



## **Performance Standards Committee Accreditation Decision Policy**

### **Policy Purpose**

The purpose of this NASCUS Credit Union Accreditation Program policy is to ensure the NASCUS Performance Standards Committee (PSC) makes accreditation decisions consistently, fairly, and timely.

### **Requirements for Continued Accreditation**

Continued accreditation of a state credit union regulatory agency (agency) is subject to:

- Reasonable and timely responses to Accreditation Review Team (ART) recommendations through the annual review process,
- Timely payment of annual accreditation fees,
- PSC approval of the annual reports and responses to previous recommendations,
- Passing scores on re-accreditation reviews,
- Continuing to meet basic accreditation standards, and
- Execution of a 5-year NASCUS Accreditation Contract

### **Decision Making Authority**

In the event an agency has not met the minimum standards for initial or continued accreditation, the PSC may take one of the following actions:

- Deny initial accreditation, based upon an ART recommendation.
- De-accredit, based either upon an ART recommendation or the failure of an agency to meet other requirements for continued accreditation.
- Place an agency on probation, based either upon an ART recommendation following a re-accreditation review, or the failure of an agency to meet other requirements for continued accreditation.

Although the ART can recommend an agency not be accredited, placed on probation, or de-accredited, the final accreditation decision resides with the PSC as determined by a majority vote of the PSC voting members.

### **Failure to Obtain Re-Accreditation**

The standard timeframe for re-accreditation is five calendar years from original accreditation or the most recent re-accreditation. If an agency does not obtain re-accreditation within five calendar

years, the PSC will determine if an agency is placed on probation until re-accreditation is obtained or another course of action is appropriate.

The PSC may grant an exception to placing an agency on probation if:

1. A delay is sought for the sole purpose of aligning multiple concurrent reaccreditations (such as CSBS bank or mortgage accreditations) or
2. The delay is being sought due to reasons beyond the agency's control such as impacts from a natural disaster or a pandemic.

An agency may request a delay in their 5-year Reaccreditation by contacting NASCUS Staff. The PSC will review and decide each request on a case-by-case basis. Any such request may require an agency to submit an Annual Review questionnaire and pay an Annual Review fee.

If an extension is granted, a 5-year Reaccreditation review may be postponed for a period of no more than one calendar year from the originally scheduled date to maintain Accredited status without a probationary action.

### **Recommendation for Probation Based on an Accreditation Review**

If the ART deems an agency does not meet the minimum standards for initial accreditation or re-accreditation, the following process will take place:

1. The ART provides a verbal report of its preliminary findings to the Agency Head at the exit meeting.
2. NASCUS Accreditation staff notifies NASCUS CEO and Executive Leadership.
3. NASCUS staff notifies the PSC of the ART's preliminary findings and recommendations.
4. The ART Lead provides a draft report, including recommendations, to the PSC.
5. The PSC reviews and discusses the draft report. If necessary, the ART Lead may participate in the discussion with the PSC to ensure a full understanding of all issues and findings. (Turnaround time for this process is 45 days from the last day of the 10-day additional submission period.)
6. The PSC votes on the agency's accreditation.

### **Recommendation Not Based on 5-year Accreditation Review**

In the event the PSC becomes aware of circumstances that can adversely impact an agency's accreditation status between the five-year accreditation reviews additional information and follow up may be required. Information may come from such sources as the annual review, discussions with the agency, or publications. The follow up process is as follows:

1. NASCUS staff will contact the agency to communicate the basis for concern.
2. The PSC will request a written response from the agency by a specified date (usually 30 calendar days) to be submitted.

3. After reviewing the response, the PSC may request additional information or conduct a targeted review to determine if the basis for concern has been resolved and the agency meets the minimum requirements for accreditation. The targeted review may be either an on-site or off-site review conducted by one or more ART members to gather, assess, and verify additional information requested by the PSC. The findings of the targeted review will be provided to the PSC in a memorandum.
  - a. If the PSC concludes no additional action is needed, the agency will be notified in written form.
  - b. If the PSC concludes the agency is no longer meeting the minimum requirements for accreditation, the agency will be notified of the PSC's decision.
4. If no response is received from the agency by the due date:
  - a. NASCUS staff will contact the Agency Head.
  - b. If no response by the agency is planned, the PSC will determine the appropriate course of action.

Any action taken by the PSC will be subject to the appeal process.

### **Use of Probation**

The probationary status is intended to mandate actions for the agency to take to resolve the issues which caused the agency to fail to meet the standards and requirements of the Accreditation program.

- Probation is intended to be temporary and should not exceed two one-year periods.
- The decision to extend probation for an additional one-year period is at the discretion of the PSC. Extensions will only be granted if the PSC determines the agency has demonstrated significant progress in meeting Accreditation standards and resolving outstanding issues.

The agency must provide progress reports to the PSC addressing each recommendation. The ART will review the response upon receipt to determine if it satisfactorily addresses the concerns of the PSC or if further action is required. The ART will make a recommendation to the PSC.

In addition, the PSC may conduct or request the ART to conduct an additional targeted review to validate the progress made by an agency to meet the accreditation standards. The targeted review may be either an on-site or off-site review conducted by one or more ART or PSC members or NASCUS Staff to gather, assess, and verify additional information requested by the PSC. The findings of the targeted review will be provided to the PSC and follow the same approval process as an accreditation report. The costs incurred by the ART Members, PSC Members, or NASCUS Staff for additional reviews will be borne by the agency.

## **Communication and notification**

For a denial of initial accreditation or placing an agency on probation, the following individuals will be notified, in addition to the agency:

- NASCUS CEO and Executive Leadership
- NASCUS PSC members
- ART assigned to the accreditation review

For a de-accreditation, the PSC Chair and NASCUS staff will discuss with the Agency Head or designee who will receive notification of the de-accreditation. Notification will be provided to:

- NASCUS CEO and Executive Leadership
- NASCUS Performance Standards Committee
- NASCUS Board of Directors
- Update the NASCUS website to remove the agency from the list of accredited agencies and the accredited states map
- Notify NASCUS CFO for accounting

## **Procedures Regarding the Appeal of Adverse Actions**

In the event the decision by the PSC results in the denial of an initial accreditation, probation, or de-accreditation, the agency may appeal the decision. Only the agency will have the right of appeal. No other party will be considered to have standing to pursue an appeal.

Basis for an appeal must show the PSC:

- Acted with alleged bias;
- Departed from stated procedures;
- Made a serious factual error;
- Failed to consider all significant evidence; or
- Rendered a decision that is arbitrary and capricious.

The appeal process is as follows:

1. The agency must notify the PSC Chair in writing of its intention to petition for review of the action no later than thirty days from the date of notification of an adverse action.
2. No later than sixty days from the same date, the agency must submit written documentation supporting such petition.
3. The PSC will provide a written response to the agency's appeal and may agree to meet with representatives of the agency.
4. The PSC will appoint an appeals committee comprised of three persons who have:

- Not participated in any way in the decision being appealed.
  - Meet the same qualifications required to serve on an Accreditation Review Team.
4. The appeals committee, at their discretion, may hold a virtual hearing at a mutually convenient time. No costs are to be incurred for the agency or NASCUS for an appeals committee hearing.
  5. Based upon the supporting information and documentation provided by the agency, the appeals committee will provide to the PSC a written recommendation supporting the original decision or a written justification for the PSC to reconsider the original decision.
  6. The PSC will make a final decision following a review of the appeals committee recommendation. The PSC's final decision will become effective immediately with no additional appeal rights.
  7. During an appeal, the accreditation status of an agency shall remain unchanged, and no public notice made.

### **Voluntary Withdrawal of Accreditation Status**

The accreditation program is voluntary. An agency may withdraw at any time. To formally withdraw from the program:

- The Agency Head must provide the PSC a written notice and reason for the withdrawal from the program.
- NASCUS staff will notify PSC members.
- Termination from the program will be effective immediately.

Please note that any agency that voluntarily withdraws from the program relinquishes all appeal rights.