National Credit Union Administration

[Regional Office]
[Regional Street]
[Regional City, State, Zip]
[Regional Phone Number]

[Date of Letter]

Dear [CEO Title and Last Name]:

NCUA has scheduled an examination of [CU Name], which will include an on-site review. The exam will begin on [Exam Date]; our examination team plans to arrive on-site on [Arrive on Site Date]. The effective date of the exam will be [Effective Date]. **The information in this letter will help you prepare for the upcoming review. Please read this material carefully and share it with the appropriate individuals.**

PREPARE FOR ON-SITE EXAMINERS

A team of exam staff including [Number of Examiners] NCUA examiners, and [Number of SSA] state supervisory authority examiners will participate in the examination. We have included a list of exam staff, which details their role and arrival and departure dates, as an appendix to this letter. For security purposes, examiners will provide official ID when they arrive. To prepare for on-site examiners, you should:

- Make appropriate security arrangements according to your institution's security protocols.
- Invite appropriate credit union staff to participate in an entrance meeting on [Entrance Meeting Date] with the exam team (meeting will take place at the credit union).
- Provide sufficient work space to accommodate examiners on the dates specified in the appendix.

Important Dates to Remember

Event	Date
Exam effective date	[Effective Date]
Deadline to create attached collection of requested items	[Item Deadline Date]
Exam begins	[Exam Date]
Exam team arrives	[Arrive on Site Date]
Entrance meeting with exam team and credit union	[Entrance Meeting Date]
On-site review concludes *(estimated)*	[Review Date]

CREDIT UNION VIRTUAL PRIVATE NETWORK ACCESS

If your credit union has a Virtual Private Network (VPN), we may be able to use it to access information to complete your examination. If you would like to provide us with access to your VPN during the examination, please inform us at least two weeks before the examination is scheduled to begin.

DATA SECURITY

NCUA examiners may only accept sensitive data via encrypted electronic transmission. NCUA defines sensitive data as:

(1) any information which by itself, or in combination with other information, could be used to cause harm to a credit union, credit union member, or any other party external to NCUA, and
(2) any information concerning a person or their account which is not public information, including any non-public personally identifiable information.

NCUA examiners will only accept electronic data if the following minimum data encryption requirements are met:[1]

- 128-bit AES encryption[2]
- Strong password (a minimum of eight characters; mixture of upper- and lower-case, numbers, and special characters; not easily guessable, etc.)
- Password must be provided separately from the device or transmission

The NCUA Secure File Transfer Portal meets the necessary requirements. Alternatively, you may provide exam data using commercially available methods to transmit files, such as email or secure file sharing service, provided the method incorporates encryption that meets the standards described above. When a credit union provides the encrypted means for transmitting data, NCUA examiners will rely on the credit union's written assertion that the encryption requirements above were met. This written assertion confirms that the data file(s), or secure transmission provided to NCUA meet the minimum encryption requirements outlined above.

If the transfer occurs while NCUA staff is onsite, the examiner receiving the data will have the credit union representative sign a *Chain of Custody* document. Otherwise, the credit union representative can confirm through email that the transfer met the standards above.

---

[1] Credit union security procedures should be followed if they require more stringent encryption and password standards than those listed.

[2] The U.S. National Institute of Standards and Technology (NIST) established the Advanced Encryption Standard (AES), a specification for the encryption of electronic data, in 2001. For more information, see "Announcing the ADVANCED ENCRYPTION STANDARD (AES)" (PDF). *Federal Information Processing Standards Publication 197*. United States National Institute of Standards and Technology (NIST). November 26, 2001. Retrieved July 31, 2015.

COLLECT ITEMS AND MAKE INFORMATION AVAILABLE TO EXAMINERS

The attachment to this letter contains a list of items examiners will review during the examination. To prepare for the exam:

- Advise your Supervisory Committee that we will contact them to discuss their oversight activities.
- Advise your Supervisory Committee and external auditors, if applicable, that we may contact them to gain access to their most recent audit report, verification of member accounts, management letter, engagement letter, and/or any related work papers.
- Gather the information listed in the attachment to this letter and index all items before [Item Deadline Date].

Under NCUA regulations § 712.3(d)(3), a credit union must have a contract in place with any CUSO it invests in or loans to requiring the CUSO to provide NCUA with complete access to the CUSO's books and records and the ability to review the CUSO's internal controls, as deemed necessary by NCUA or the state supervisory authority. If materials are requested under this authority as part of your examination, please coordinate with the CUSO to ensure the requested materials are provided.

Personally identifiable information collected in the scope of an examination is protected by the Privacy Act and covered by NCUA System of Records Notice NCUA-22, Examination and Supervision System. The NCUA's Privacy Act statement is available on the NCUA's website.

To improve the efficiency of the document request process and reduce the likelihood of credit unions receiving duplicate requests for the same document, a page of tips for organizing and saving documents was added to ncua.gov here.

EXAM FOCUS AND REQUIRED ACTIONS

The exam will focus on safety and soundness and compliance of credit union operations. A review of various areas, new products and services, and strategic decisions is normal and necessary to ensure significant compliance with applicable laws and regulations and to determine if there is a material financial risk. Business decisions are reviewed only to ensure they do not compromise these standards. Examiners may ask questions and request follow up information, but this alone does not mean the examiner has concerns. The exam report will clearly document any issues identified and required corrective actions.

For significant issues, NCUA examiners will work with credit union management to develop agreeable corrective actions. Only issues in the final exam report require action. Supplementary Facts and informal discussions with examiners should not be construed as actionable concerns.

Examiners will not comment on matters such as employee compensation, vendor contracts, or loan pricing unless they present a material risk or violate laws or regulations. Generally, these are business decisions for the credit union to make, in accordance with applicable laws, regulations, and internal policies.

AFTER THE ON-SITE REVIEW

We estimate the on-site review will end by [Review Date], at which time the NCUA will hold an exit meeting with credit union officials and staff. Examiners will share their draft findings and conclusions at this meeting, so please schedule accordingly. We will alert you of any changes as the exam progresses.

RECORDING JOINT CONFERENCE AND EXIT MEETINGS

You may record or transcribe joint conference and exit meetings with NCUA staff if all of the following conditions are met:

1. You disclose the method used to record the meeting, and you control access to the recording. NCUA staff cannot agree to being recorded if you cannot confirm that the tool used does not allow for unauthorized parties to access confidential supervisory information. It is your responsibility to maintain the confidentiality of the examination report and the meeting recordings and transcriptions that discuss the contents of the exam report;
2. You provide an unaltered copy of the recording to your NCUA examiner or agree to allow the examiner to record the meeting concurrently; and
3. For FISCUs where an SSA is attending the meeting, they consent to being recorded.

If you have any questions about this letter, appendix, or the attachment, please contact Examiner [Examiner Name] at [Examiner Email] or phone at [Examiner Phone]. Thank you in advance for your cooperation.

Sincerely,

[EIC Name] Examiner in Charge

Attachment: *Items Requested for On-Site Review*

APPENDIX – EXAMINATION TEAM

NCUA Examiners

Name	Role	Contact Info	Anticipated Arrival	Anticipated Departure

State of [State] Examination Team

Name	Role	Contact Info	Anticipated Arrival	Anticipated Departure