

As of February 25, 2022



# **NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS**

## **ACCREDITATION Standards**

### **Self-Evaluation for Re-Accreditation Questionnaire (SERA/SEQ)**

For information, contact:

Liz Evans  
VP State Programs and Supervisory Policy  
NASCUS  
[levans@nascus.org](mailto:levans@nascus.org)  
202-669-4863

**NASCUS**

The National Association of State Credit Union Supervisors

## SELF-EVALUATION QUESTIONNAIRE

### Organization

Each section of the NASCUS Self-Evaluation Questionnaire (SEQ) focuses on an essential element of organizing or operating a supervisory agency:

#### **SECTION 1 Agency Administration and Finance** **Max score 240**

1-A-1. Mission Statement and Strategic Plan	5
1-A-2 Succession Planning and Organizational Chart	3
1-B Internal Communication	5
1-C Communication with Other Regulatory Agencies	5
1-D Communication with Industry	5
1-E Consumer Education/Financial Literacy	4
1-F Access to Legal Assistance	5
1-G Agency Physical Facilities	3
1-H Business Continuity Plan	5
1-I Technology Infrastructure and Cybersecurity	16
1-J Budget Revenue Source / Contingency Plan	12
1-K Budget Expenses / Supplemental Budgets	12

#### **SECTION 2 Personnel and Training** **Max score 240**

2-A Personnel Policies	5
2-B Job Descriptions	5
2-C Hiring Policies	5
2-D Promotional Opportunities / Pay for Performance	5
2-E Performance Appraisal Process	5
2-F Adequacy of Salaries and Benefits	10
2-G Training Coordination / Evaluation	5
2-H Policy on Examiner Training	5
2-I Training Procedures and On-the-Job Training	10
2-J Exit Meeting Training	5
2-K Support of External Academic Training	5
2-L Adequacy of Training Funds	15

#### **SECTION 8 Examinations** **Max score 846**

8-A Credit Union Examination Policy	40
8-B Credit Union Examination Manual	20

As of February 25, 2022

8-C-1	Scope: Ability to Examine 50% of CUs Annually	10
8-C-2	Scope: Ability to Examiner CU Lending	20
8-C-3	Scope: Ability to Examine CU Investments	20
8-C-4	Scope: Ability to Examine CU ALM	20
8-C-5	Scope: Ability to Examine CU Liquidity	20
8-C-6	Scope: Ability to Conduct Financial Analysis of CUs	20
8-C-7	Scope: Ability to Examine CU Management	20
8-C-8	Scope: Ability to Examine CU Off Balance Sheet	20
8-C-9	Use of Market Sensitivity "S" Rating & CAMELS	2
8-D-1	Specialty Exams: IS&T & Cybersecurity	10
8-D-2	Specialty Exams: Consumer Compliance	10
8-D-3	Specialty Exams: CUSOs & Third Parties	10
8-E	Planning Individual Safety and Soundness Exams	10
8-F	Examination Report and Workpapers	10
8-G	Exit Conference with Management	10
8-H	Examination Report Review and Turnaround	10

**SECTION 9 Supervision Powers**

**Max score 180**

9-A	Surveillance System	20
9-B	Follow-Up	15
9-C	Enforcement Authority Use	15
9-D	Corporate Governance	5
9-E	Promulgation of Rules and Regulations	5

**SECTION 10 Legislative Powers**

**Max score 105**

10-A	Revising Laws, Dept Duties and Responsibilities	10
10-B	Enforcement Authority	15
10-C	Involvement in Legislative Powers	10

Within each of the five sections of the SEQ, agencies are asked a series of questions on a variety of topics and asked to score their performance against the established standards. For some standards, agencies are asked to submit written documentation or to provide a narrative summary of their practices.

**Purpose & Narrative**

Each section of the SEQ will begin with a brief statement of "Purpose." The statement of purpose describes the focus of the section and the PSC's view of how the section's standards relate to achieving accreditation.

The Narrative for each section puts the standards in perspective and help agencies consider how to best answer questions, or provide written comments, to make the case for meeting a specific standard.

As of February 25, 2022

### **Scoring**

When scoring the agency performance against the accreditation standard, the agency, and the Accreditation Review Team (ART), will use a scoring scale as follows:

Score	Description
0	The agency does not meet the standard. There are major deficiencies in its performance of the specific criteria or there is NO performance at all.
1	The agency does not meet the standard. The agency is performing some function of the criteria, but significant improvement is needed.
2	The agency meets the standard. There may or may not be suggestions for improvement, but the agency meets the standard. <b><i>This SHOULD BE the most common score given to most agencies that meet a given standard.</i></b>
3	The agency exceeds the standard to a notable extent. There are no suggestions for improvement. Agency's performance could be characterized as model/aspirational for others. <b><i>A score of "3" must be thoroughly supported and documented and accompanied by a narrative explanation why the agency believes their practice exceeds the standards to an extent warranting a "3".</i></b>

Each standard has a weighted value, assigned by the NASCUS Performance Standards Committee (PSC), with the greater weightings on those standards most important to achieving, and maintaining, accredited status. The weightings have values ranging from two (2) to forty (40).

## SECTION 1 - AGENCY ADMINISTRATION AND FINANCE

**Purpose** - This section evaluates the administration of the state regulatory agency and the financing of the agency's operations. Questions begin with the broad issues of agency mission and goals and then address specific areas, such as communication with other regulators, communication with industry, and adequacy of support personnel. Questions on financing address the funding mechanism for the agency and the adequacy of the budget with respect to the agency's ability to: (1) meet its supervisory requirements including chartering, licensing, examinations, and investigations; (2) provide adequate and up-to-date computer equipment; (3) monitor the agency budget; and (4) influence its budget allocation.

**Narrative** – This section does not require or endorse a standard management style or funding mechanism. As demonstrated by the various standards, administrative organization must be documented by way of an organizational chart, mission statement, and strategic plan. However, no specific organization structure or mission statement is prescribed. Likewise, the agency may use a variety of means to fund itself, so long as the funding is sufficient for it to meet its responsibilities (and various accreditation standards).

**Max Score:** 240

### 1-A-1. MISSION STATEMENT AND STRATEGIC PLAN

Strategic planning is an important tool for the agency as it provides organizational direction. The agency's day-to-day decisions can be better guided, and the agency's progress can be better measured through the strategic planning process. In this topic, the agency will provide information about its mission statement and strategic planning process.

**STANDARD 1-A-1:** The agency must have a mission statement and a strategic plan. The strategic plan should include long term strategies, be reviewed annually, and include measurable goals with assigned accountability. The agency must meet or be in process of meeting the desired goals stated in the plan.

**Question 1: The agency has a strategic plan.**

Options: Yes; No; Other; N/A

Answer:

**Question 2: The agency has a mission statement.**

Options: Yes; No; Other; N/A

Answer:

**Question 2.1:** If yes, please include mission statement below.

Answer:

As of February 25, 2022

**Question 3:** The strategic plan has been reviewed in the past 12 months.

Options: Yes; No; Other; N/A

Answer:

**Question 3.1:** If yes, date the strategic plan was updated:

Answer:

**Question 4:** The following are involved in developing the agency's strategic plan:

Options: Senior Management; Banking Board or Council; Field Managers; Field Examiners; Other

Answer:

**Question 4.1:** If other, please specify.

Answer:

**Question 5:** The final strategic plan is communicated to the agency's employees via:

Options: Email; Website; Staff meeting; Plan is not formally communicated; Other

Answer:

**Question 5.1:** If other, please specify.

Answer:

**Question 6:** Assignments are made for completion of strategic actions.

Options: Yes; No; Other; N/A

Answer:

**Question 7:** Timeframes are established for completion of the strategic actions.

Options: Yes; No; Other; N/A

Answer:

**Question 8:** The goals of the strategic plan have been met in the timeframes anticipated.

Options: Yes; No; Other; N/A

Answer:

**Question 8.1:** If goals of the strategic plan have not been met in timeframes anticipated, please explain why and provide outlook for accomplishment of strategic plan goals.

Answer:

**Question 9:** Please explain how progress on the strategic plan is monitored

Answer:

**Question 10:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## 1-A-2. SUCCESSION PLANNING AND ORGANIZATIONAL CHART

Agencies should be prepared for the unexpected and ensure the continuity of operations if there is a loss of key personnel. This topic will assess your agency's succession plan and ensure there is a well-defined organizational chart. It should be noted that job descriptions will be discussed in Section 2.

**STANDARD 1-A-2:** A succession plan for key employees, either formal or informal, should be developed for the agency. Cross training should be completed across the agency to prepare staff to advance into roles within the agency in the event of retirement or unexpected loss of staff.

**Question 1:** A succession plan has been adopted.

Options: Yes; No; Other; N/A

Answer:

**Question 1.1:** If no, please explain.

Answer:

**Question 2:** If the commissioner were to become incapacitated, his/her duties would be assumed by:

Answer:

**Question 3:** The agency has an up-to-date organizational chart showing direct lines of responsibility.

Options: Yes; No; Other; N/A

Answer:

**Question 4:** The agency reports to a board, advisory council, or similar.

Options: Yes; No; Other; N/A

Answer:

**Question 4.1:** If yes, please provide the make-up of the board and its authority.

Answer:

**Question 5:** Current job descriptions correspond to the employee positions shown on the organizational chart.

Options: Yes; No; Other; N/A

Answer:

**Question 6:** Briefly describe the operational units of the agency (i.e., banking, mortgage, credit union, securities) and their primary responsibilities.

Answer:

**Question 7:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## 1-B. INTERNAL COMMUNICATION

This topic seeks information on the agency's system and frequency of holding periodic staff meetings either state-wide, by region, or through systematic visitation, to keep professional staff informed of administrative matters, provide legislative and regulatory updates, and provide a forum for the exchange of ideas.

**STANDARD 1-B:** The agency must have regular and timely communication to keep all staff informed of policy and procedure changes, job-related local and national news, and other critical information.

Internal communication should include at least annual meetings in which management can communicate relevant topics, such as: The strategic plan of the agency, staff initiatives, trends in the industry, and other issues that are important to staff.

The agency should use an effective process to give staff the ability to communicate important topics and input to senior staff.

**Question 1:** The agency holds a training/information conference(s) with all examiners in attendance at least annually. If yes, please provide copies of the last 3 staff meeting agendas.

Options: Yes; No; Other; N/A

Answer:

**Question 2:** Does the agency hold district meetings or quarterly conference calls with examiners in addition to an annual meeting?

Options: Yes; No; Other; N/A

Answer:

**Question 2.1:** If yes, please identify whether quarterly calls, quarterly meetings, or both, were held.

Answer:

**Question 3:** Field examiners provide input into the agenda for the all-staff conference.

Options: Yes; No; Other; N/A

Answer:

**Question 4:** Examination staff is informed of policy changes, job-related local and national news, and other critical information via staff meetings held:

Options: Weekly; Monthly; Quarterly; Semi-annually; Annually; Not held; Other

Answer:

**Question 4.1:** If other, please specify.

Answer:

As of February 25, 2022

**Question 5:** Senior staff meetings are held at least monthly

Options: Yes; No; Other; N/A

Answer:

**Question 5.1:** If no, indicate how frequently they are held.

Answer:

**Question 6:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

### 1-C. COMMUNICATION WITH OTHER REGULATORY AGENCIES

This topic evaluates the agency's communication with applicable federal regulators and fellow state regulators. Effective communication between the agency and federal and state regulatory peers is essential for the efficient scheduling of examinations and sharing of supervisory information.

**STANDARD 1-C:** 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.

**Question 1:** The agency participates in regular meetings with other state bank/mortgage regulatory agencies to discuss regulatory issues and share best practices in state regulation.

Options: Yes; No; Other; N/A

Answer:

**Question 1.1:** If yes, please provide a list of meetings attended in past year.

Answer:

**Question 2:** The agency participates in regular meetings with federal bank/mortgage regulatory agencies to discuss the coordinated regulation of your regulated entities.

Options: Yes; No; Other; N/A

Answer:

**Question 2.1:** If yes, please provide a list of meetings attended in past year.

Answer:

As of February 25, 2022

**Question 3:** The agency is involved in multi-state or federal committees.

Options: Yes; No; Other; N/A

Answer:

**Question 3.1:** If yes, please list them.

Answer:

**Question 4:** The agency participates in regularly scheduled conference calls with other states (e.g. all-state calls and working groups).

Options: Yes; No; Other; N/A

Answer:

**Question 4.1:** If yes, please list them.

Answer:

**Question 5:** For CU only: The agency has signed MOUs/information sharing/ or other agreements with federal regulators, federal agencies, and other state agencies?

Options: Yes; No; Other; N/A

Answer:

**Question 6:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## 1-D. COMMUNICATION WITH INDUSTRY

It is often difficult to accomplish your agency's goals without the support of the banking industry. In this topic, we will evaluate the nature, purpose and effectiveness of the agency's communication with the industry trade associations.

**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.

**Question 1:** List examples of association meetings agency personnel have attended during the past 12 months.

Answer:

**Question 2:** The agency discusses proposed legislation with relevant state trade associations to clarify issues.

Options: Yes; No; Other; N/A

Answer:

As of February 25, 2022

**Question 3:** Rate the effectiveness of the agency's communication with state trade associations:

Options: Excellent; Adequate; Needs Improvement

Answer:

**Question 4:** Provide support for your answer to question 3 above:

Answer:

**Question 5:** The agency uses the following methods to communicate to their regulated entities changes in policy or legislation:

Options: Newsletter; Written communications such as memos letters etc.; Website; Conferences; Trade association communiques; Other

Answer:

**Question 5.1:** If other, please specify.

Answer:

**Question 6:** Does your Agency communicate through a board or commission?

Options: Yes; No; Other; N/A

Answer:

**Question 7:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## 1-E. CONSUMER EDUCATION / FINANCIAL LITERACY

Many Americans continue to be burdened by heavy debt loads and do not have a good understanding of basic financial concepts. This section evaluates how the agency provides or participates in relevant financial literacy training for consumers. Relevant training should be considered financial literacy training related to daily financial management, such as budgeting, credit reports, investing 101, scams & fraud prevention.

**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.

**Question 1:** The agency provides (or participates in) consumer education/financial literacy training to consumers.

Options: Yes; No; Other; N/A

Answer:

**Question 1.1:** If yes, list examples of consumer education/financial literacy training provided:

Answer:

**Question 2:** Information about consumer education/financial literacy is referenced on agency website.

As of February 25, 2022

Options: Yes; No; Other; N/A

Answer:

**Question 2.1:** If yes, provide URL of website(s) with consumer education/financial literacy information:

Answer:

**Question 3:** Does the Agency promote financial literacy?

Options: Yes; No; Other; N/A

Answer:

**Question 4:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

### 1-F. ACCESS TO LEGAL ASSISTANCE

In today's regulatory and business environment, it is important that an agency have access to an individual to oversee or manage legal issues that may arise. This section evaluates the agency's direct and/or indirect access to legal assistance, advice and support.

**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.

**Question 1:** The agency has an attorney(s) on staff.

Options: Yes; No; Other; N/A

Answer:

**Question 1.1:** If yes, please list them.

Answer:

**Question 2:** The agency has specifically assigned attorneys from the Attorney General's office to represent the agency that spend at least 50% of their time on agency issues.

Options: Yes; No; Other; N/A

Answer:

**Question 2.1:** If attorneys spend less than 50% of their time on agency issues, but agency believes they should still meet this standard, please explain.

Answer:

**Question 3:** The agency has authority to hire outside counsel when necessary.

Options: Yes; No; Other; N/A

Answer:

As of February 25, 2022

**Question 4:** Agency legal staff participate in proposed legislative changes before and during legislative sessions.

Options: Yes; No; Other; N/A

Answer:

**Question 5:** Agency legal staff participate in drafting and/or review of formal corrective actions.

Options: Yes; No; Other; N/A

Answer:

**Question 6:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

### 1-G. AGENCY PHYSICAL FACILITIES

In this section we will look at the adequacy of your facilities and the physical security of your office spaces.

**STANDARD 1-G:** All agency offices must have either keyed or coded entry and meet the following qualifications:

1. Confidential files must be locked, and access controlled.
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.
3. Space should be adequate to accommodate examiners, as needed.
4. Agency ensures remote employees are aware of data retention and security policies.

**Question 1:** The agency has either keyed or coded entry on all office entrances, including field offices.

Options: Yes; No; Other; N/A

Answer:

**Question 2:** The agency maintains field offices.

Options: Yes; No; Other; N/A

Answer:

**Question 3:** Confidential files are maintained in a locked area with limited access.

Options: Yes; No; Other; N/A

Answer:

**Question 4:** Describe your agency's policies or procedures for maintaining confidential files, including files maintained at an off-site location.

Answer:

**Question 5:** Office space is adequate to accommodate all examiners as needed.

Options: Yes; No; Other; N/A

Answer:

As of February 25, 2022

**Question 6:** Examiners are permitted to work remotely when not working at an onsite examination.

Options: Yes; No; Other; N/A

Answer:

**Question 6.1:** If yes, please explain how the agency ensures work remote employees comply with data retention and security policies.

Answer:

**Question 7:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## 1-H. BUSINESS CONTINUITY PLAN

It is important to prepare for the worst-case scenario: fire, natural disaster, or other emergencies that can impact your agency's operation. This topic will look at the adequacy of your 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.

**Question 1:** The agency has a business continuity plan.

Options: Yes; No; Other; N/A

Answer:

**Question 2:** The plan is reviewed and updated as needed.

Options: Yes; No; Other; N/A

Answer:

**Question 2.1:** If yes, the plan was last updated:

Answer:

**Question 3:** The business continuity plan is successfully tested at least annually (either point-in-time annual test or rolling component tests).

Options: Yes; No; Other; N/A

Answer:

**Question 3.1:** If yes, please explain and include dates of the most recent tests.

Answer:

**Question 4:** Data systems are backed up to an off-site location.

Options: Yes; No; Other; N/A

Answer:

**Question 5:** Data back-up site is located how many miles from primary server location:

Answer:

As of February 25, 2022

**Question 5.1:** If distance from primary server location is unknown, can it be proven that the data is backed up in multiple locations (Cloud usage)?

Options: Yes; No; Other; N/A

Answer:

**Question 6:** Data backup is located at a third-party provider.

Options: Yes; No; Other; N/A

Answer:

**Question 7:** The agency has a procedure for recovery of data systems.

Options: Yes; No; Other; N/A

Answer:

**Question 7.1:** If yes, describe the procedure or upload a copy of written procedure.

Answer:

**Question 8:** Data recovery has been tested within the past 12 months.

Options: Yes; No; Other; N/A

Answer:

**Question 8.1:** If yes, it was last tested:

Answer:

**Question 9:** Fire safety and evacuation procedures are adequate for main office and all field offices.

Options: Yes; No; Other; N/A

Answer:

**Question 10:** Evacuation Drills are conducted:

Options: Monthly; Quarterly; Annually; As Needed; Other

Answer:

**Question 10.1:** If other, please specify.

Answer:

**Question 11:** Agency maintains a notification system or calling tree that works both up and down to alert employees and staff in the event of an emergency.

Options: Yes; No; Other; N/A

Answer:

**Question 12:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## 1-I. TECHNOLOGY INFRASTRUCTURE AND CYBERSECURITY

Increasingly, agencies are dependent upon information technology to perform their core mission. This section evaluates the adequacy of the agency's information technology and cyber security program. Questions focus on the agency's computer system, including central office computers (i.e., LAN system, E-mail, etc.), number of computers for field examination staff, anticipated replacement and/or upgrade of computers, backup and disaster recovery plans (including those for field computers).

**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:

1. Computers should be replaced at least every three years unless justified for longer period.
2. Computer systems must have adequate firewalls, virus protection, and intrusion detection.
3. Secure transmission and receipt of data.
4. Adequate procedures for monitoring, detecting, and responding to cybersecurity threats.
5. Annual cybersecurity training and reporting procedures, including periodic phishing tests for agency employees.

**Question 1:** The agency's computer system has up-to-date firewalls.

Options: Yes; No; Other; N/A

Answer:

**Question 1.1:** If yes, what is the date of last update.

Answer:

**Question 2:** The agency's computers have up-to-date virus protection which includes regular patching

Options: Yes; No; Other; N/A

Answer:

**Question 3:** The agency conducts intrusion detection on an ongoing basis.

Options: Yes; No; Other; N/A

Answer:

**Question 4:** The agency's system allows for the secure retention, transmission and receipt of data (data encryption).

Options: Yes; No; Other; N/A

Answer:

As of February 25, 2022

**Question 5:** The agency's system is compatible with programs necessary to perform examinations.

Options: Yes; No; Other; N/A

Answer:

**Question 6:** The agency has adopted a written information technology policy (If yes, upload a copy of IT policy).

Options: Yes; No; Other; N/A

Answer:

**Question 7:** Examination staff computers are replaced at least every three years.

Options: Yes; No; Other; N/A

Answer:

**Question 7.1:** If no, why not and how often are computers replaced?

Answer:

**Question 8:** The agency has adequate policies and procedures to protect its data, and detect intrusions, breaches, and unauthorized access of data in transit or data at rest.

Options: Yes; No; Other; N/A

Answer:

**Question 9:** The agency has written policies on reporting, responding to and recovering from a cybersecurity breach.

Options: Yes; No; Other; N/A

Answer:

**Question 10:** The agency provides cybersecurity training to all staff.

Options: Yes; No; Other; N/A

Answer:

**Question 10.1:** If yes, provide how often training is conducted.

Answer:

**Question 11:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## 1-J. BUDGET REVENUE SOURCE / CONTINGENCY PLAN

This topic evaluates the agency's revenue source(s) and seeks to provide the Accreditation Program with a better understanding of the agency's funding.

**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.

As of February 25, 2022

**Question 7:** The entire agency is self-supporting and does not rely on funds from the general fund to operate.

Options: Yes; No; Other; N/A

Answer:

**Question 8:** The agency has a contingency funding plan to cover at least three months' worth of expenses.

Options: Yes; No; Other; N/A

Answer:

**Question 8.1:** If yes, select the source of funds:

Options: Separate fund; Cash balance; Proven ability to increase revenue;

Other

Answer:

**Question 8.2:** If other, please specify.

Answer:

**Question 9:** The percentage of the agency's total revenue derived by banks (and/or credit unions) over \$10B is:

Answer:

**Question 10:** The agency has a contingency plan, should it lose its revenue source from its largest regulated entities.

Options: Yes; No; Other; N/A

Answer:

**Question 10.1:** If yes, please explain.

Answer:

**Question 11:** Is the organizational unit responsible for credit union regulation self-supporting?

Options: Yes; No; Other; N/A

Answer:

**Question 12:** Is the organizational unit responsible for bank regulation self-supporting?

Options: Yes; No; Other; N/A

Answer:

**Question 13:** Is the organizational unit responsible for mortgage regulation self-supporting?

Options: Yes; No; Other; N/A

Answer:

**Question 14:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

As of February 25, 2022

<b>Source of Agency Revenue</b>	<b>\$ Amount</b>	<b>% of Total Revenue</b>
(Q14.1) Assessments on the assets of credit unions		
(Q14.2) Fees for examinations		
(Q14.3) State general funds		
(Q14.4) Application/licensing fees		
(Q14.5) Other Sources		

**1-K. BUDGET EXPENSES / SUPPLEMENTAL BUDGETS**

Preparing the agency's budget is never an easy task. The questions in this section will provide an understanding of how you approach your budgeting process. This section seeks information on the process of preparing the agency budget, including the procedure for reviewing monthly or periodic budget reports and making appropriate changes.

Note: The adequacy of salaries and benefits and adequacy of training funds is covered elsewhere in the questionnaire.

**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.

**Question 1:** All agency's staff responsible for monetary controls on portions of the budget are included in the budgeting process.

Options: Yes; No; Other; N/A

Answer:

**Question2:** Budget versus actual expenses are reviewed monthly by senior management.

Options: Yes; No; Other; N/A

Answer:

<b><i>The agency's budget is adequate to:</i></b>	<b><i>Y / N</i></b>
(Q3) Examine and supervise all state regulated entities in accordance with frequency guidelines in good economic times	
(Q4) Examine and supervise all state regulated entities in accordance with frequency guidelines in poor economic times.	
(Q5) Operate the regulatory agency.	

**Question 6:** The agency has the ability to hire additional examiners if necessary.

Options: Yes; No; Other; N/A

Answer:

As of February 25, 2022

**Question 6.1:** If no, please explain.

Answer:

**Question 7:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## SECTION 2 – PERSONNEL AND TRAINING

**Purpose** - This section evaluates various aspects of the people side of the agency. The criteria assume that a superior agency provides a clear, adequate and consistent set of rules for the treatment of employees. Some of the criteria address the documents related to personnel policy, e.g., policy manuals and job descriptions. Other criteria address retention of professional staff. This section also evaluates the effectiveness of an agency's chosen method to train its staff. On-the-job training, formal classroom instruction and seminars can singly or jointly comprise an adequate training program. Whatever the mix, the program should maintain a high quality of instruction and be carried out on a routine basis.

**Narrative** – Agencies may wish to describe special efforts in the training and education areas, especially where local conditions require specific areas of expertise (e.g., agricultural lending, business loans). Quantitative measures of formal education completed by staff can be included, even though the number of classroom hours or courses completed may not, by themselves, identify an effective training program.

**Max Score:** 240

### 2-A. PERSONNEL POLICIES

A Personnel Manual can set the tone for an agency and help staff understand what is expected of them. This topic seeks to evaluate the agency's Personnel Manual in terms of completeness, relevancy of material, and maintenance procedures.

**STANDARD 2-A:** The agency must have approved personnel policies. The policies should be reviewed at least annually and should include department specific procedures regarding hours, travel, per diem, etc. The policies must be available to all employees either in hard copy or electronically in a central location and should be reviewed with employees periodically, as needed.

**Question 1:** The agency has a state or agency approved and up-to-date personnel manual.

Options: Yes; No; Other; N/A

Answer:

**Question 2:** The personnel manual includes:

Options: Personnel guidelines; Policies and procedures such as bargaining unit protocols if applicable; Processing of personnel actions; Establishing and filling vacant positions; Leaves of absence; Grievances; Disciplinary actions

Answer:

As of February 25, 2022

**Question 3:** The personnel manual has been reviewed by the agency in the past 12 months.

Options: Yes; No; Other; N/A

Answer:

**Question 3.1:** If yes, who reviewed the personnel manual and were any revisions made?

Answer:

**Question 4:** The manual is provided to all employees:

Options: In hard copy; On the agency's internal website; Emailed to them; Other

Answer:

**Question 4.1:** If other, please specify.

Answer:

**Question 5:** The Personnel website is available online at:

Answer:

**Question 6:** Updates are made to the manual promptly after revisions are made with personnel notified of material changes.

Options: Yes; No; Other; N/A

Answer:

**Question 7:** The manual includes agency specific procedures regarding:

Options: Hours; Travel; Per diem; Benefits; Confidentiality; Cell phone or wireless communication devices; Telecommuting

Answer:

**Question 8:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## 2-B. JOB DESCRIPTIONS

Good job descriptions are a valuable tool for proper employee recruiting and selection. Up-to-date and accurate descriptions allow your agency to match the right candidates with available positions by documenting the specific responsibilities of each position. In this topic, we will review job descriptions for key positions within your agency.

**STANDARD 2-B:** All positions must have job descriptions which describe current duties performed and should be reviewed at least annually or upon posting for a vacancy.

**Question 1:** All agency positions have job descriptions which describe current duties performed.

Options: Yes; No; Other; N/A

Answer:

As of February 25, 2022

**Question 2:** The job descriptions are reviewed at least annually.

Options: Yes; No; Other; N/A

Answer:

**Question 3:** The following positions are unionized:

Options: Field examiners; Field supervisors; Administrative support staff; Other; None

Answer:

**Question 3.1:** If other, please specify.

Answer:

**Question 4:** The agency has civil service positions.

Options: Yes; No; Other; N/A

Answer:

**Question 4.1:** If yes, please list them.

Answer:

**Question 5:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## 2-C. HIRING POLICIES

This topic evaluates the agency's personnel hiring policies and recruiting procedures that allow for the employment of the type and number of personnel needed for examination, regulation and supervision.

**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 hiring agency should have the ability to recruit through optional sources, such as college job fairs and online sources.

**Question 1:** The agency's recruiting efforts include:

Options: Newspaper ads; social media; Agency website; College career fairs; Internships; Employee referrals with bonus paid; On-campus interviews; Employment agencies; E-recruitment/Online recruitment (e.g., Brass Ring Career Builder etc.); Other

Answer:

**Question 1.1:** If other, please specify.

Answer:

As of February 25, 2022

**Question 2:** Preferential consideration is given to military veterans, individuals with disabilities, or internal state employees.

Options: Yes; No; Other; N/A

Answer:

**Question 3:** The agency has complete authority over the hiring of agency personnel.

Options: Yes; No; Other; N/A

Answer:

**Question 3.1:** If no, please explain.

Answer:

**Question 4:** Agency supervisors are included in the new employee selection process.

Options: Yes; No; Other; N/A

Answer:

**Question 5:** Immediate supervisors participate in the hiring interview for individuals they will directly supervise.

Options: Yes; No; Other; N/A

Answer:

**Question 6:** Human resource personnel participate in hiring interviews.

Options: Yes; No; Other; N/A

Answer:

**Question 7:** Supervisors are given training specific to conducting hiring interviews.

Options: Yes; No; Other; N/A

Answer:

**Question 7.1:** If yes, please describe the training provided to supervisors on conducting interviews.

Answer:

**Question 7.2:** If no, please explain.

Answer:

**Question 8:** Does the agency have a Diversity Equity and Inclusion (DEI) plan or program?

Options: Yes; No; Other; N/A

Answer:

**Question 8.1:** If yes, please describe how it is applied to the hiring and recruitment process. Please include a copy of the plan if applicable.

Answer:

**Question 9:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## 2-D. PROMOTIONAL OPPORTUNITIES / PAY FOR PERFORMANCE

This topic evaluates the agency's ability to provide an adequate career path and advancement opportunities for examiners. Such an ability, combined with funding sufficient to provide merit-based compensation, may help the department hire and retain qualified personnel.

**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. In agencies where incentive compensation is available, funds should be sufficient to pay increases to examiners. In 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.

Question 1: The agency has at least four levels of field bank examination staff.

Options: Yes; No; Other; N/A

Answer:

Question 1.1: If yes, three of the four levels are not limited in the number of positions.

Options: Yes; No; Other; N/A

Answer:

**Question 2:** The agency has at least four levels of field credit union examination staff.

Options: Yes; No; Other; N/A

Answer: `

**Question 2.1:** If yes, three of the four levels are not limited in the number of positions.

Options: Yes; No; Other; N/A

Answer:

Question 3: The agency has at least three levels of field mortgage examination staff.

Options: Yes; No; Other; N/A

Answer:

Question 3.1: If yes, three of the four levels are not limited in the number of positions.

Options: Yes; No; Other; N/A

Answer:

**Question 4:** Describe the various examiner level positions in the organizational structure.

Answer:

**Question 5:** The agency awards merit increases for above average performance by examiners.

Options: Yes; No; Other; N/A

Answer:

**Question 5.1:** If yes, please explain.

Answer:

**Question 5.2:** If no, please explain.

Answer:

**Question 6:** The agency has a non-monetary incentive award program.

Options: Yes; No; Other; N/A

Answer:

**Question 7:** Does the state allow for pay for performance?

Options: Yes; No; Other; N/A

Answer:

**Question 7.1:** If yes, does the state have to negotiate terms of pay for performance through a union?

Options: Yes; No; Other; N/A

Answer:

**Question 8:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## 2-E. PERFORMANCE APPRAISAL PROCESS

This topic evaluates the performance appraisal and review process used by the agency, including the process for new hires, trainees in new positions, and experienced staff. Where relevant, please provide documentation that includes sample forms/checklists used in the evaluation process, if available.

**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.

**Question 1:** All supervisors have received performance evaluation training.

Options: Yes; No; Other; N/A

Answer:

**Question 1.1:** If yes, please describe the training.

Answer:

**Question 2:** All employees receive timely performance reviews at least annually.

Options: Yes; No; Other; N/A

Answer:

As of February 25, 2022

**Question 2.1:** If no, please explain.

Answer:

**Question 3:** Newly hired employees or persons recently promoted receive more frequent reviews.

Options: Yes; No; Other; N/A

Answer:

**Question 4:** Annually each employee receives performance goals for the upcoming review period.

Options: Yes; No; Other; N/A

Answer:

**Question 4.1:** If yes, the goals are measurable.

Options: Yes; No; Other; N/A

Answer:

**Question 4.2:** If yes, the goals are agreed to by both the employee and the supervisor.

Options: Yes; No; Other; N/A

Answer:

**Question 5:** Training checklists are used for new employees.

Options: Yes; No; Other; N/A

Answer:

**Question 6:** All performance reviews are conducted either in-person or via video conference.

Options: Yes; No; Other; N/A

Answer:

**Question 7:** All performance reviews are signed by both the employee and the supervisor.

Options: Yes; No; Other; N/A

Answer:

**Question 8:** Performance evaluations allow for identifying individual strengths and weaknesses, with recommendations on what training/professional development is needed.

Options: Yes; No; Other; N/A

Answer:

**Question 9:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## 2-F. ADEQUACY OF SALARIES AND BENEFITS

In this topic, the adequacy of the agency's salaries and benefits, particularly as it affects the agency's ability to hire and retain well-qualified employees, will be reviewed and evaluated. Support responses with documentation demonstrating salary ranges and comparisons with contiguous states' examiners and comparable federal examiners.

**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.

**Question 1:** The agency offers adequate salary and benefits to hire and retain well-qualified employees.

Options: Yes; No; Other; N/A

Answer:

**Question 2:** The agency conducts or utilizes periodic studies to document competitor compensation structures.

Options: Yes; No; Other; N/A

Answer:

**Question 3:** The agency conducts their own compensation study.

Options: Yes; No; Other; N/A

Answer:

**Question 3.1:** If yes, provide the date of the most recent compensation study.

Answer:

**Question 4:** The agency utilizes the following compensation studies:

Options: NASCUS, CSBS; Another state agency; Independent third party hired by the agency; None of the above; Other

Answer:

**Question 4.1:** If other, please specify.

Answer:

**Question 5:** The study considers compensation paid by similar agencies in contiguous states.

Options: Yes; No; Other; N/A

Answer:

**Question 6:** The study considers compensation paid by federal agencies operating in the employee market.

Options: Yes; No; Other; N/A

As of February 25, 2022

Answer:

**Question 7:** Compared to similar agencies in contiguous states, your agency's compensation was shown to be generally:

Options: Lower than the competition; Comparable to the competition; Higher than the competition; Salaries in contiguous states were not considered

Answer:

**Question 8:** Compared to federal agencies operating in the employee market, your agency's compensation was shown to be:

Options: Lower than the competition; Comparable to the competition; Higher than the competition; Salaries paid to federal agencies in the employee market were not considered

Answer:

	CY2022	CY2021	CY2020
(Q9.1) Number of staff (or FTE equivalent) in credit union area (e.g., examiners, supervisors, review staff)			
(Q9.2) Percentage of turnover in credit union supervision area			

**Question 10:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## 2-G. TRAINING COORDINATION/EVALUATION

This topic evaluates how the Agency assigns overall formal training responsibility (whether it is assigned to a selected individual or individuals) and the effectiveness of the management and recordkeeping of the training program.

Note: On-the-job training is addressed in another section.

**STANDARD 2-G:** The responsibility for oversight of formal training should be assigned to a designated individual or group of individuals who maintains a database or records of training per examiner. The effectiveness of formal training should be documented by the participant within a set timeframe following attendance at non-core or new classes for internal use within the agency.

**Question 1:** The agency assigns oversight of its formal training program(s) to one or more individual.

Options: Yes; No; Other; N/A

Answer:

**Question 1.1:** If yes, provide the names and titles of the individuals assigned.

Answer:

**Question 2:** A database is maintained reflecting the training each examiner completes.

Options: Yes; No; Other; N/A

As of February 25, 2022

Answer:

**Question 3:** Following attendance at a training course, the employee is required to complete a course evaluation.

Options: Yes; No; Other; N/A

Answer:

**Question 3.1:** The evaluation covers:

Options: Name of course; Date attended; Quality of the speakers; Relevance of course content to the attended; Strengths/weaknesses of the course; Recommendation for future participation in the course by others in the department

Answer:

**Question 4:** The agency requires the evaluation be completed within a set timeframe as designated by the agency.

Options: Yes; No; Other; N/A

Answer:

**Question 4.1:** If yes, please explain the timeframe.

Answer:

**Question 4.2:** If no, please explain.

Answer:

**Question 5:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## 2-H. POLICY ON EXAMINER TRAINING

This topic evaluates the agency's Examiner Training Policy. The section requests uploads of the written training policy and a list of the core and advanced schools used (i.e., NASCUS, CSBS, AARMR, state, federal or other schools and seminars).

**STANDARD 2-H:** The agency must have a written training policy as follows:

1. The policy must include a listing of core classes for each level and type of examiner.
2. The policy must include support for an examiner to achieve and maintain a defined career path.
3. The policy must be reviewed annually.
4. The policy must allow examiners the ability to request training that will be subject to a supervisor's approval, budgetary constraints and course availability.
5. The training goal must be for each examiner to have a minimum of 21 hours of industry-specific continuing education hours for CSBS (bank, mortgage, MSB) and 28 hours of industry-specific continuing education annually for NASCUS (credit union).

**Question 1:** The agency has a written policy on examiner training.

Options: Yes; No; Other; N/A

As of February 25, 2022

Answer:

**Question 2:** The training policy includes a list of core and advanced schools used for each level and type of examiner.

Options: Yes; No; Other; N/A

Answer:

**Question 3:** The agency participates in the following training programs:

Options: State sponsored training programs; NASCUS, CSBS; AARMR; FDIC; FRB; CFPB; Graduate School of Banking; Industry sponsored training programs; NCUA; MTRA; FFIEC; None of the above; Other

Answer:

**Question 3.1:** If other, please specify.

Answer:

**Question 4:** The agency examiners receive training on emerging issues.

Options: Yes; No; Other; N/A

Answer:

**Question 4.1:** If yes, please explain.

Answer:

**Question 5:** The agency examiners have the ability to request training subject to supervisor approval and budgetary constraints.

Options: Yes; No; Other; N/A

Answer:

**Question 6:** The agency's training policy requires examiners to obtain a certain number of hours of job-related classroom or online instruction annually.

Options: Yes; No; Other; N/A

Answer:

**Question 6.1:** If no, please explain.

Answer:

**Question 6.2:** If yes, how many hours does the policy require each year?

Answer:

**Question 7:** The agency's training policy provides clear support for examiners to achieve and maintain a defined career path.

Options: Yes; No; Other; N/A

Answer:

**Question 8:** The agency's training policy has been reviewed in the last 12 months.

Options: Yes; No; Other; N/A

Answer:

**Question 9:** The agency's training policy was last reviewed on:

Answer:

**Question 10:** Please explain how the policy's effectiveness is evaluated.

Answer:

**Question 11:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## 2-I. TRAINING PROCEDURES AND ON-THE-JOB TRAINING

This topic evaluates the agency's training manual(s) in terms of completeness, relevance and maintenance procedures, as well as the agency's administration of On-The-Job-Training. Be prepared to provide documentation that includes the forms or checklists used in evaluating the completeness and effectiveness of the training, training manuals, and other supporting documentation as appropriate.

**STANDARD 2-I:** The agency must have an approved training manual(s) and/or procedures for bank, credit union, and mortgage, and MSB supervision, including On-The-Job training procedures. Federal manuals may be used; however, the agency must have 'state specific' examination procedures, as applicable.

1. The manual(s) or procedures 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.
2. The banking and credit union manual(s) or procedures must address the following areas: operations, credit, and EIC along with specialty areas as applicable.
3. The mortgage and MSB manual or procedures must include the following areas: financial condition, management, compliance, consumer protection.
4. OJT procedures should include the use of a coach(es) for examiners as they are assigned to new areas of training.
5. Written evaluation of a 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.

**Question 1:** The agency has an approved training manual.

Options: Yes; No; Other; N/A

Answer:

**Question 2:** The agency's training manual includes a list of duties to be performed by the trainee within specified timeframes.

Options: Yes; No; Other; N/A

Answer:

**Question 3:** The agency's training manual contains a listing of reference material for each area by topic.

Options: Yes; No; Other; N/A

Answer:

**Question 4:** The agency's training manual for bank supervision addresses the following areas:

Options: Operations - balance sheet - earnings - securities - liquidity - sensitivity to market risk - capital and operations manager duties; Credit - various types (should include loan types commonly found in agency institutions and Credit Manager duties); Examiner in Charge - pre-planning - PEP memos - job assignments - assigning ratings and holding exit meetings; Specialty areas - BSA - IT - Trust - etc.; Not Applicable

Answer:

**Question 5:** The agency's training manual for mortgage supervision addresses the following areas:

Options: Financial condition; Management; Compliance; Consumer protection; Not Applicable

Answer:

**Question 6:** The agency's training manual for credit union examiners addresses the following areas (select all that apply):

Options: Lending; Investments; Assets and Liability; Management; Liquidity; Financial Analysis; Off-Balance Sheet; Market Sensitivity; IT and Cybersecurity; Consumer Compliance; Not Applicable; Other (if other, please specify)

Answer:

**Question 7:** The agency's training manual for MSB examiners addresses the following areas (select all that apply):

Options: Financial condition; Management; Federal Compliance; State-Specific Compliance; Agent Supervision; Prepaid Access; Information Technology / Information Security; Virtual Currency; Foreign Currency; Not Applicable; Other (if other, please specify)

Answer:

**Question 8:** The agency's on-the-job training procedures provide for a coach/mentor for all new training assignments.

Options: Yes; No; Other; N/A

Answer:

**Question 9:** The agency's on-the-job training procedures include a training checklist that:  
Options: Identifies each training assignment.; Dates of each assignment; Number of times each type of assignment was completed to reflect competency; A breakout of specific loan categories

Answer:

As of February 25, 2022

**Question 10:** The checklist/summary spreadsheet is maintained by both the training coordinator and the trainee.

Options: Yes; No; Other; N/A

Answer:

**Question 10.1:** If no, please explain.

Answer:

**Question 11:** A written evaluation of the trainee(s) performance is provided at the conclusion of each assignment while in training status.

Options: Yes; No; Other; N/A

Answer:

**Question 12:** The trainee receives a copy of the written feedback.

Options: Yes; No; Other; N/A

Answer:

**Question 13:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## 2-J. EXIT MEETING TRAINING

This topic evaluates the methods used by the Agency to train examiners to conduct examination exit meetings.

**STANDARD 2-J:** The agency must provide training for conducting exit and board 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 or board meeting.

**Question 1:** The agency provides training for conducting examination exit meetings by utilizing the following sources:

Options: Internal audio and/or visual practice presentations; NASCUS schools, CSBS schools; Federal regulator schools; Shadowing an examiner presenting findings; Presentation of a portion of the examination findings at an exit meeting; NCUA training

Answer:

**Question 2:** Evaluation of the examiner-in-training's presentation skills is provided to the examiner and the supervisor.

Options: Yes; No; Other; N/A

Answer:

As of February 25, 2022

**Question 3:** The evaluation of the exit interview training is in writing.

Options: Yes; No; Other; N/A

Answer:

**Question 4:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## 2-K. SUPPORT OF EXTERNAL ACADEMIC TRAINING

This topic evaluates the agency's policy for external academic training programs (i.e., tuition reimbursement and/or leave policies). Include documentation as appropriate.

**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.

**Question 1:** The agency has a tuition reimbursement policy for advanced/academic training.

Options: Yes; No; Other; N/A

Answer:

**Question 2:** The agency allows flexibility of time to attend classes.

Options: Yes; No; Other; N/A

Answer:

**Question 3:** The Agency has examiners that have attended in the last five years and tuition was reimbursed.

Options: Yes; No; Other; N/A

Answer:

**Question 3.1:** If yes, provide examples of examiners that received tuition reimbursement.

Answer:

**Question 4:** The agency employees are encouraged to attend graduate banking, graduate trust schools, or Advanced Mortgage Training.

Options: Yes; No; Other; N/A

Answer:

**Question 4.1:** If yes, please list employees who have attended GSB, Trust School, or Advanced Mortgage Trainings.

Answer:

**Question 5:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## 2-L. ADEQUACY OF TRAINING FUNDS

This topic will evaluate the agency's training budget and expenditures. What percentage of the total budget is allocated to or expensed for training? Is the training budget adequate to satisfy the training needs of the agency?

**STANDARD 2-L:** All examiners must receive 21 hours of industry-specific continuing education per year for CSBS and 28 hours of industry-specific continuing education per year for NASCUS, or training expenditures should be at least 2% of total program or agency expenditures.

**Question 1:** The agency's training budget is adequate to satisfy the training needs of the agency.

Options: Yes; No; Other; N/A

Answer:

**Question 2:** The percentage of the agency's total budget (including travel) expensed to training is at least 2% of total agency expenses for the last three years.

Options: Yes; No; Other; N/A

Answer:

**Question 2.1:** If no, please provide the actual percentages by year.

Answer:

**Question 3:** All agency bank examiners received at least 21 hours of continuing education each of the past three years.

Options: Yes; No; Other; N/A

Answer:

**Question 3.1:** If no, please list any exceptions and reason for exception.

Answer:

**Question 4:** All agency mortgage examiners received at least 21 hours of continuing education each of the past three years.

Options: Yes; No; Other; N/A

Answer:

**Question 4.1:** If no, please list any exceptions and reason for exception.

Answer:

As of February 25, 2022

**Question 5:** All agency MSB examiners received at least 21 hours of continuing education each of the past three years.

Options: Yes; No; Other; N/A

Answer:

**Question 5.1:** If no, please list any exceptions and reason for exception.

Answer:

**Question 6:** All agency credit union examiners received at least 28 hours of continuing education each of the past three years.

Options: Yes; No; Other; N/A

Answer:

**Question 6.1:** If no, please list any exceptions and reason for exception.

Answer:

**Question 7:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## SECTION 8 – CREDIT UNION EXAMINATION

**Purpose** - This section and the following section (Supervision) cover those areas the public most closely regards as the main activities of a state credit union agency. In addition, federal agencies, before accepting the work product of a state credit union agency, need some assurance concerning the quality of that work product. Therefore, these sections raise numerous questions regarding work product and the department's ability to carry out the necessary steps to ensure consistently competent regulation, examination and supervision.

**Narrative** – These narratives lend themselves to both qualitative and quantitative measurements of agency success in completely and adequately examining state-chartered credit unions. Please specifically address these criteria, giving a justification for the rating. Please note areas where agency is taking remedial/corrective action to improve.

**Documentation** - Documentation for this section could include a variety of agency-prepared items, including self-produced examination manuals, examination scheduling sheets, department-produced rating systems (where CAMELS Composite ratings are not used), formal statements of procedures to be followed before and after examination, and flowsheets describing actual staff responsibilities for various examination tasks.

**Max Score:** 846

### 8-A. CREDIT UNION EXAMINATION POLICY

This section evaluates the statutory, policy, and practical framework underlying the agency's credit union examination program. Please provide documentation where appropriate, including definitions of examination types, frequency of examinations for the last three years by examination type, and examination frequency policy with respect to problem credit unions. If applicable, the response should include a description of the department's policy and practices regarding privately insured credit unions.

**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.

**Question 1:** The agency has a statutory requirement or a written policy on examination frequency of their state-chartered credit unions.

Options: Yes; No; Other; N/A

Answer:

As of February 25, 2022

**Question 1.1:** If yes, please list the statutory citation and/or upload the written policy.

Answer:

**Question 2:** The agency written policy states that each state-chartered credit union is to be examined:

Options: At least every 18 months for 1 & 2 composite rated credit unions; A minimum of 12 months for 3 4 & 5 composite rated credit unions; A minimum of 12 months for large credit unions; Visitations as necessary for safety & soundness; Other frequency requirements

Answer:

**Question 2.1:** If a minimum of 12 months for large credit unions, please identify asset size you consider large for this policy

Answer:

**Question 2.2:** If other, please specify

Answer:

**Question 3:** The agency meets its policy on frequency of examinations.

Options: Yes; No; Other; N/A

Answer:

**Question 3.1:** If no, please explain.

Answer:

**Question 4:** The agency has a written policy which requires exit meetings at each examination.

Options: Yes; No; Other; N/A

Answer:

**Question 4.1:** If no, please explain.

Answer:

**Question 5:** The agency has a written policy which requires board meetings at each 3, 4, and 5 composite rated institution.

Options: Yes; No; Other; N/A

Answer:

**Question 6:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

**8-B. CREDIT UNION EXAMINATION MANUAL**

This section evaluates the agency's examination manual in terms of completeness, relevancy of material, and maintenance process.

**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 reference federal examination manuals but should also address state specific areas. The manuals should be regularly reviewed every 12-18 months.

**Question 1:** The agency has a safety and soundness examination manual.

Options: Yes; No; Other; N/A

Answer:

**Question 1.1:** If yes, the agency's safety and soundness examination manual addresses the following topics:

Options: Procedures for planning the examination; Core exam procedures to be performed; Core documentation requirements; Guidance on evaluation of CAMELS components; Evaluating common asset types; Evaluating internal routines and controls; Large credit union examination; Report preparation

Answer:

**Question 2:** The agency has examination policies for reviewing consumer compliance (may use federal scoping questionnaires or examination manuals).

Options: Yes; No; Other; N/A

Answer:

**Question 3:** The agency has an examination manual for information/cyber security examinations (or a section of a unified examination manual dedicated to information/cyber security).

Options: Yes; No; Other; N/A

Answer:

**Question 4:** How does the agency provide a copy of its examination manual to its staff?

Answer:

**Question 5:** Has your examination manual been updated in the last 12-18 months?

Options: Yes; No; Other; N/A

Answer:

**Question 6:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

**8-C-1. SCOPE OF EXAMINATION CAPABILITIES: ABILITY TO EXAMINE 50% OF ITS CREDIT UNIONS ANNUALLY**

This section evaluates the agency's examiner proficiency in seven standard areas of examination as well as the agency's capacity to effectively examine its credit unions on an annual basis.

**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 at least 50% of joint examinations.

**Question 1:** The agency has the capacity to examine at least 50% of its credit unions on an annual basis.

Options: Yes; No; Other; N/A

Answer:

**Question 2:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

**8-C-2. SCOPE OF EXAMINATION CAPABILITIES: ABILITY TO EXAMINE CREDIT UNION LENDING**

This section evaluates the agency's examiner proficiency in seven standard areas of examination as well as the agency's capacity to effectively examine its credit unions on an annual basis.

**STANDARD 8-C-2:** The department should have the authority and a sufficient number of qualified examiners to examine credit union lending.

**Question 1:** The agency has the ability to effectively examine credit union lending activities (commercial, personal, mortgage, other real estate, recreational equipment, education, and other types of loans).

Options: Yes; No; Other; N/A

Answer:

**Question 1.1:** If yes, how many examiners have reached a high degree of technical competency in this field?

Answer:

**Question 1.2:** If no, please explain, why, and/or feel free to detail plans to remediate the shortcoming

Answer:

As of February 25, 2022

**Question 2:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

### **8-C-3. SCOPE OF EXAMINATION CAPABILITIES: ABILITY TO EXAMINE CREDIT UNION INVESTMENTS**

This section evaluates the agency's examiner proficiency in seven standard areas of examination as well as the agency's capacity to effectively examine its credit unions on an annual basis.

**STANDARD 8-C-3:** The department should have the authority and a sufficient number of qualified examiners to examine credit union investments.

**Question 1:** The agency has the ability to effectively examine credit union investment activities.

Options: Yes; No; Other; N/A

Answer:

**Question 1.1:** If yes, how many examiners have reached a high degree of technical competency in this field?

Answer:

**Question 1.2:** If no, please explain, why, and/or feel free to detail plans to remediate the shortcoming.

Answer:

**Question 2:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

### **8-C-4. SCOPE OF EXAMINATION CAPABILITIES: ABILITY TO EXAMINE CREDIT UNION ASSET/LIABILITY MANAGEMENT**

This section evaluates the agency's examiner proficiency in seven standard areas of examination as well as the agency's capacity to effectively examine its credit unions on an annual basis.

**STANDARD 8-C-4:** The department should have the authority and a sufficient number of qualified examiners to examine credit union asset/liability management.

**Question 1:** The agency has the ability to effectively examine credit union asset/liability management.

Options: Yes; No; Other; N/A

Answer:

As of February 25, 2022

**Question 1.1:** If yes, how many examiners have reached a high degree of technical competency in this field?

Answer:

**Question 1.2:** If no, please explain, why, and/or feel free to detail plans to remediate the shortcoming

Answer:

**Question 2:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

#### **8-C-5. SCOPE OF EXAMINATION CAPABILITIES: ABILITY TO EXAMINE CREDIT UNION LIQUIDITY**

This section evaluates the agency's examiner proficiency in seven standard areas of examination as well as the agency's capacity to effectively examine its credit unions on an annual basis.

**STANDARD 8-C-5:** The department should have the authority and a sufficient number of qualified examiners to examine credit union liquidity.

**Question 1:** The agency has the ability to effectively examine credit union liquidity.

Options: Yes; No; Other; N/A

Answer:

**Question 1.1:** If yes, how many examiners have reached a high degree of technical competency in this field?

Answer:

**Question 1.2:** If no, please explain, why, and/or feel free to detail plans to remediate the shortcoming

Answer:

**Question 2:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

#### **8-C-6. SCOPE OF EXAMINATION CAPABILITIES: ABILITY TO CONDUCT FINANCIAL ANALYSIS OF THE STATE'S CREDIT UNIONS**

This section evaluates the agency's examiner proficiency in seven standard areas of examination as well as the agency's capacity to effectively examine its credit unions on an annual basis.

**STANDARD 8-C-6:** The department should have the authority and a sufficient number of qualified examiners to conduct financial analysis of credit unions.

As of February 25, 2022

**Question 1:** The agency has the ability to effectively conduct financial analysis of its credit unions.

Options: Yes; No; Other; N/A

Answer:

**Question 1.1:** If yes, how many examiners have reached a high degree of technical competency in this field?

Answer:

**Question 1.2:** If no, please explain, why, and/or feel free to detail plans to remediate the shortcoming

Answer:

**Question 2:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

#### **8-C-7. SCOPE OF EXAMINATION CAPABILITIES: ABILITY TO EXAMINE CREDIT UNION MANAGEMENT**

This section evaluates the agency's examiner proficiency in seven standard areas of examination as well as the agency's capacity to effectively examine its credit unions on an annual basis.

**STANDARD 8-C-7:** The department should have the authority and a sufficient number of qualified examiners to examine credit union management.

**Question 1:** The agency has the ability to effectively examine credit union management.

Options: Yes; No; Other; N/A

Answer:

**Question 1.1:** If yes, how many examiners have reached a high degree of technical competency in this field?

Answer:

**Question 1.2:** If no, please explain, why, and/or feel free to detail plans to remediate the shortcoming

Answer:

**Question 2:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

**8-C-8. SCOPE OF EXAMINATION CAPABILITIES: ABILITY TO EXAMINE CREDIT UNION OFF BALANCE SHEET ITEMS**

This section evaluates the agency's examiner proficiency in seven standard areas of examination as well as the agency's capacity to effectively examine its credit unions on an annual basis.

**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.

**Question 1:** The agency has the ability to effectively examine credit union off-balance sheet items.

Options: Yes; No; Other; N/A

Answer:

**Question 1.1:** If yes, how many examiners have reached a high degree of technical competency in this field?

Answer:

**Question 1.2:** If no, please explain, why, and/or feel free to detail plans to remediate the shortcoming

Answer:

**Question 2:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

**8-C-9. USE OF MARKET SENSITIVITY "S" RATING AND CAMELS**

This section, new as of 2019, recognizes the importance of distinguishing liquidity risk from interest rate risk in the credit union system.

**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.

**Question 1:** The agency issues a CAMELS rating to its credit unions.

Options: Yes; No; Other; N/A

Answer:

**Question 1.1:** If yes, the agency has communicated the policy reasons to its credit unions for using CAMELS.

Options: Yes; No; Other; N/A

Answer:

As of February 25, 2022

**Question 1.2:** If no, the agency is planning to implement CAMELS in the future.

Options: Yes; No; Other; N/A

Answer:

**Question 2:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

### 8-D-1. SPECIALTY EXAMS: IS&T & CYBERSECURITY

This section evaluates the agency's ability to conduct specialty examinations of their credit unions to quantify risk in their institutions.

**STANDARD 8-D-1:** The agency must have examiners with proficiency sufficient to conduct IS&T examinations which include risk assessments of the appropriate areas such as cybersecurity risks for the institution.

**Question 1:** The agency conducts IS&T examinations of its credit unions.

Options: Yes; No; Other; N/A

Answer:

**Question 1.1:** If yes, please describe the agency's IS&T examination program.

Answer:

**Question 1.2:** If yes, what percentage of the agency's examination staff have proficiency to conduct IS&T examinations.

Answer:

**Question 1.3:** If yes, does the IS&T examination address the evaluation of the cybersecurity risk assessment?

Options: Yes; No; Other; N/A

Answer:

**Question 2:** What percentage of the state's credit unions does the agency conduct an IS&T examination on each year?

Answer:

**Question 3:** Does the agency perform review of cybersecurity risk assessments conducted by credit unions?

Options: Yes; No; Other; N/A

Answer:

**Question 4:** Does the agency perform a separate IS&T examination?

Options: Yes; No; Other; N/A

Answer:

As of February 25, 2022

**Question 5:** Does the agency issue a separate IS&T rating such as an URSIT or other related rating?

Options: Yes; No; Other; N/A

Answer:

**Question 6:** The agency conducts examinations on credit unions' electronic financial services.

Options: Yes; No; Other; N/A

Answer:

**Question 6.1:** If yes, please describe the agency's electronic financial services examination program.

Answer:

**Question 6.2:** If yes, what percentage of the agency's examination staff have proficiency to conduct examinations of credit union electronic financial services?

Answer:

**Question 7:** What percentage of the state's credit unions does the agency conduct electronic financial services examinations on each year?

Answer:

**Question 8:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

#### 8-D-2. SPECIALTY EXAMS: CONSUMER COMPLIANCE

**STANDARD 8-D-2:** The agency must have examiners with proficiency sufficient to conduct consumer compliance examinations in the state credit unions.

**Question 1:** The agency conducts consumer compliance examinations on credit unions.

Options: Yes; No; Other; N/A

Answer:

**Question 1.1:** If yes, please describe the agency's consumer compliance examination program.

Answer:

**Question 1.2:** If yes, what percentage of the agency's examination staff have proficiency to conduct consumer compliance examinations?

Answer:

**Question 2:** What percentage of the state's credit unions does the agency conduct consumer compliance examinations on each year?

Answer:

As of February 25, 2022

**Question 3:** The agency has a formal consumer complaint process to track and manage complaints against a credit union.

Options: Yes; No; Other; N/A

Answer:

**Question 4:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

### 8-D-3. SPECIALTY EXAMS: CUSOs & THIRD PARTIES

This section evaluates the agency's ability to conduct specialty examinations of their credit unions to quantify risk in their institutions.

**STANDARD 8-D-3:** The agency must have examiners with proficiency sufficient to conduct assessment of CUSO and Third-Party Vendors and related risks in the state credit unions.

**Question 1:** The agency has the authority to examine:

Options: CUSOs; Non-CUSO Third Party Providers; Neither

Answer:

**Question 2:** The agency conducts CUSO and/or 3rd Party examinations.

Options: Yes; No; Other; N/A

Answer:

**Question 2.1:** If yes, please describe the agency's CUSO and 3rd Party examination program.

Answer:

**Question 3:** The agency seeks to obtain copies of, or participate in, OTHER regulatory agencies' examination of third parties servicing the agency's credit unions.

Options: Yes; No; Other; N/A

Answer:

**Question 4:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

### 8-E. PLANNING INDIVIDUAL SAFETY AND SOUNDNESS EXAMS

Describe the department's systematic method for organizing and planning individual safety and soundness and specialty examinations.

**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

As of February 25, 2022

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.

**Question 1:** The agency has a written policy and established procedures for organizing and planning examinations. (If yes, please provide a copy of the policy)

Options: Yes; No; Other; N/A

Answer:

**Question 2:** The agency coordinates with NCUA on scheduling of examinations for FISCUs.

Options: Yes; No; Other; N/A

Answer:

**Question 3:** If applicable, the agency coordinates with CFPB on scheduling of exams for state charters with assets greater than \$10 billion.

Options: Yes; No; Other; N/A

Answer:

**Question 4:** The agency provides at least one-month schedule notice to the assigned examiner-in-charge.

Options: Yes; No; Other; N/A

Answer:

**Question 5:** On a routine examination, how much notice is the credit union given of the date of examination?

Options: 2 Weeks; 3 Weeks; 4 Weeks; Other

Answer:

**Question 5.1:** If other, please specify.

Answer:

**Question 6:** Please describe the scoping process for a routine examination. Does the agency have risk-based scoping requirements for each examination? How much discretion does the examiner have to scope individual exams? Is the scoping of each examination reviewed by a supervisor prior to the examination, or after its conclusion?

Answer:

**Question 7:** The notice of examination dates and the request for documents are sent to the credit union by:

Options: The examiner; Other

Answer:

**Question 7.1:** If other, please specify.

Answer:

As of February 25, 2022

**Question 8:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## 8-F. EXAMINATION REPORT AND WORKPAPER

This section evaluates your agency's examination report (including workpapers) for completeness, clarity, and ease of understanding. The section will also evaluate the agency's system for periodic review of the various examination forms and report pages.

**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.

**Question 1:** The agency has written policies and procedures for the preparation of ROEs and separate working papers.

Options: Yes; No; Other; N/A

Answer:

**Question 2:** The agency policy addresses the following document management topics.

Options : Document creation; Document collection; Document retention; Document destruction; Other

Answer:

**Question 2.1:** If other, please specify.

Answer:

**Question 3:** The agency maintains its separate working papers in an electronic format.

Options: Yes; No; Other; N/A

Answer:

**Question 4:** The agency ROEs and working papers are stored:

Options: On a server located on-site at the agency; On an off-site server; Third party cloud-based solution; N/A; Other

Answer:

**Question 4.1:** If other, please specify.

Answer:

**Question 5:** The agency conducts a periodic and documented review of ROEs and working papers.

Options: Yes; No; Other; N/A

Answer:

As of February 25, 2022

**Question 5.1:** If yes, what is the frequency of the reviews? What percentage of exams and working papers are reviewed?

Answer:

**Question 6:** The agency reviews of ROEs and workpapers are conducted by supervisors that did not participate on the examination under review.

Options: Yes; No; Other; N/A

Answer:

**Question 7:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

### 8-G. EXIT CONFERENCES WITH MANAGEMENT

This section evaluates the agency's procedures and ability to conduct exit conferences with the board of directors or senior management of each credit union examined.

**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.

**Question 1:** The agency conducts an exit meeting at each examination.

Options: Yes; No; Other; N/A

Answer:

**Question 2:** The agency conducts an exit meeting with the credit union's board for all Composite CAMEL(S) 3, 4, and 5 ratings.

Options: Yes; No; Other; N/A

Answer:

**Question 3:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

### 8-H. EXAMINATION REPORT REVIEW AND TURNAROUND

This section evaluates the agency's procedure for assuring the prompt return of accurate examination reports.

**STANDARD 8-H:** Report turnaround time on safety and soundness and specialty independent examinations for 1 or 2 rated institutions should average no more than 30 calendar days from the time that the EIC holds the final exit meeting with management until the report transmittal date. The report turnaround time should be no more than 45 calendar days on independent examinations of 3, 4, or 5 rated institutions.

As of February 25, 2022

	<b>2021</b>	<b>2020</b>	<b>2019</b>
(Q1.1) Independent exam report turnaround time			
(Q1.2) State-led joint exam report turnaround time			

**Question 2:** Provide same as above for year to date.

Answer:

**Question 3:** The Agency has specific procedures for report of examination review.

Options: Yes; No; Other; N/A

Answer:

**Question 4:** The agency's report of examination transmittal letter for 1 and 2 composite rated institutions is drafted by:

Answer:

**Question 5:** The agency's report of examination transmittal letter for complex or problem institutions is drafted by:

Answer:

**Question 6:** Independent state examinations on 1 or 2 rated institutions are transmitted to the financial institution within 30 calendar days from the date of the final exit meeting with credit union management.

Options: Yes; No; Other; N/A

Answer:

**Question 7:** Independent state examinations on 3, 4, or 5 rated institutions are transmitted to the financial institution within 60 calendar days from the date of the final exit meeting with credit union management.

Options: Yes; No; Other; N/A

Answer:

**Question 8:** State-led joint examination reports are transmitted to the federal regulator within 30 days of the final exit meeting with management.

Options: Yes; No; Other; N/A

Answer:

**Question 9:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## SECTION 9 – SUPERVISION POWERS

**Purpose** – This section evaluates the ability of the agency to foster a healthy and stable credit union. Purpose system that provides the financial services credit union member's demand. The section assumes that the supervisory program will provide appropriate, timely, accurate and usable information. The section also assumes that a department is best served by having the authority to carry out enforcement actions. Finally, the section assumes that a department will take thoughtful, well supported discretionary actions on a variety of applications and other supervisory matters that impact credit union safety and soundness.

**Narrative** - The agency should answer questions in Section IV in a manner that communicates the agency's development and use of monitoring techniques and risk mitigation measures. The agency should identify any outside sources of information that it may use to increase the reliability of its program, e.g., NCUSIF, on-line computer data, outside auditor reports, FRB information, and the use of information submitted routinely by credit unions to the agency.

**Max Score:** 180

### 9-A. SURVEILLANCE SYSTEM

This section evaluates the agency's system for off-site monitoring of credit unions. Questions will focus on use of statistical data to monitor credit union operations or the stability or insurability of credit unions as well as the use of computer-generated reports and board minutes.

**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.

**Question 1:** The agency has a written surveillance policy

Options: Yes; No; Other; N/A

Answer:

**Question 2:** Please describe the types of reports generated by the agency for its surveillance program.

Answer:

**Question 3:** The agency's surveillance program regularly monitors changes in:

Options: Capital; Asset Growth; Management; Earnings; Liquidity; Sensitivity Market Share; CRE; OREO; Loan Growth; Deposit Growth; Capital Growth; Other

Answer:

As of February 25, 2022

**Question 3.1:** If other, please specify.

Answer:

**Question 4:** The agency's surveillance program reviews state credit union performance at least quarterly.

Options: Yes; No; Other; N/A

Answer:

**Question 5:** The agency requires quarterly written reviews of variations and exceptions.

Options: Yes; No; Other; N/A

Answer:

**Question 6:** How often does the state review its surveillance program for updates/modifications?

Answer:

**Question 7:** The agency's surveillance analysis is normally conducted by:

Answer:

**Question 8:** The agency's surveillance program is incorporated into the training of junior examiners

Options: Yes; No; Other; N/A

Answer:

**Question 9:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## 9-B. FOLLOW-UP

This section evaluates the agency's procedure for following up on problems discovered during an examination or through off-site monitoring and ensuring credit unions undertake required corrective actions.

**STANDARD 9-B:** Computer generated reports and documentation of surveillance reviews on all credit unions should be maintained in the credit union record. 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 record. This information should be available for review by the appropriate field personnel including the assigned examiner-in-charge

**Question 1:** The agency utilizes computer generated reports and documentation of surveillance reviews on all credit unions.

Options: Yes; No; Other; N/A

Answer:

As of February 25, 2022

**Question 1.1:** If yes, the agency maintains those reports in the credit union's file with the agency.

Options: Yes; No; Other; N/A

Answer:

**Question 1.2:** If no, please explain what, if any, alternate approach the agency utilizes.

Answer:

**Question 2:** When problems are noted, established procedures assign responsibility of written and/or oral communication with the credit union, other regulators, and field personnel.

Options: Yes; No; Other; N/A

Answer:

**Question 3:** When problems are identified, information is available for review by the appropriate field personnel including the assigned examiner-in-charge

Options: Yes; No; Other; N/A

Answer:

**Question 4:** Please indicate the staff members responsible for follow up and explain how the department utilizes visitations as part of its monitoring system

Answer:

**Question 5:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

### 9-C. ENFORCEMENT AUTHORITY USE

This section evaluates the agency's actual use of its enforcement authority. (You will be asked to provide a list of enforcement actions taken in the last three years. Do not use the names of the credit unions.)

**STANDARD 9-C:** The agency has demonstrated the willingness and ability to utilize enforcement authority. 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.

**Question 1:** The agency has a written policy or written procedures that require specific corrective action for problem financial institutions.

Options: Yes; No; Other; N/A

Answer:

As of February 25, 2022

**Question 2:** The agency's normal practice for a credit union that is rated a CAMEL(S) composite 3 is to issue:

Options: No Enforcement Action; Board Resolution; MOU; C&D/Consent Order; W Written Agreement; Other

Answer:

**Question 2.1:** If other, please specify.

Answer:

**Question 3:** The agency's normal practice for a credit union that is rated a CAMEL(S) composite 4 or 5 is to issue:

Options: No Enforcement Action; Board Resolution; MOU; C&D/Consent Order; Written Agreement; Other

Answer:

**Question 3.1:** If other, please specify.

Answer:

**Question 4:** The agency procedures require a written explanation of any policy exceptions and approval by senior agency management.

Options: Yes; No; Other; N/A

Answer:

**Question 5:** The agency maintains a record of exceptions in the individual credit union's files.

Options: Yes; No; Other; N/A

Answer:

**Question 6:** Please provide a recap of the number and type of enforcement actions issued for the past 3 years. (Do not identify the credit unions subject to the enforcement actions)

Answer:

**Question 7:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## 9-D. CORPORATE GOVERNANCE

Strong corporate governance is the foundation upon which any safe and sound credit union is built. This section evaluates the agency's commitment to enforcing good credit union 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.

As of February 25, 2022

**Question 1:** The agency regularly reviews credit union board minutes and meeting packages.

Options: Yes; No; Other; N/A

Answer:

**Question 2:** The agency:

Options:

Requires ongoing education for board members by statute regulation or policy (please specify below);

Encourages ongoing education for board members (please explain how below);

Provides ongoing education for board members (e.g. with NASCUS' directors colleges industry days directed at board members);

Publishes a newsletter alert or some other communication for directors

Answer:

**Question 2.1:** Please explain your answer above if needed.

Answer:

**Question 3:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## 9-E. PROMULGATION OF RULES AND REGULATIONS

This section evaluates the agency's formal procedures for promulgating rules and regulations including time frames and emergency procedures.

**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.

**Question 1:** The agency's procedures for the promulgation of the agency rules and regulations follow the administrative procedures act prescribed by state law.

Options: Yes; No; Other; N/A

Answer:

**Question 1.1:** If no, is your agency specifically exempted from such an Act?

Options: Yes; No; Other; N/A

Answer:

**Question 2:** The agency has the ability to promulgate rules and regulations pursuant to 'emergency procedures'?

Options: Yes; No; Other; N/A

Answer:

As of February 25, 2022

**Question 3:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## SECTION 10 – LEGISLATIVE POWERS

**Purpose** - This section evaluates a series of credit union statute and legislative issues important to maintaining a program that meets current and future regulatory and supervisory needs. This section assumes that a well-run credit union Agency will operate under a statute that is comprehensive and clear, changes as often as necessary, and places accountability with the Agency. This section also addresses the Agency's ability to draft legislation for the Governor, legislature or other appropriate office as well as to review legislation drafted by others that would affect the Agency's regulatory and supervisory program.

**Max Score:** 105

### 10-A. REVISING LAWS, DEPARTMENT DUTIES AND RESPONSIBILITIES

This section evaluates the sufficiency of review and updating of the state credit union statute. The section also evaluates the adequacy of the powers and authorities conferred upon to the Agency by the state credit union statute.

**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. 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.

**Question 1:** Please explain the agency's policy and practice for reviewing the state credit union statute to ensure it remains up to date.

Answer:

**Question 2:** Are changes currently needed to the state's credit union statute?

Options: Yes; No; Other; N/A

Answer:

**Question 2.1:** If yes, are those changes currently being sought?

Options: Yes; No; Other; N/A

Answer:

**Question 3:** Please provide the date of the last significant revisions of the state credit union statute.

Answer:

As of February 25, 2022

**Question 4:** The state statute provides the Agency or the commissioner with the necessary powers to perform prescribed duties and responsibilities?

Options: Yes; No; Other; N/A

Answer:

**Question 5:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

## 10-B. ENFORCEMENT AUTHORITY

This section evaluates the agency's statutory authority for taking enforcement actions against credit unions (e.g., informal agreements, memorandum of understanding, civil money penalties, officer and director removal, cease and desist orders, etc.).

**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.

**Question 1:** The agency has enforcement authority over credit unions.

Options: Yes; No; Other; N/A

Answer:

**Question 2:** The agency has the ability to issue:

Options: Cease and Desist Orders; Memorandums of Understanding/LUAs; Other forms of informal agreements

Answer:

**Question 2.1:** Please provide statutory citations for the above if applicable.

Answer:

**Question 2.2:** If other, please specify

Answer:

**Question 3:** The agency has the authority to remove officers, directors and employees.

Options: Yes; No; Other; N/A

Answer:

**Question 4:** The agency has the authority to prohibit individuals from serving in any capacity in any other financial institution that the agency regulates.

Options: Yes; No; Other; N/A

Answer:

As of February 25, 2022

**Question 5:** The agency has the ability to assess civil money penalties sufficient to deter violations of laws and regulations and/or violations of orders or agreements.

Options: Yes; No; Other; N/A

Answer:

**Question 5.1:** If yes, the CMP may be assessed per violation per day.

Options: Yes; No; Other; N/A

Answer:

**Question 6:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

### 10-C. INVOLVEMENT IN LEGISLATIVE POWERS

This section evaluates the agency's involvement in the legislative process, including the ability to initiate legislation, review legislation, and otherwise have an impact on legislation affecting the institutions under its purview.

**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.

**Question 1:** The agency's staff periodically meet with state legislators, or otherwise maintains ongoing communications with the legislature.

Options: Yes; No; Other; N/A

Answer:

**Question 1.1:** If yes, please explain:

Answer:

**Question 1.2:** If no, please explain:

Answer:

**Question 2:** The agency has input into proposed legislation regarding areas under its purview.

Options: Yes; No; Other; N/A

Answer:

**Question 3:** The agency defends its position regarding pending credit union proposals before the legislature

Options: Yes; No; Other; N/A

Answer:

As of February 25, 2022

**Question 4:** The agency has the ability to draft amendments to the Code.

Options: Yes; No; Other; N/A

Answer:

**Question 5:** The agency receives copies of new legislation on a regular basis during the legislative session.

Options: Yes; No; Other; N/A

Answer:

**Question 6:** Please provide any other comments, and/or upload any additional documents you wish to include.

Answer:

-End-