from office any Officer of the Credit Union who, in the opinion of the supervisory committee is guilty of a persistent or serious breach of the law in relation to the Credit Union, these Rules or the policies laid down by the Board of Directors. Whether or not it suspends any Officer, the supervisory committee may by unanimous decision convene a meeting of the Board of Directors or a special general meeting of the Credit Union to consider such an action, at which meetings such Officer(s) shall be given an opportunity of state their case and/or be represented.~~

132. The Board of Directors may, by a unanimous vote of the entire membership at a special general meeting called for the purpose, suspend from office any Officer of the Credit Union who, in its opinion is guilty of a persistent or serious breach of the law in relation to the Credit Union, these Rules or the policies laid down by the Board of Directors. If the Board of Directors convenes a special general meeting of the Credit Union to consider such an action, at which meeting such Officer(s) shall be given an opportunity to state their case and/or be represented.

87. If an Officer of the Credit Union has been suspended from office by the supervisory committee using the procedure set out in rule 132 and has not tendered their resignation within 7 days of said suspension then the supervisory committee shall convene a special general meeting of the Credit Union to be held no later than 30 days following the suspension. If the majority of the Members present at such a meeting so vote by secret ballot they may:

87. If an Officer of the Credit Union has been suspended from office using the procedure set out in rule 132 and has not tendered their resignation within 7 days of said suspension then the Board of Directors shall convene a special general meeting of the Credit Union to be held no later than 30 days following the suspension. If the majority of the Members present at such a meeting so vote by secret ballot they may:

**Special general meeting called by the credit union**  
Rule 83 removing reference to supervisory committee

83. Any general meeting of the Credit Union other than an annual general meeting shall be a special general meeting. The Board of Directors ~~or the supervisory committee~~ of the Credit Union may for good reason convene a special general meeting for any purposes not specifically provided for elsewhere in these Rules.

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**Suspension of the Supervisory Committee**  
Rule 133 and 134, rescind rules relating to supervisory committee

133. The Board of Directors may, by a majority vote of the entire membership of the Board at a special meeting called for the purpose, suspend from office the supervisory committee or any of its members, for any grave and sufficient reason.

Rule Rescinded

134. Whenever a member(s) of the supervisory committee has been suspended from office under the preceding rule, and within 7 days of said suspension has not submitted their resignation, the Board of Directors shall convene a special general meeting of the Credit Union to be held not later than 30 days after the suspension. If a majority of the

Rule Rescinded

<p>members present at such a meeting so signify by secret ballot they may:</p> <p>a. Ratify the suspension and remove from office the person so suspended and shall determine the manner in which the vacancy caused by the suspension shall be filled, and shall fill the vacancy at such meeting;</p> <p>b. Rescind the suspension;</p> <p>c. Remove from office any other Officer of the Credit Union (whether or not he or she has been suspended by the Board of Directors) and determine the manner in which the vacancy caused by the removal shall be filled.</p> <p>Provided, however, that no person shall be removed from office under this rule without being given an opportunity of being represented or being heard at a special general meeting of which he or she shall be given 14 days' notice in Writing.</p>	
<p><b>Inspection of accounts</b> Rule 146, removing reference to supervisory committee and replacing with audit committee</p>	
<p><b>146.</b> All books of account and other records of the Credit Union shall at all reasonable times be available for inspection by the auditor, the Board of Directors, <del>supervisory committee</del>, or other persons duly authorised on their behalf.</p>	<p><b>146.</b> All books of account and other records of the Credit Union shall at all reasonable times be available for inspection by the auditor, the Board of Directors, the audit committee, or other persons duly authorised on their behalf.</p>
<p><b>Expulsion from membership</b> Amend rules 23, 25 and 26 to change the process for suspension and expulsion of membership</p> <p>The board of directors has legal and regulatory responsibility for governance of the credit union. The change gives delegation of powers to the most senior manager to investigate and expel a member with ratification and right of appeal to the Board of Directors.</p> <p>This change ensures that a procedure for expulsion of members continues to provide any member effected with a route for appeal following the abolition of the supervisory committee.</p>	
<p><b>23.</b> Subject to the receipt of notice of expulsion in accordance with these Rules, a Member shall be suspended from participation in the Credit Union pending the completion of an investigation. The investigation may recommend the Member's subsequent expulsion from membership of the Credit Union. Any recommendation for expulsion shall be voted upon by passing a resolution carried by a majority present at a joint meeting of the Board of Directors and of the supervisory committee.</p>	<p><b>23.</b> A Member may be suspended from participation in the Credit Union pending the completion of an investigation. The Chief Executive Officer or most Senior Manager shall have the power to establish an investigation into the conduct of a Member on such terms as appear reasonable to him or her and to suspend a member from participation in the Credit Union while the investigation is carried out. The investigation may recommend the Member's expulsion from the Credit Union. In such circumstances the Chief Executive Officer or most Senior Manager shall give notice of the recommendation to the Member and to the Chairperson of the Credit Union and invite the Member to a hearing conducted by the Chairperson of the Credit Union at which the Member shall be entitled to answer the complaint. The hearing shall be held not less than ten working days after the date of</p>

	<p>the notice. The Member may be represented at the hearing. At the conclusion of the hearing the Chairperson shall have the power to expel the Member from the Credit Union.</p>
<p><b>25.</b> A notice of expulsion of a Member shall be sent by special delivery to the last known Address of the Member and shall contain a reference to the expulsion appeals procedure. The notice of expulsion of the Member shall not become effective until 30 days after the date of posting the notice of expulsion or until the result of any appeal, if any, whichever is the later.</p>	<p><b>25.</b> A notice of expulsion of a Member shall be sent by special delivery to the last known address of the Member (the registered office if a corporate member) and shall contain a reference to the expulsion appeals procedure. The notice of expulsion of the Member shall not become effective until 20 working days after the date of posting the notice of expulsion or until the result of any appeal, if any, whichever is the later. If Shares have been issued for a fixed term, the Credit Union may give the Shareholding Member written notice of expulsion, terminating her/his rights as a Shareholding member, with effect from the expiration of the fixed term.</p>
<p><b>26.</b> A Member shall have 14 days from the receipt of a notice of expulsion to request an appeal against their expulsion. The Board of Directors shall, upon a request received in Writing from the Member on whom the notice of expulsion has been served, convene a special general meeting of the Members to consider the matter of their expulsion. The meeting shall be held not later than 60 days after the date on which the expulsion notice has been served on them. The Member shall have the right to be represented and heard at such special general meeting. The special general meeting shall have the power, by a majority decision of Members present, to confirm the Member's expulsion or to direct that they shall remain a Member of the Credit Union. The result of the appeal shall be final.</p>	<p><b>26.</b> A Member shall have 10 days from the receipt of a notice of expulsion to request an appeal against their expulsion. The Board of Directors shall, upon a request received in Writing from the Member on whom the notice of expulsion has been served, hear the appeal at a special meeting of the Board of Directors held not later than 60 days after the date on which the expulsion notice has been served on them. The Member shall have the right to be represented and heard at the meeting. The Board of Directors shall have the power by a simple majority decision of those present to confirm the Member's expulsion and specify the date the expulsion takes effect or to direct that he or she shall remain a Member of the Credit Union. The result of the appeal shall be final.</p>