

LET'S TACKLE
COMPLIANCE
TOGETHER

InfoSight



A FREE Resource for
Affiliated Credit Unions

Business Continuity means asking "What if?"
questions and creating plans to address them.



Like, What if your member data becomes compromised?
Are you prepared? RecoveryPro can help!

Board Fiduciary Duties and Responsibilities



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CU RISK
INTELLIGENCE
LeagueInfoSight

Agenda

- Director's Duties
- Laws and Regulations
- Culture of Compliance
- Board's Role in Policy Reviews
- Brining it all Together
- More Resources
- Questions



FINDING A UNICORN IS PRETTY RARE.

SO IS FINDING STATE-SPECIFIC
COMPLIANCE CONTENT.

InfoSight has state-specific
information for all 50 states.



Director's Duties

Director's Duties

NCUA 701.4 (FCUs)

- The Board is responsible for the general direction and control of a federal credit union.
- The Board may delegate operational functions to management, but NOT the responsibility for the credit union's direction.
- A Director must carry out their duties in **good faith**, in a manner reasonably believed to be in the **best interests of the membership**, and with such care, including **reasonable inquiry**, as an **ordinarily prudent person in a like position would use under similar circumstances**.
- A Director must administer the affairs of the credit union **fairly and impartially** without discrimination in favor of or against any particular member.

NCUA 701.4 (FCUs)

- A Director must have at least a working familiarity with **basic finance and accounting practices**, including the ability to read and understand the credit union's **balance sheet and income statement** and the ability to ask, as appropriate, substantive questions of management and auditors.
- A Director must direct the operations of the federal credit union in conformity with the Federal Credit Union Act, **NCUA's Rules and Regulations, other applicable laws, and sound business practices.**
- A Director may rely on information prepared or presented by employees or consultants the Director reasonably believes to be reliable and competent and who merit confidence in the particular functions performed.

State Chartered Credit Unions

- Keep in mind, there are sometimes state requirements in place for Credit Union Board members to also consider!
- If you are a state-chartered credit union, do you know if your state has any specific requirements/duties for you?

Duty of Care

- **Common law brings three areas of legal responsibility of nonprofit board members.**
- Expected level of competence of a board member – “care that an ordinarily prudent person would exercise in a like position and under similar circumstances.”
 - Be informed (mission, values, initiatives)
 - Attend meetings and functions
 - **Be familiar with the applicable laws/statutes**
 - Information flow to keep informed in a timely and accurate manner
 - Make informed decisions – **ask questions!**

Duty of Loyalty

- A board member must give **undivided allegiance when making decisions affecting the credit union.**
- Never use information learned for personal gains and **must act in the best interests of the credit union.**
- Putting aside personal and professional interests for the good of the credit union.
 - **Conflict of interest policy to immediate disclose even the appearance of a conflict.**
 - Abstaining from a vote and participating in discussion if necessary.

Duty of Obedience

- A board member must adhere to the bylaws, comply with state and federal laws, and be faithful to the credit union's mission.
- Not permitted to act in a way that is inconsistent with the central goals of the credit union.

Laws and Regulations

[Home](#) > [Compliance Topics](#) > [Board Responsibilities](#)

Board Responsibilities Topics:

The following topics are covered in the Board Responsibilities Channel:

- [Bank Bribery Act](#)
- [Board Meeting Agenda and Minutes](#)
- [Board of Director Liability](#)
- [Board of Directors Responsibility Quiz](#)
- [Board Structure and Officer Duties](#)
- [Business Continuity Planning - Board Responsibilities](#)
- [Complaint Management](#)
- [Director Responsibilities](#)
- [Directorship Policy and Job Descriptions](#)
- [Financial Literacy Requirements](#)
- [Property Casualty Insurance](#)
- [Security Program for Credit Unions](#)
- [Small Credit Unions](#)
- [Strategic Planning](#)
- [Succession Planning](#)
- [Vendor Due Diligence](#)

InfoSight

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The Credit Union League of Connecticut

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Accounts

ACH/Electronic Payments

Advertising

Bank Secrecy Act

Bankruptcy and Collections

Board Responsibilities

Employment

Field of Membership

Fraud

Investment

Loans and Leasing

Record Retention

Security

Tax Issues

Recently Visited Pages

- [InfoSight Listing by State](#)
- [Required Compliance Training](#)
- [Board Responsibilities](#)
- [Compliance Help](#)
- [Advertising Loans: Checklist - Closed-End Consumer Loan Advertising](#)
- [Checklists](#)
- [Advertising](#)

Compliance Training

CT League Education Resources

- [Click here to learn more about CULCT education resources.](#)

CT League Event Calendar

- [Click here to see the League event calendar.](#)

Credit Union Tools

FRAUD SYMPOSIUM recordings are now available!

- The [Fraud Symposium](#) recordings are now available
- Check out the [2024 Q2 Compliance Update Video](#)
- Help Protect Your Elder Members with the [Trusted Contact Toolkit](#)

Recently Updated

September 2024 - RISK Alerts

[View RISK Alerts](#)

Log Out

**Quarterly Update
videos are BACK!**



Click on "Compliance Videos"
in **Inf** **Sight** to view!



Laws and
Regulations

Laws and Regulations

- **Federal Laws**

- Introduced as a bill. Becomes a law in one of three ways:
 - President signs the bill into law.
 - President doesn't sign within 10 days and doesn't return it to the House or Senate with objections.
 - Congress overrides the Presidential veto by a 2/3 majority vote.

- **State Laws**

- Similar to Federal process.

- **Regulations**

- Meant to clarify the laws that are passed.
- Help to ensure that all financial institutions adhere to the same guidelines in the same ways.

Laws and Regulations

- **Consumer Financial Protection Bureau**
 - Equal Credit Opportunity Act / Regulation B
 - Home Mortgage Disclosure Act / Regulation C
 - Electronic Fund Transfers Act / Regulation E
 - SAFE Act / Regulation G
 - Privacy of Consumer Financial Information / Regulation P
 - Fair Credit Reporting Act / Regulation V
 - Real Estate Settlement Procedures Act / Regulation X
 - Truth in Lending Act / Regulation Z

Laws and Regulations

- **National Credit Union Administration**
 - Part 707 / Truth in Savings
 - Part 722 / Appraisals
 - Part 740 / Accuracy of Advertising and Notice of Insured Status
 - Part 760 / Loans in Areas Having Special Flood Hazards

Laws and Regulations

- **Federal Reserve Board**
 - Expedited Funds Availability Act / Regulation CC
- **Other**
 - Bank Secrecy Act
 - Fair Housing Act
 - Servicemember's Civil Relief Act
 - Military Lending Act
 - State Laws and Regulations

Nonregulatory Guidance

- **Bylaws** – contract between the credit union and its members. Bylaws usually set forth the organizational structure of the credit union, membership requirements and business practices.
- **Regulatory Opinion Letters** – usually in response to a specific scenario posed by the credit union. Offers a regulator opinion for interpretation of the law/regulation in question. Examiners rely on these letters.
- **CFPB Advisory Opinions** – provides written guidance to regulated entities on how to understand their legal and regulatory obligations.
- **Letters to Credit Unions** – provides general guidance on an issue the agency deems important or clarifies certain issues. Can be directed to “federally-insured” or “federal” credit unions.
- **CFPB Circulars** – policy statements that advise parties who enforce federal consumer financial law.
- **Interagency Guidance** – guidance issued collectively by multiple agencies (typically includes the NCUA) for managing risk across different areas over the financial institution.

Laws and Regulations

Accounts Topics:

The following topics are covered in the Accounts Channel:

- Accounts Introduction
- [18-65 Accounts \(Massachusetts\)](#)
- Abandoned Property (Massachusetts)
- Account Types and Ownership
- Backup Withholding
- Business Accounts
- Charitable Donation Accounts
- Check 21
- Check and Share Draft Laws/UCC Articles 3 and 4 (Massachusetts)
- Deceased Member Issues (Massachusetts)
- Deposit and Return Item Fees (Massachusetts)
- Dormant and Inactive Accounts (Massachusetts)
- Electronic Fund Transfers - Regulation E
- Escheat Requirements (Massachusetts)
- Expedited Funds Availability - Regulation CC
- Fiduciary Accounts
- Garnishment of Federal Benefit Payments
- Health Savings Accounts
- Individual Retirement Arrangements (IRAs)
- Interest on Lawyers Trust Account (IOLTA)
- Marijuana-, Hemp- and Cannabis-Related Accounts
- Membership Expulsion and/or Service Limitation (Massachusetts)
- Minor Accounts
- Overdraft Payment Programs
- Power of Attorney (Massachusetts)
- Prepaid Accounts
- Privacy
- Representative Payees
- Reserve Requirements - Regulation D
- Safe Deposit Boxes
- Share Insurance
- Trusts (Massachusetts)
- Truth In Savings
- Uniform Transfers to Minors Act (Massachusetts)
- US Savings Bonds

Bankruptcy and Collections Topics:

The following topics are covered in the Bankruptcy and Collections Channel:

- Bankruptcy
- Collection Practices
- Exemptions (New Hampshire)
- Fair Debt Collection Practices Act
- Foreclosure (New Hampshire)
- Garnishment (New Hampshire)
- Garnishment of Federal Benefit Payments
- Late Charges
- Repossession and Sale of Collateral (New Hampshire)
- Social Security Number Guide
- Statutory Lien and Setoff
- Troubled Debt Restructured (TDR) Loans

ACH/Electronic Payments Topics:

The following topics are covered in the ACH/Electronic Payments Channel:

- Account Aggregation
- ACH
- Americans with Disabilities Act - ATM Access
- ATM Surcharging
- Authentication in Internet Banking
- Electronic Check Conversion
- Electronic Fund Transfers - Regulation E
- Electronic Payments Association (NACHA)
- Electronic Returns Under Reg CC
- Electronic Signatures (ESIGN)
- Funds Transfers - Regulation J and UCC Article 4A (Delaware)
- International ACH Transactions: International Payments (IAT)
- NACHA Account Validation
- Person-to-Person (P2P) Transactions
- Remittance Transfers
- Same Day ACH Payments
- Third-Party Senders
- Uniform Electronic Transactions Act (Delaware)
- Unlawful Internet Gambling (Reg GG)
- VISA and MasterCard Debit Card Rules

Loans and Leasing

The following topics are covered in the Loans and Leasing Channel:

- Ability to Repay
- Allowance for Loan and Lease Losses
- Appraisals
- Assignment of Securities as Collateral
- Chattel Lien Non-Filing Insurance
- Consumer Leasing
- Credit Cards
- Credit Practices
- Current Expected Credit Loss (CECL)
- Dower and Homestead (Connecticut)
- Equal Credit Opportunity Act
- FACT Act
- Fair Credit Reporting Act
- Fair Housing Act
- Fair Lending Laws and Regulations
- Fees for Loans (Connecticut)
- Flood Insurance
- Forfeiture of Vehicles and Other Property
- Holder in Due Course Rule
- Home Equity Lending
- Home Mortgage Disclosure Act
- Home Ownership and Equity Protection Act
- Indirect Lending (Connecticut)
- Interest Rate
- Loan Participations
- Margin Stock Loans
- Member Business Lending
- Military Lending Act
- Mortgage Servicing
- Multi-Featured Lending Products
- Non-Traditional Mortgage Products
- Other Real Estate Owned
- Payday Alternative Loans
- Private Mortgage Insurance (PMI)
- Real Estate Settlement Procedures Act (RESPA)
- Requirements for Placement of Liens (Connecticut)
- SAFE Act - Registration of Mortgage Loan Originators
- Sales of Insurance and Other Loan Add-Ons (Connecticut)
- Secured Transactions/UCC Article 9 (Connecticut)
- Servicemembers (and Dependent) Consumer Lending
- Servicemembers Civil Relief Act
- State Variations on Reg Z or Reg B (Connecticut)
- Student Loans
- Sub-Prime Lending
- Troubled Debt Restructured (TDR) Loans
- Truth in Lending Act
- Usury (Connecticut)

Rhode Island Laws and Regulations

State of Rhode Island General Laws

- [Rhode Island General Laws \(Main Page\)](#)
- [R.I.G.L. Title 19 - Financial Institutions](#)
- [R.I.G.L. Chapter 19-5 - Credit Unions](#)

Rhode Island Department of Business Regulation

- [Regulation 98-5](#)
- [Home Loan Protection Act Regulation and Information](#)
- [Home Loan Protection Act \(Concise Explanatory Statement\)](#)

Laws and Regulations

The screenshot displays the InfoSight website, which is a partnership with Delaware Credit Unions. The main navigation bar includes links for Compliance Topics, Discussion Board, Checklists, and CU PolicyPro. A red box highlights the Compliance Topics menu, which lists various operational areas: Accounts, ACH/Electronic Payments, Advertising, Bank Secrecy Act, Bankruptcy and Collections, Board Responsibilities, Employment, Field of Membership, Fraud, Investment, Loans and Leasing, Record Retention, Security, and Tax Issues. A large red arrow points from the 'Recently Visited Pages' section to the 'Compliance Topics' menu. The 'Recently Visited Pages' section lists: Tax Issues, Security, Rhode Island Laws and Regulations, Bank Secrecy Act, and Loans and Leasing. At the bottom, there are two sections: 'Compliance Calendar' and 'Check These Out'. The 'Compliance Calendar' lists upcoming holidays: November 28th-29th, 2024 (Thanksgiving Day - Federal Holiday), December 25th, 2024 (Christmas Day - Federal Holiday), and January 1st, 2025 (Department of Labor). The 'Check These Out' section features a link to 'CU Senior Safeguard' and a prompt to 'Become certified with CU Senior Safeguard'.

InfoSight In Partnership with Delaware CREDIT UNIONS

Compliance Topics Discussion Board Checklists CU PolicyPro

Accounts
ACH/Electronic Payments
Advertising
Bank Secrecy Act
Bankruptcy and Collections
Board Responsibilities
Employment
Field of Membership
Fraud
Investment
Loans and Leasing
Record Retention
Security
Tax Issues

Recently Visited Pages

- Tax Issues
- Security
- Rhode Island Laws and Regulations
- Bank Secrecy Act
- Loans and Leasing

Compliance Calendar

- November 28th, 2024 - November 29th, 2024: Thanksgiving Day - Federal Holiday
- December 25th, 2024: Christmas Day - Federal Holiday
- January 1st, 2025: Department of Labor

Check These Out

- CU Senior Safeguard
Become certified with CU Senior Safeguard

- It's not just laws and regulations anymore! We have interagency guidance, legal opinions, interpretations, etc.
- InfoSight has aggregated those applicable laws/regulations by operational area of the credit union.
- Board members need a safe location to research information!

NCUA Part 715

- All federally insured credit unions are required to obtain **an annual supervisory committee audit** which occurs once every calendar year (usually delegated and conducted by a state licensed independent auditor in accordance with Generally Accepted Accounting Standards (GAAS)).
- The supervisory committee is also responsible for the **verification of accounts**, this can also be delegated to a licensed auditor according to GAAS.
 - Controlled verification – controlled verification of all members' share and loan accounts.
 - Statistical method – sampling method
 - Non-statistical method – performed by an independent licensed auditor using method consistent with GAAS.

NCUA – IRPS 87-1

- Prohibits employees, officers, directors, agents, and attorneys of financial institutions from seeking or **accepting anything of value** in connection with any transaction or business of their financial institution.
- Prohibits anyone from **offering or giving anything of value** to employees, officers, directors, agents, or attorneys of financial institutions in connection with any transaction or business of the financial institution.
- Guidelines encourage federally-insured credit unions to **adopt internal codes of conduct** or written policies to include provisions that explain general prohibitions of the bank bribery law.
- Also consider conflicts of interest and ethical considerations.
- Certain exceptions exist and should be outlined in policy, including the ability to accept meals, refreshments or entertainment of reasonable value and in the course of a meeting or other occasion the purpose of which is to hold bona fide business discussions (provided the expenses would be paid for by the credit union if not paid by the other party as a reasonable business expense). A dollar amount may be established.

NCUA Part 713

- The Board of Directors of each federally insured credit union must **at least annually, review its fidelity and other insurance coverage** to ensure adequacy in relation to risks and minimum requirements; and
- The Board of Directors must **review all applications** for purchase or renewal of fidelity bond coverage.
- The Board of Directors must **pass a resolution approving the purchase or renewal** of fidelity bond coverage and delegate one member of the board, not an employee, to sign the purchase or renewal agreement and all attachments.
- **No board members may be a signatory on consecutive purchase or renewal** agreements for the same fidelity bond coverage policy.
- Fidelity bond coverage includes fraud and dishonesty by all employees, Directors, officers, supervisory committee, and credit committee members.
- All credit unions are required to have **insurance coverage in addition to the fidelity bond**.
- Failure to maintain adequate bond and insurance coverage may result in cancellation of the credit union's share insurance.

NCUA Part 748

- Every federally insured credit union is required to **maintain a security program**. The program should:
 - Protect the credit union from robberies, burglaries, larcenies, and embezzlement;
 - Ensure the **security and confidentiality of member records**;
 - Protect against **unauthorized access** to or use of member records;
 - Assist in the identification of persons who commit or attempt such actions or crimes; and
 - Prevent destruction of vital records.
- Also covers **Bank Secrecy Act compliance** and associated procedures.

Resources

LeDu Test Credit Union

RecoveryPro

Logged in as: Glory LeDu (Staff) Access Level: Admin [Change Password](#)



Home



Resources



Support



Administration



Log Out

★ Model Content

The **Model Content** in RecoveryPro provides your credit union with a framework to customize and develop comprehensive Business Continuity Program (BCP) documentation. This content is organized into discrete elements: Policy, Business Impact Analysis, Business Continuity Plan, Systems Recovery (if applicable), Incident Management, Validation and Maintenance, and Risk Assessment, with documentation and support to guide you logically through the process. While this model content is comprehensive, it is important to customize it to fit your credit union's specific needs and align to strategic goals and objectives. Model Content can be moved easily into the *CU BCP Content* area for customization.

[View Model Content](#)

📖 CU BCP Content

The **CU BCP Content** resides in the Administration area of Recovery Pro and is where your admins and editors can customize and maintain the credit union's BCP content. Selected elements from the CU BCP Content area can be combined into one or more Published BCP documents which can then be viewed by authorized team members. If you have any questions about the Published BCP documents or CU BCP Content availability, please contact your system Administrator.

[View Published Documents](#)

[Edit CU BCP Content](#)

RecoveryPro

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View Model Content



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[1000: Incident Management ▶](#)

[2000: Business Continuity Plan ▶](#)

[3000: Systems Recovery ▶](#)

[4000: Plan Validation and Maintenance ▶](#)

[5000: Business Impact Analysis ▶](#)

[6000: Risk Assessment ▶](#)

[7000: Business Continuity Policies ▶](#)

Resources

Bank Secrecy Act Topics:

- [Bank Secrecy Act Overview](#)
- [Bank Secrecy Act Compliance Program](#)
- [Bank Secrecy Act: Additional Resources](#)
- [Currency Transaction Reports](#)
- [Customer Due Diligence and Beneficial Ownership](#)
- [Customer Identification Program](#)
- [FinCEN BSA Leadership Expectations](#)
- [Information Sharing](#)
- [Marijuana-Related and Hemp-Related Businesses](#)
- [Member Due Diligence](#)
- [Monetary Instruments](#)
- [OFAC](#)
- [Recordkeeping](#)
- [Report of Foreign Bank and Financial Accounts](#)
- [Risk Assessment](#)
- [Sectoral Sanctions Identification List](#)
- [Suspicious Activity Reports](#)
- [Virtual Currency](#)
- [Wire Transfers](#)

Security Topics:

The following topics are covered in the Security Channel:

- [Active Shooter](#)
- [Business Continuity Planning](#)
- [Children's Online Privacy Protection Act](#)
- [Copier Security](#)
- [Cybersecurity](#)
- [Cybersecurity Resources](#)
- [Data Breach](#)
- [Elder and/or Vulnerable Adult Protections](#)
- [EMV Implementation \(Credit Card Security\)](#)
- [FFIEC Cloud Computing](#)
- [FFIEC Online Banking Risk Assessment](#)
- [Identity Theft](#)
- [Information Security Program](#)
- [Internal Controls and Fraud Prevention](#)
- [Pandemic Preparedness](#)
- [Payment Card Industry \(PCI\) Data Security Standard \(DSS\)](#)
- [Security Program for Credit Unions](#)
- [Social Media Security](#)
- [Wire Fraud](#)
- [Wireless Device Security](#)

Records Retention

Last reviewed: January 2023

NCUA Regulations (Part 749) require federally insured credit unions to maintain a records preservation program to identify, store and reconstruct vital records in the event that the credit union's records are destroyed and provides recommendations for restoring vital member services. There isn't any specific format to use in maintaining records, so credit unions have flexibility when establishing their written program for safeguarding and reconstructing.

State laws provide procedural guidelines, and federal laws/regulations mandate records retention time periods. Although neither the National Credit Union Administration (NCUA) nor the state authority regulate records retention, both outline provisions related to the practice of retaining records.

Guidance	+
Summary	+
Detailed Analysis	+
Catastrophic Act Preparedness Guidelines	+
Checklist	+
FAQs	+
Laws & Regulations	+
Additional Resources	+
Model Policies	+

SOMETIMES IT'S A STRUGGLE TO BE SMALL



HAS RESOURCES FOR CREDIT UNIONS OF ALL SIZES



Culture of Compliance

FinCEN Guidance

- On August 11, 2014 the Financial Crimes Enforcement Network issued Advisory FIN-2014-A007. The guidance was provided due to shortcomings in compliance **due to a lack of involvement from institutions' senior management**. It pointed to the **poor culture of compliance** which existed in part due to a lack of leadership to improve and strengthen organizational compliance with Bank Secrecy Act (BSA) obligations.

Culture of Compliance

In other words....

- A lack of understanding about the importance of a solid and comprehensive BSA/AML program and an overall culture of compliance can result in enforcement actions against the Board, the Board members and the credit union – something no Board of Directors wants to see...

Where to begin?

Leadership Should Be Engaged

- FinCEN notes that a strong **culture of compliance** begins with leadership (e.g., Board of Directors, executive and senior management, and management.).
- Engaged leaders are those who are informed about, and trained on, compliance requirements and initiatives.
- Says FinCEN: “in addition to supporting a culture of compliance, an appropriate understanding of BSA/AML obligations and compliance will help an organization’s leadership make informed decisions with regard to the allocation of resources.”

FFIEC Consumer Compliance Rating System

- Organized into three categories:
 - **Board and management oversight**
 - Senior level commitment to the credit union's compliance management system (CMS)
 - **Compliance program**
 - Includes **policies and procedures, training, monitoring, and consumer complaint response**
 - **Violations of law and consumer harm**
 - Analysis of the root cause, severity, duration, and pervasiveness of observed compliance violations
- A credit union's consumer compliance rating will be incorporated into its CAMELS rating.

Consumer Financial Protection Bureau (CFPB)

- According to the CFPB an **effective** Compliance Management System (CMS) has four interdependent control components:
 - Board **and** management oversight;
 - Compliance program;
 - Response to consumer complaints; and
 - Compliance audit
- When all four control components **are strong and well-coordinated**, a credit union should be **successful at managing its compliance responsibilities and risks**.

National Credit Union Administration (NCUA)

- From the NCUA's perspective, the following components are **essential to a comprehensive CMS**:
 - Board of Directors **and** Senior Management Oversight
 - Policies and Procedures
 - Training
 - Monitoring and Corrective Action
 - Member Complaint Response
 - Compliance Audit
- A credit union's CMS should address all its compliance responsibilities.

National Credit Union Administration (NCUA)

- Assess the credit union's level of compliance risk and effectiveness of the credit union's CMS.
 - Determine whether the **board and management's commitment to and oversight of compliance risk and CMS is appropriate for the size, complexity and risk profile of the credit union;**
 - Assess management's ability **to anticipate consumer protection challenges and emerging risks** and, where necessary determine whether management responds appropriately and takes corrective action;
 - Determine the effectiveness of the credit union's **policies, procedures, third party management, training programs, review and monitoring mechanisms** (including audits and internal controls systems, and consumer complaint response process);
 - **When violations of law and/or consumer harm are identified**, determine the root cause, severity, duration, and pervasiveness, and **recommended corrective actions.**

Culture of Compliance

- [Todd Harper's opening remarks](#) at NCUA's Public Budget Briefing showcase NCUA priority to adopt consumer compliance exams and supervisory practices in line with other federal banking agencies.
- When creating FFIEC, congress wanted to increase the uniformity of examination and supervisory practices across regulators. Other federal banking agencies have conducted separate consumer compliance exams and assigned a separate consumer compliance score outside of the CAMELS process, NCUA has not. They want to change that, 2024 has 13 regional consumer compliance positions.

Business Continuity means asking "What if?" questions and creating plans to address them.



Like,
What if
your
employees
all win the
lottery at
once?



Are you prepared?
RecoveryPro can help!



Board's role in policy review process

What is a policy?

A definite course or method of action selected from among alternatives and in light of given conditions **to guide and determine present and future decisions.**

www.merriam-webster.com/dictionary



NCUA Guidance

- The Board interacts with employees through the credit union's policies.
- The NCUA Examination Guide (Management Chapter) provides guidance to credit unions and instructs that "The Board adopts policies to direct the credit union's activities."
- The Board may delegate management functions to Senior Management. The Board, however, must directly exercise its authority to hire, fire, determine duties, set compensation, and discipline Senior Management. **The Board must also ensure that appropriate policies are in place to guide Senior Management in the execution of their duties.**

NCUA Guidance

- The Board of Directors must **approve all major policies; and**
- The Board should **review and update policies annually.**

Policy versus Procedure

- Policies direct the credit union's activities.

Policies

- *Provide broad, general Board of Director guidance.*
- *Direct decision-making.*
- *Integral part of a credit union's strategy.*

- *The “what” or the “why.”*
- *Scrutinized and reviewed by the regulators.*
- *Operational Framework.*
- *Changes need Board approval.*

Policy versus Procedure

- Procedures represent the **methods by which the credit union implements the policies.**

Procedures

- *Step-by-step instructions to conduct daily credit union practices.*
- *Guide employee actions.*
- *The process that is followed to achieve strategic goals.*
- *The “how.”*
- *Process used to implement the policies.*
- *Provided in a “management” voice to assist employees in meeting operational requirements.*

Policy versus Procedure

Why is the distinction important?

- **Mixing policies and procedures could be putting the Board at risk.**
 - Board members typically don't have the level of operational background that Management does.
 - Including specific, procedural related information in policy for approval is potentially beyond the Board's level of expertise.
 - The Board is then put in a difficult position to approve something without the proper expertise (as opposed to general guidelines on a topic).
- **Examiners are looking at the credit union's policies. If there is procedural information within the policy, increased risk of potential non-compliance if the policy/procedure isn't being followed.**

Policy versus Procedure

Example:

Cash Management Policy

- Policy – will specifically address cash limits for the teller drawers and vault, along with relevant controls.
- Procedures – will provide step-by-step instructions on how a teller will balance their cash drawer and what steps to take in the event that a cash shortage or overage exists.

Why is there so much confusion?

- Not all regulations require a formal policy. However, the Board is responsible for the operations of the credit union. Without a policy, how is that accomplished?
- What does the NCUA consider a “major policy?”

NCUA Letter 11-FCU-02 – Duties of Federal Credit Union Boards of Directors

- A director must direct the operations of the FCU in conformity with the Federal Credit Union Act, NCUA's Rules and Regulations, other applicable laws, and sound business practices.
- A director **may rely on information prepared or presented by employees or consultants the director reasonable believes to be reliable and competent and who merit confidence in the particular functions performed.**

Best Practices

- While most policies will probably require some type of amendment during the year, the credit union should still have a **policy review schedule**.
- Spread out the reviews so **a few policies are reviewed at each Board meeting**. Couple those policy reviews with **relevant training**.
 - For example, review the BSA Policy after the Board has received BSA Training (preferably at the same meeting).
- Not sure what to look for or what should be included?
 - Have Management bring the **model policy** from CU PolicyPro.
 - Have Management provide the **regulatory requirements** that govern the policy.
 - Have Management (Business Owner) provide a **quick presentation on how the policy is used and what it means for the credit union**.

Best Practices

Don't reinvent the wheel! Look for sample policies, seek out experts, use your League resources!

Know what needs to go in the policy:

- Is there a regulation requiring the policy?
- Is there a Letter to Credit Unions or Examination Guidance outlining what the NCUA expects to see in the policy?
- Is there state guidance, requirements or laws?

As the Board of Directors, you set the tone.

- How would you communicate with the credit union on this topic?
- Is the policy in your voice?

Resources

View Model Policies

Search Model Policies

Expand All | Collapse All

1000: Administrative ▶

2000: Operations ▶

3000: Accounting ▶

4000: Security ▶

5000: Asset/Liability Management ▶

6000: Investments ▶

7000: Lending ▶

8000: Other Real Estate Owned (OREO) ▶

9000: Federal Regulations ▶

10000: Records Retention ▶

11000: Fair Credit Reporting Act ▶

General Policy Information

Policy Name: Board of Director's Duties

Policy Number: 1205

Associated Model Policy: Board of Director's Duties (1205)

Revised Date: 04/01/2022

Reviewed Date: 04/01/2022

Board Approved Date: 04/20/2022

Last Updated By: Glory LeDu
(glory.ledu@leagueinfosight.com)

Action: Policy Saved

Date: 4-21-2022 9:26:32 AM

Policy Added to Manual: 3-25-2021

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Source Zoom

Font Size

General Policy Statement:

The Board of Directors of a Credit Union is charged with the general direction and control of the institution. **[[CUname]]** (Credit Union) recognizes the importance of the fiduciary duties of a director of the Credit Union and will support directors with needed support and training to meet their duties.

1. GENERAL DUTIES OF DIRECTORS.

- A. The Board of Directors is responsible for the **general** direction and control of the Credit Union. The Board may delegate operational functions to management, but not the responsibility for the Credit Union's direction.
- B. A director must carry out his or her duties in good faith, in a manner reasonably believed to be in the best interests of the membership, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.
- C. A director must administer the affairs of the Credit Union fairly and impartially and without discrimination in favor of or against any particular member.
- D. A director must have at least a working familiarity with basic finance and accounting practices, including the ability to read and understand the Credit Union's balance sheet and income statement and the ability to ask, as appropriate, substantive questions of management and auditors.
- E. A director must direct the operations of the Credit Union in conformity with the [Federal or State] Credit Union Act, NCUA's Rules and Regulations, other applicable laws, and sound business practices.

Assignments

0 In Progress 7 Overdue

Date Due	Assignment Name	Assignment Type	Item(s) to Review	Status	Notes	Mark Complete
3/31/2021	Perform Risk Assessment	Policy Review	• Financial Institution Reconciliations (3125)	Overdue	Notes	Complete
4/30/2021	Review for Board Meeting	Policy Review	• Burglary (4110)	Overdue	Notes	Complete
5/7/2021	Review this policy	Policy Review	• Information Security (4120)	Overdue	Notes	Complete
5/14/2021	Review this Policy	Policy Review	• General Security Procedures (4100)	Overdue	Notes	Complete

Resources

Resources

Board Materials

Content Update Archives

Examiner Resources

Manager Resources

Newsletters

Previously Published
Manuals

Sample Forms and
Documents

System Tools

Relax!

InfoSight has state-specific compliance content for all 50 states!

Inf✓Sight



Bringing it all
together!

Board Member Duties

- **Board members have a tough job!**
- Stay educated and informed! Regulations, requirements, expectations, are constantly changing! Attending training sessions helps you stay in the know!
- It will be impossible to be the expert in everything! You are responsible for the overall direction and control of the credit union, but more than likely will be **delegating day-to-day operations to management**.
 - When you delegate, you put control and review parameters in place through **policy limits** and **through audits** (regulatory required audits and other audits as the Board sees fit).
 - Understand your options, understand results and research!
- Educate yourself and understand the information that is included in your Board package every month! If you don't understand, research, and **ask questions! That is part of our "duty of care" responsibility under common law!**
- Always act in the best interest of the credit union! Personal interests should never come before the credit union!

Superheroes are great in a crisis.
RecoveryPro is the next best thing.



www.leagueinfosight.com/recoverypro



Resources

Resources

<https://www.ccua.org/>

The screenshot displays the Cooperative Credit Union Association website. The top navigation bar includes links for CALENDAR, JOBS, NEWS & REPORTS, VICLARTY, INFOSIGHT, and MEMBER LOGIN. Below this, a secondary navigation bar features links for Members, Advocacy, Compliance (highlighted with a red box), Education, Community, Small CU, and Cooperative Solutions. A red arrow points from the Compliance link to a dropdown menu containing 'Compliance Support' and 'Compliance Connections'. The main content area has a blue background with the word 'COMPLIANCE' in large white letters, followed by the text: 'Helping you stay compliant with the latest federal and state regulations through resources, guidance, and communities.'

CALENDAR JOBS NEWS & REPORTS VICLARTY INFOSIGHT MEMBER LOGIN

Cooperative CREDIT UNION ASSOCIATION

Members Advocacy **Compliance** Education Community Small CU Cooperative Solutions

Compliance Support
Compliance Connections

COMPLIANCE

Helping you stay compliant with the latest federal and state regulations through resources, guidance, and communities.

Resources

<https://culct.coop>



SEARCH

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WHO WE ARE ▾ RESOURCES ▴ ADVOCACY ▾ DEVELOPMENT ▾ STRATEGIC SOLUTIONS ▾ FOUNDATION ▾

Education

Event Calendar

Compliance

Small Credit Unions

Fraud, Robbery, and
Scam Alerts

HR Hotline

PR Support

Discounts with CU
Offers

Advancing Connecticut Credit Unions

Resources – Required Audits

<https://culct.coop/strategic-solutions/compliance-solutions>

Compliance Solutions

Audit Services+

Audit services can help ensure your credit union is in compliance with the ACH Rules, BSA, CIP and OFAC.

SAFE Act Audit

The SAFE Act requires that all credit union employees who act as Mortgage Loan Originators (MLO) be in compliance with the requirements.

We will determine your CU complies with the requirements of the SAFE Act. We will review the process, the requirements of the SAFE Act, and required training.

ACH Audit

The NACHA Operating Rules require all participating depository financial institutions, Third-Party Servicers, to identify and correct problems, correct them before an issue arises and limit your liability.

BSA, CIP and OFAC Audits

Congress enacted the Bank Secrecy Act (BSA) of 1970 to prevent credit unions and other financial service institutions to maintain appropriate records and to file certain reports used in criminal, tax, or regulatory investigations.

Money laundering detection and prevention are critical elements of a financial institution's compliance program. The life cycle of a BSA program is to implement a BSA risk assessment, develop policy and procedures, and conduct ongoing monitoring and testing.

The life cycle of a BSA program is to implement a BSA risk assessment, develop policy and procedures, and conduct ongoing monitoring and testing.

The League audit services can help with your BSA program by performing an audit/test of your existing BSA program.

Website Compliance Review

Ensure your website is compliant with all applicable federal regulatory requirements. We will conduct a comprehensive review of your website.

Exam Assistance

The League can help credit unions resolve findings by a regulator during an examination. Our experienced staff can assist with the preparation and implementation of the exam.

Policy Review, Development, and Implementation

When a credit union needs to put together a policy, the League is here to help. We can review current policies, develop new policies, and implement them.

[Schedule Audit](#)



AFFIRMX

Comprehensive compliance audits that reduce your credit union's workloads, costs and stress

The 4-Audit and Special Report Package

- BSA Independent Test
- Annual ACH Independent Audit
- Annual SAFE Act Independent Audit
- Website Compliance Review



Powerful technology together with our deep understanding of compliance help you identify gaps in operations and ensure audits meet regulatory guidelines

Resources - CMS



Policy 1230: Regulatory Compliance

Revised Date: 3/14/2022

Model Policy Revised Date: 03/14/2022

General Policy Statement:

[[CUName]] (Credit Union) is committed to understanding and complying with the laws and regulations that govern its operation. The purpose of this policy is to formalize that commitment, assign responsibility, and authorize general compliance activities. In order to assist with this formalized commitment, the Credit Union has a compliance management system in place, inclusive of a compliance program addressing the guidelines within policy, along with processes and procedures to manage consumer compliance risk, support compliance and ultimately prevent any harm to the Credit Union's members, and consumers generally.

Guidelines:

1. RESPONSIBILITY.

A. While the Board of Directors is responsible for the overall performance of the Credit Union, authority to design and administer the compliance program is granted to the CEO/President.

B. The CEO/President is assigned the role of Compliance Officer, unless this role is formally assigned by the CEO/President to another member of the management team.

C. Effective compliance requires the contribution of each employee at each stage of the product lifecycle, from product creation, implementation and service/administration. All employees are responsible to learn, understand and comply with the laws and regulations that affect their area of responsibility.

2. **COMPLIANCE EXPERTISE.** The CEO/President is responsible to ensure they or the assigned Compliance Officer has knowledge of consumer compliance laws and regulations, including emerging risks that may impact the Credit Union's products and services. The Compliance Officer will continue to build the compliance expertise of the entire Credit Union with authorized activities including internal staff training, attendance at compliance schools and webinars, subscription to compliance update services, etc. Funding for such compliance activities that exceeds management's spending authority must be approved as part of the annual budget or through separate action by the Board.

COMPLY SIGHT

CU Risk Intelligence's compliance management solution, **ComplySight**, provides visibility, tracking, measuring and reporting of compliance activities through a single, simplified application.

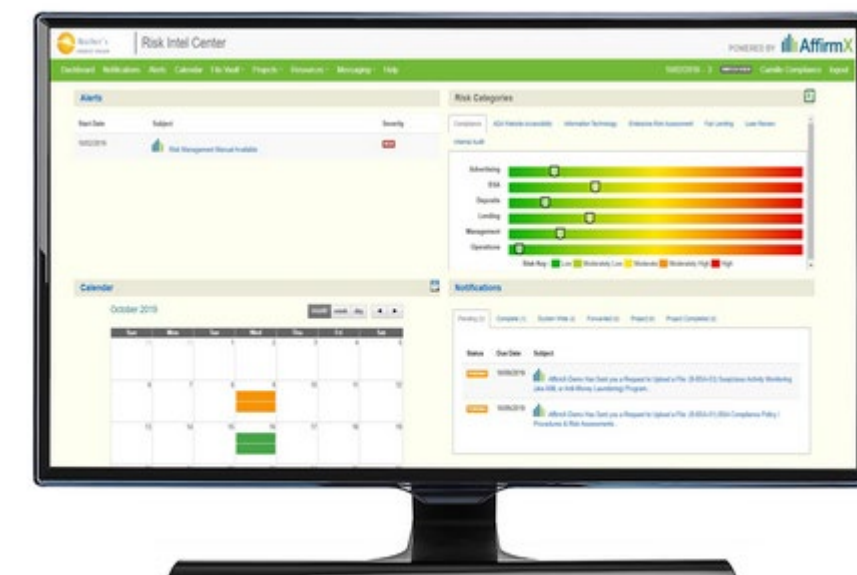
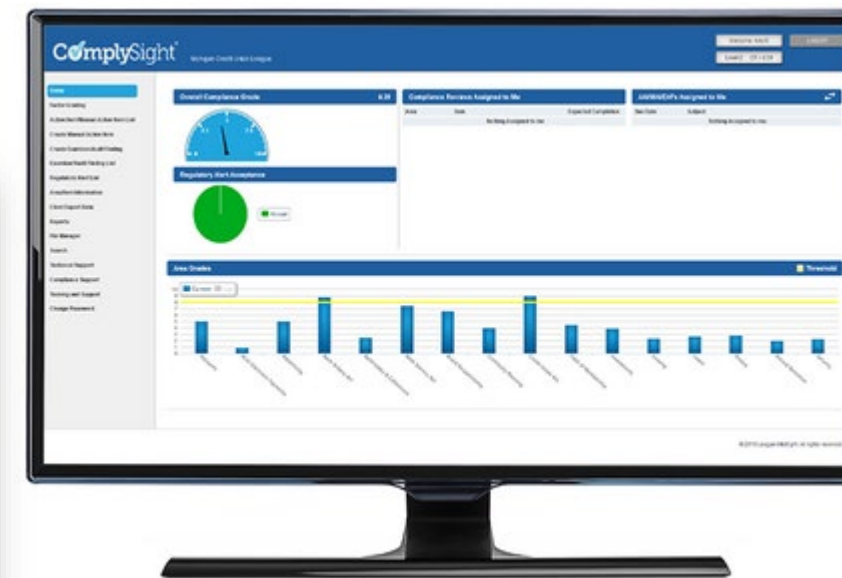
The system provides a conduit to strengthen a credit union's overall communication, supporting a state of continual readiness for audits, and providing regulatory updates essential to maintaining compliance.

AFFIRM X

CU Risk Intelligence's industry-leading risk management automation provider, **AffirmX**, delivers mitigation resources for credit unions that reduce the costs, workloads and angst associated with regulatory compliance.

Serving more than 230 credit union clients and scores of association partnerships nationwide, the system prioritizes risk management tasks and remediation by utilizing relevant and timely data that improves performance throughout the enterprise.

<https://www.curiskintelligence.com/>



Resources – Business Continuity Planning



LeagueInfoSight

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League/Association Support | Contact Us

RecoveryPro

Super heroes are great in a crisis.
RecoveryPro is the next best thing.

RecoveryPro Overview

Your credit union may not be able to prevent a disaster from occurring, but you can be ready when it happens. Security, data recovery, and peace of mind are priceless when faced with a catastrophic loss. RecoveryPro can get your credit union's Business Continuity Plan (BCP) in place!

Analyze & Assess

Identify and prioritize business processes and assess risks and impacts of a variety of event types

Plan & Prepare

Develop plans, prepare to manage incidents, and recover your business when disaster strikes

Validate & Maintain

Ensure your plans are effective and your teams are ready through testing, content reviews, and updates

Program & Policy

Validation & Maintenance

Incident Response

Asset Size	Annual Affiliated Credit Union Pricing	Annual Non-Affiliated Credit Union Pricing
Under \$50 million	\$249	\$599
\$50 million - \$150 million	\$549	\$1,399
\$150 million - \$350 million	\$1,049	\$2,599
\$350 million - \$1 billion	\$2,549	\$6,199
Over \$1 billion	\$4,549	\$10,999

<https://www.leagueinfosight.com/recoverypro>

Resources – Third Party Vendor Management

<https://cuvvm.org>



HOME

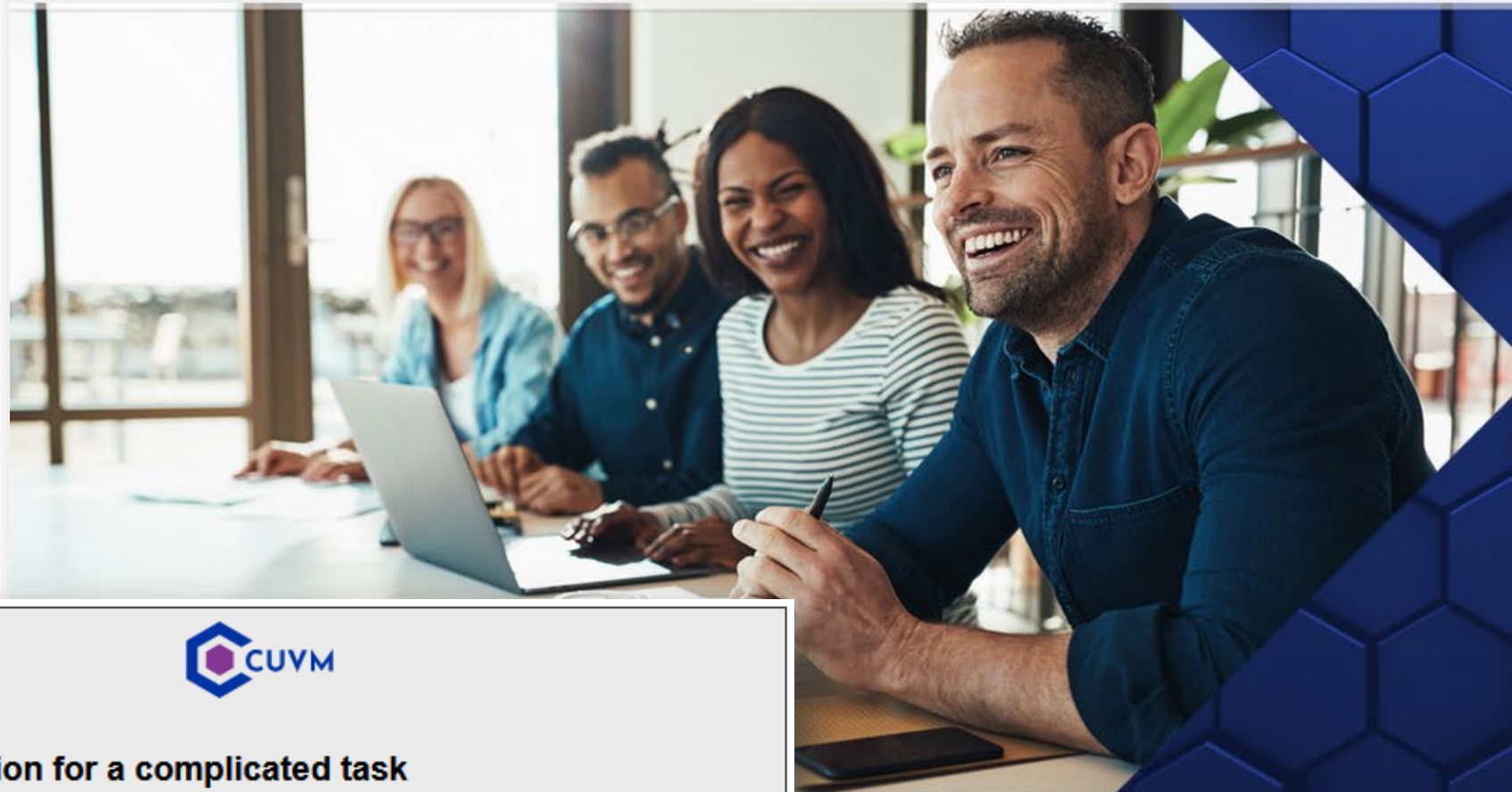
SERVICES & SOLUTIONS

REQUEST DEMO

REQUEST A SPEAKER

ABOUT US

CONTACT US



VENDOR MANAGEMENT THAT SIMPLIFIES YOUR LIFE!

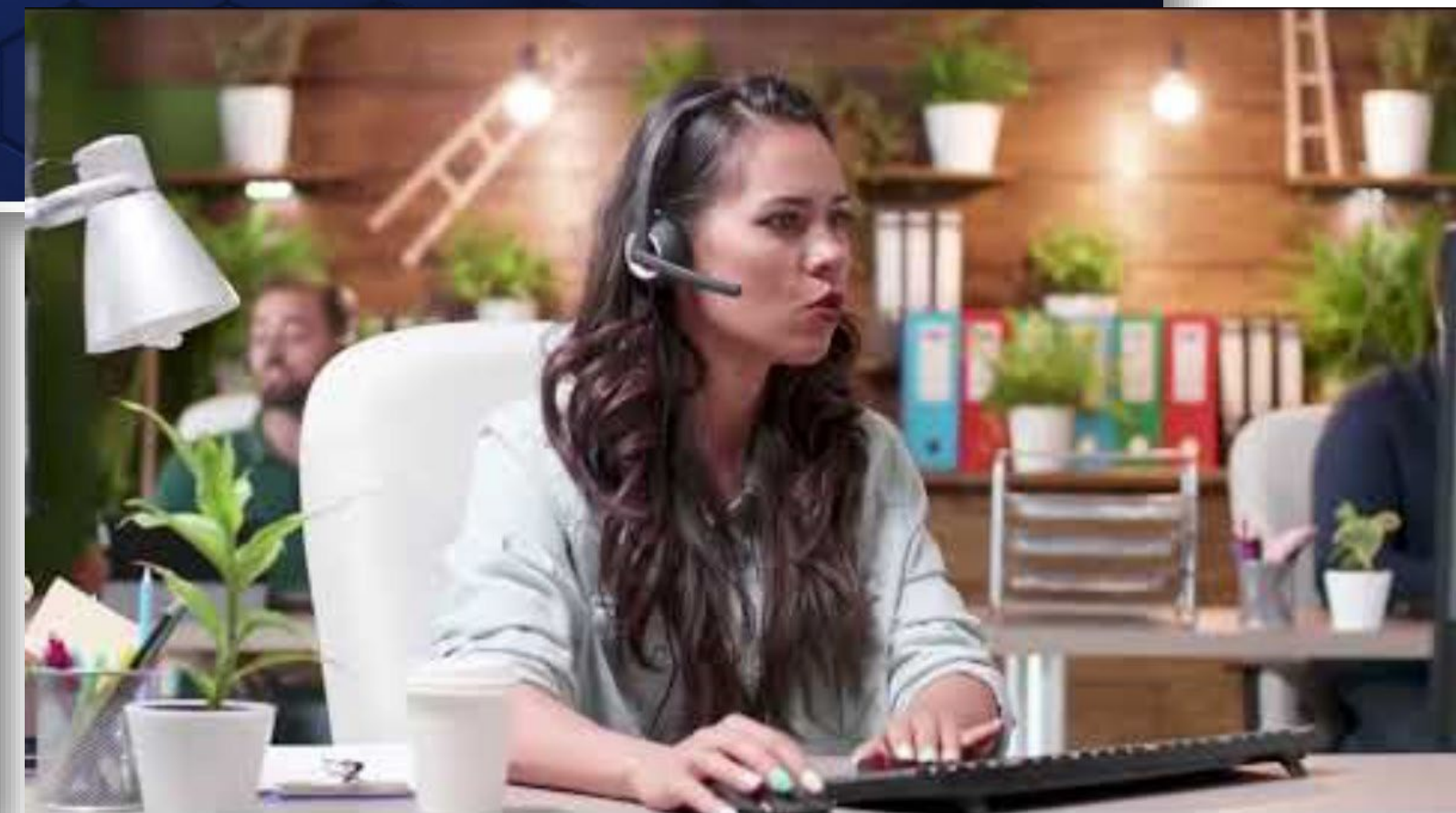
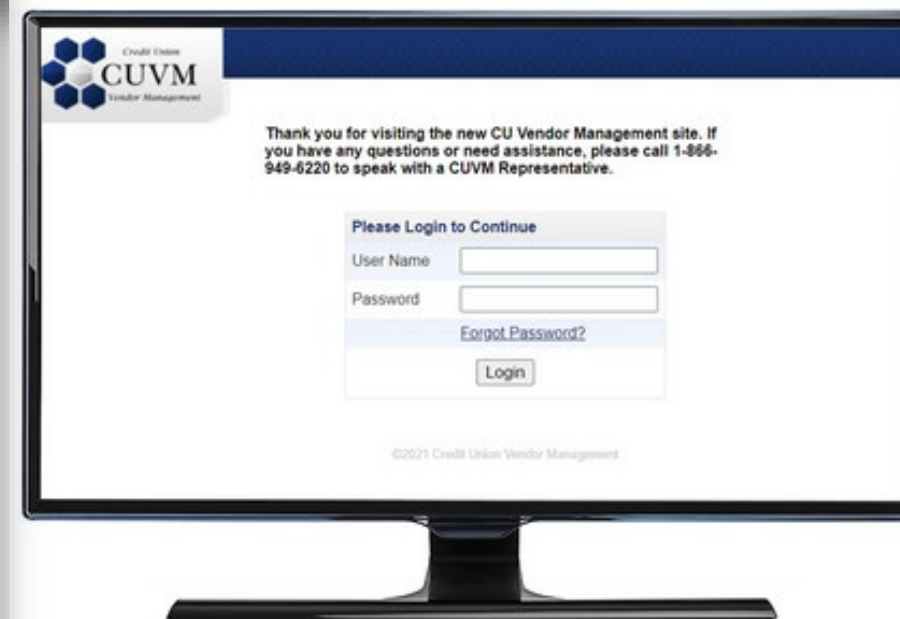
Managing vendors can feel like a juggling act that never stops. At CUVM, we believe in simple – a simple solution that will save you time, help you avoid costly mistakes, and keep you organized.

[Find out how we can help you!](#)



A simple solution for a complicated task

- Streamlines the vendor management process
- Saves you time and money and lowers operational expenses
- Centralizes storage and retrieval of contracts and due diligence
- Offers personalized service with dedicated analyst and support staff
- Ensures all contracts are compliance-friendly
- Meets NCUA requirements
- Cloud-based technology that is available 24/7



**Rather eat your vegetables than try to
sort through complex federal
and state laws and regulations?**



InfoSight breaks them down into
easy-to-understand summaries!

Questions?

Glory LeDu

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CEO of CU Risk Intelligence

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League**InfoSight**

CU RISK
INTELLIGENCE 



APEX

2024