

Section	Standard
Section 1. Administration and Finance	
1-A. Mission Statement, Strategic Plan and Organizational Chart	<p>STANDARD 1-A: The agency must have a mission statement and a strategic plan. The strategic plan should be reviewed annually and include measurable goals with assigned accountability. The agency must meet or be in process of meeting the desired goals as stated in the plan. A succession plan, either formal or informal, should be developed for the agency.</p> <p>The agency must have an up-to-date organizational chart indicating direct lines of responsibility that correspond to supervisory roles and job descriptions.</p>
1-B. Internal Communication	<p>STANDARD 1-B: The agency must have regular and timely communication to keep all staff informed of policy changes, job-related local and national news, and other critical information.</p> <p>Internal communication should include at least annual meetings in which management can communicate relevant topics, such as: The strategic plan of the agency; Updates on policies and procedures; Staff initiatives and trends in the industry; Other issues that are important to staff.</p> <p>The agency should use an effective process to give staff the ability to communicate important topics and input to senior staff.</p>
1-C. Communication with Other Regulatory Agencies	<p>STANDARD 1-C</p> <p>Credit Union: The agency should meet with NCUA at least annually, and other relevant federal regulators as necessary. The agency should meet periodically with other state regulators. The agency should have Memorandum of Understanding (MOUs) and/or Information Sharing Agreements with federal regulators such as NCUA and FinCEN and CFPB as applicable. The agency should have agreements with other states if there is interstate branching activity of a state credit union. Overall, the agency must have an established mechanism (and practice of) sharing important supervisory information and ideas with its fellow state and federal regulatory peers. NOTE: Compliance with signed agreements with federal regulators is covered under the Examination Section of the Questionnaire.</p>

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1-D. Communication with Industry	STANDARD 1-D: The agency's senior personnel should attend meetings of all relevant associations in their state. Proposed legislation should be discussed with trade associations in the state to clarify issues. The agency should have appropriate communications to their regulated entities to keep them informed of changes in policy or legislation.
1-E. Consumer Education / Financial Literacy	STANDARD 1-E: The agency or its larger agency should provide (or participate in) consumer education/financial literacy training to consumers and have financial literacy information available to consumers on their website.
1-F. Access to Legal Assistance	STANDARD 1-F: The agency must have an attorney on staff or a consistently assigned attorney, with appropriate expertise, from the Attorney General's Office to represent the agency if required by state law. The department should also have the ability to hire outside counsel when necessary.
1-G. Agency Facilities	STANDARD 1-G: All agency offices must have either keyed or coded entry and meet the following qualifications: <input type="checkbox"/> 1. Confidential files must be locked and access controlled. <input type="checkbox"/> 2. There must be a procedure for maintaining control of confidential files and security when not in locked area, including files maintained at an off-site location. <input type="checkbox"/> 3. Space should be adequate to accommodate all examiners, as needed.
1-H. Business Continuity Plan	STANDARD 1-H: The agency must have an up-to-date Business Continuity Plan that should be tested at least annually and address how the agency will resume operations in the event of a disaster to its offices or its data systems.
1-I. Technology Infrastructure and Cybersecurity	STANDARD 1-I: The agency's computer system must be adequate to provide the necessary tools for regulation of financial institutions and must be compatible with the programs necessary to perform examinations. Written policies on information technology (IT) must be adopted and include the following: <input type="checkbox"/> 1. Computers should be replaced at least every three years unless justified for longer period. <input type="checkbox"/> 2. Computer systems must have adequate firewalls, virus protection, and intrusion detection. <input type="checkbox"/> 3. Secure transmission and receipt of data. <input type="checkbox"/> 4. Adequate procedures for monitoring, detecting, and responding to cybersecurity threats <input type="checkbox"/> 5. Cybersecurity training and reporting procedures.

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1-J. Budget Revenue Source / Contingency Plan	STANDARD 1-J: The regulatory agency must be self-supporting with income generated from the regulatory program and not reliant on outside revenue sources. Agency must have a contingency plan (separate fund, cash balance or proven ability to increase revenue) to cover at least three months' worth of expenses.
1-K. Budget Expenses / Supplemental Budgets	STANDARD 1-K: Input into budget process must include all individuals who will be responsible for monetary controls of portions of the budget. Budget versus actual expenses must be reviewed monthly and reported to senior management. The agency must have sufficient funds to operate and to examine all regulated entities in poor economic times, as well as during times of good economy, including the ability to hire additional examiners, if necessary.

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Section 2. Training and Personnel	
2-A. Personnel Manual	STANDARD 2-A: The agency must have an approved personnel manual. The manual should be reviewed at least annually and should include department specific procedures regarding hours, travel, per diem, etc. The manual must be available to all employees either in hard copy or electronically and should be reviewed with employees periodically, as needed.
2-B. Job Descriptions	STANDARD 2-B: All positions must have job descriptions which describe current duties performed and should be reviewed at least annually.
2-C. Hiring Policies	STANDARD 2-C: Although most states have an agency which provides hiring and recruiting duties for the entire state government, supervisors from the agency must be included in the selection process. An immediate supervisor must participate in the hiring interview for individuals whom they will directly supervise and have acceptable training in conducting hiring interviews. The agency should have the ability to recruit through optional sources, such as college job fairs.
2-D. Promotional Opportunities / Pay for Performance	STANDARD 2-D: In order to provide an examiner career path with adequate advancement opportunity, the agency must have at least three levels of field mortgage examination staff and at least four levels of field bank and/or credit union examination staff with three of those levels not limited in the number of positions. If pay for performance incentives are available, funds should be sufficient to pay merit increases for above average performance of examiners. In small agencies where the career path is limited because of the size of staff, efforts should be made to develop specialized experts, thereby expanding the career path professionally if not vertically.
2-E. Performance Appraisal Process	STANDARD 2-E: Performance appraisals must be conducted and communicated to the employee at least annually. Goals should be set each year in coordination between employees and their supervisors.
2-F. Adequacy of Salaries and Benefits	STANDARD 2-F: The agency's salary and benefits for supervision & examination staff must be adequate to hire and retain well-qualified employees. Periodic compensation studies should be conducted to ensure that employee compensation remains competitive with other states and federal regulators.

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2-G. Training Coordinator / Evaluations	<p>STANDARD 2-G: The responsibility for oversight of formal training should be assigned to one individual who maintains a database of training per examiner. The effectiveness of formal training should be evaluated in writing by the participant within a set timeframe following attendance at the class for internal use within the agency.</p>
2-H. Policy on Examiner Training	<p>STANDARD 2-H: The agency must have a written training policy as follows: <input type="checkbox"/></p> <ol style="list-style-type: none"> <li>1. The policy must include a listing of core classes for each level and type of examiner. <input type="checkbox"/></li> <li>2. The policy must include support for an examiner to achieve and maintain a defined career path. <input type="checkbox"/></li> <li>3. The policy must be reviewed annually. <input type="checkbox"/></li> <li>4. The policy must allow examiners the ability to request training that will be subject to a supervisor's approval and budgetary constraints. <input type="checkbox"/></li> <li>5. The training goal must be for each examiner to have a minimum of 28 hours* of industry-specific continuing education annually. <input type="checkbox"/></li> </ol> <p><input type="checkbox"/></p> <p>*Note: The CSBS standard only requires 21 hours, which reflects the requirement of the CSBS certification program (63 hours every three years).</p>
2-I. Training Manual and On-the-Job Training	<p>STANDARD 2-I: The agency must have an approved training manual(s) for bank and mortgage supervision. Federal manuals may be used; however, the agency must have 'state specific' examination procedures, as applicable. <input type="checkbox"/></p> <ol style="list-style-type: none"> <li>1. The manual(s) should include a listing of duties to be performed by the trainee with recommended timeframes and a listing of reading material for reference by topic. <input type="checkbox"/></li> <li>2. The banking manual(s) must address the following areas: operations, credit, and EIC along with specialty areas as applicable. <input type="checkbox"/></li> <li>3. The mortgage manual must include the following areas: financial condition, management, compliance, consumer protection <input type="checkbox"/></li> <li>4. OJT procedures should include the use of a coach(es) for examiners as they are assigned to new areas of training. <input type="checkbox"/></li> <li>5. Written evaluation of trainee should be performed at the conclusion of each job while in training status. Use of a training checklist ensures that the trainee has become proficient in all areas and provides consistency in training new hires and newly promoted examiners.</li> </ol>

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2-J. Exit Interview Training	STANDARD 2-J: The agency must provide training for conducting exit meetings with management. This may take the form of outside schools or internal training including audio and/or visual presentations. Training should also include attendance at such meetings and presentation of various portions of the examination findings prior to taking the lead in conducting the exit meeting.
2-K. Support of External Academic Training	STANDARD 2-K: The agency must have a policy on advanced/academic training which reimburses tuition and/or allows flexibility of time to attend job-related classes. Such training includes full-time college classes, graduate banking/trust schools, and/or advanced mortgage training.
2-L. Adequacy of Training Funds	STANDARD 2-L: All examiners must receive 28 hours* of industry-specific continuing education per year, or training expenditures should be at least 2% of total program or agency expenditures

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Section 8. Credit Union Examination	
8-A. Credit Union Examination Policy	STANDARD 8-A: The agency should have a written policy on examination frequency. The written policy should require each credit union be examined every 12 to 18 months (for Composite CAMEL(S) '1' and '2' rated credit unions) and more frequently (annually or more often) for lower rated or troubled credit unions. The agency's exam policy should require some form of exit meeting at each examination and require a Board meeting for all Composite CAMEL(S) '3', '4', and '5' rated credit unions.
8-B. Credit Union Examination Manual	STANDARD 8-B: The agency should have examinations manuals addressing policies and procedures for safety and soundness examinations and specialty examinations as applicable. These manuals may be a duplicate of federal training manuals, but should also address state specific areas. The manuals should be regularly reviewed every 12-18 months.
8-C-1. Scope of Examination Capabilities: Ability to Examine 50% of its Credit Unions Annually	STANDARD 8-C-1: The agency should have a sufficient number of trained examiners to have the ability to perform independent examinations of at least 50% of the financial institutions regulated annually. The department should be the lead examiner on joint examinations.
8-C-2. Scope of Examination Capabilities: Ability to Examine Credit Union Lending	STANDARD 8-C-2: The department should have the authority and a sufficient number of qualified examiners to examine credit union lending.
8-C-3. Scope of Examination Capabilities: Ability to Examine Credit Union Investments	STANDARD 8-C-3: The department should have the authority and a sufficient number of qualified examiners to examine credit union investments.
8-C-4. Scope of Examination Capabilities: Ability to Examine Credit Union Asset/Liability Management	STANDARD 8-C-4: The department should have the authority and a sufficient number of qualified examiners to examine credit union asset/liability management.
8-C-5. Scope of Examination Capabilities: Ability to Examine Credit Union Liquidity	STANDARD 8-C-5: The department should have the authority and a sufficient number of qualified examiners to examine credit union liquidity.
8-C-6. Scope of Examination Capabilities: Ability to Conduct Financial Analysis of the State's Credit Unions	STANDARD 8-C-6: The department should have the authority and a sufficient number of qualified examiners to conduct financial analysis of credit unions.

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8-C-7. Scope of Examination Capabilities: Ability to Examine Credit Union Management	STANDARD 8-C-7: The department should have the authority and a sufficient number of qualified examiners to examine credit union management.
8-C-8. Scope of Examination Capabilities: Ability to Examine Credit Union Off Balance Sheet Items	STANDARD 8-C-8: The department should have the authority and a sufficient number of qualified examiners to examine credit union off-balance sheet risk.
8-C-9. Use of Market Sensitivity "S" Rating and CAMELS	STANDARD 8-C-9: The agency should utilize the CAMELS rating system in order to clearly distinguish liquidity risk from sensitivity to market risk. Each examination should include issuance of a CAMELS and Composite Rating. The agency should communicate to its credit unions the policy reasons for instituting CAMELS.
8-D-1. Specialty Exams: IS&T & Cybersecurity	STANDARD 8-D-1: The agency must have examiners with proficiency sufficient to conduct cybersecurity risk assessments and examinations in the state credit unions.
8-D-2. Specialty Exams: Electronic Financial Services	STANDARD 8-D-2: The agency must have examiners with proficiency sufficient to conduct assessments of electronic banking risk in the state credit unions.
8-D-3. Specialty Exams: Consumer Compliance	STANDARD 8-D-3: The agency must have examiners with proficiency sufficient to conduct consumer compliance examinations in the state credit unions.
8-D-4. Specialty Exams: CUSOs & Third Parties	STANDARD 8-D-4: The agency must have examiners with proficiency sufficient to conduct assessment of CUSO/3rd Party risk in the state credit unions.
8-E. Planning Individual Safety and Soundness Exams	STANDARD 8-E: The department should have established procedures for organizing safety and soundness and specialty examinations including coordination with federal agencies as necessary. Internal procedures should provide at least one month's notice to the assigned examiner-in-charge for scheduling purposes in order to provide lead time to do pre-planning and scoping examinations. The department should have a system of completing pre-examination work prior to the examination to reduce on-site time at the credit union.
8-F. Examination Report and Workpaper	STANDARD 8-F: Reports of Examination (ROE) should be formatted so as to clearly convey the supervisory determinations resulting from the examination. The agency must have written procedures that require periodic, documented reviews of samplings of ROEs and work papers by supervisors independent of the exam being reviewed. On an annual basis, the agency should be reviewing at least 10% of all ROEs and workpapers.

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8-G. Exit Conferences with Management	STANDARD 8-G: The agency should conduct some form of exit meeting at each examination and require a Board meeting for all Composite CAMEL(S) '3', '4', and '5' rated institutions.
8-H. Examination Report Review and Turnaround	<p>STANDARD 8-H: Report turnaround time should average no more than 30 calendar days from the time the examiner leaves the credit union. <input type="checkbox"/></p> <p><input type="checkbox"/></p> <p>1) Procedures for drafting transmittal letters on '1' and '2' Composite CAMELS rated credit unions may be less stringent than those for problem institutions. For better efficiency, the field staff should be adequately experienced and trained to draft transmittal letters for non-problem institutions. <input type="checkbox"/></p> <p><input type="checkbox"/></p> <p>2) Transmittal letters requiring response to problem areas in examinations findings should be signed by the highest level of authority within the department. <input type="checkbox"/></p> <p><input type="checkbox"/></p> <p>3) Financial institutions should be required to respond within a minimum of 45 days after receipt of the report of examination and a transmittal letter. Individuals should be assigned to track and review the responses. Notation of reviews should be made and retained in the files. The Examiner-in-Charge should be involved in the response to problem credit unions.</p>

Section	Standard
Section 9. Credit Union Supervision	
9-A. Surveillance System	STANDARD 9-A: The agency should have a written surveillance program to monitor all credit unions under its purview, with approved parameters set for variance and exceptions. Reviews should be performed on all credit unions at least quarterly. Off-site surveillance should be utilized to recognize issues on non-problem institutions before they become major problems that might affect the safety and soundness of the institution.
9-B. Follow-Up	STANDARD 9-B: Computer generated reports and documentation of surveillance reviews on all credit unions should be maintained in the credit union files. When problems are noted, established procedures should assign responsibility of written and/or oral communication with the credit union, other regulators, and field personnel with appropriate documentation in the individual credit union file. This information should be available for review by the appropriate field personnel including the assigned examiner-in-charge
9-C. Enforcement Authority Use	STANDARD 9-C: The agency should have specific enforcement powers. The agency should have the ability to issue Cease and Desist Orders, Letter of Understanding or other forms of informal agreements. The agency should also have the authority to remove officers, directors and employees; and to prohibit such individuals from serving in any capacity in any other financial institution that the department regulates. The agency should have the ability to assess civil money penalties sufficient to deter violations of laws and regulations and/or violations of orders or agreements. CMPs should be per violation per day.
9-D. Corporate Governance	STANDARD 9-D: The agency should have policies and procedures for the ongoing supervision of credit union corporate governance and communicating the importance of good corporate governance to the industry.
9-E. Promulgation of Rules and Regulations	STANDARD 9-E: Procedures for promulgation of agency rules and regulations must follow the administrative procedures act as prescribed by state law unless the agency is specifically exempt from such an act. 'Emergency procedures' must be provided.

Section	Standard
<b>10. Credit Union: Legislative Power</b>	
10-A. Revising Laws, Department Duties and Responsibilities	<p>STANDARD 10-A: The credit union statute should be thoroughly reviewed at least once every three years to determine if changes are needed. Once the determination is made that recodification or revision is necessary, steps should be taken to update the statute as necessary. The Agency must continue to seek statute revisions until the identified revisions are made. □</p> <p>□</p> <p>Agency management should indicate that the credit union statute provides the Agency or the commissioner with the necessary powers to perform prescribed duties and responsibilities. Any areas needing improvement should be identified with any current actions in progress being noted.</p>
10-B. Enforcement Authority	<p>STANDARD 10-B: The agency should have specific enforcement powers, including the ability to issue Cease and Desist Orders, Memorandums of Understanding or other forms of informal agreements. The agency should also have the authority to remove officers, directors and employees; and to prohibit such individuals from serving in any capacity in any other financial institution that the agency regulates. The agency should have the ability to assess civil money penalties sufficient to deter violations of laws and regulations and/or violations of orders or agreements. CMPs should be per violation per day.</p>
10-C. Involvement in Legislative Powers	<p>STANDARD 10-C: The agency should have input into any proposed legislation regarding areas under its purview with adequate opportunity to defend the proposals before the legislature. There should be a process in place to identify and review any proposed legislation that would impact the agency. Agency should maintain relationships and lines of communications with legislators</p>
<b>Section 11. Bonus Attributes</b>	
11-A. Access to Professional Accounting Advice or Economists	<p>STANDARD 11-A: The agency must have regular access to a Certified Public Accountant (CPA) on staff or a consistently assigned CPA from another state agency/department, qualified to render professional opinions on accounting issues. This standard may also be met by a staff economist or economist from another state agency.</p>