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Internal Audit Role in Member Complaints

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Main Discussion Points

- ✓ **Supervisory Committee Roles**
- ✓ **State Supervisory Authorities**
- ✓ **Office of Consumer Protection (OCP) Roles**

Supervisory Committee

Key Tools:

- Supervisory Committee Guide For Federal Credit Unions
 - Chapter 4
- Relationships with staff and board of directors
- Understanding of credit union internal policies
 - Including policies and procedures for member complaints
- Understanding of staff job duties



Common Complaints

- Loan rejection
- Annual meetings
- Share withdrawals
- Dividend rates
- Member services
- Policy/Procedures



Forms of Complaints

Complaint at Branch level

- ✓ In person, telephone call, website, letter

Complaint to NCUA directly

- ✓ Telephone call, letter, website

Complaint to state supervisory authority directly

- ✓ Telephone call, letter, website

Complaint to Office of Consumer Protection

- ✓ Telephone call, letter, website

Looking at the Complaint Process

Supervisory Committee Continued

Member Makes Complaint at Credit Union to Staff

STEPS TO DOCUMENT:

1. Log each complaint
2. Notify member in writing of receipt of complaint
3. Discuss at Supervisory Committee meeting
 - a) Document resolution in minutes
4. Notify member, in writing, of resolution
5. Include summary of findings to the board of directors



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Looking at the Complaint Process

Supervisory Committee Continued

Member Makes Complaint to NCUA

STEPS TO DOCUMENT:

1. The NCUA Regional Office contacts Examiner and Supervisory Committee via letter
2. NCUA provides timeframe for resolution within letter (usually 30-60 days)
3. Supervisory Committee conducts review of complaint
4. Supervisory Committee furnishes written report of findings and resolution to NCUA
5. Member receives follow-up on complaint (based on SC report) from NCUA **only**



Tools for Supervisory Committee

1. Read complaint and outline key issues
2. Conduct interview with member making the complaint
 - a. Ask open ended questions
 - b. Practice active listening
3. Gather witnesses and or additional material as applicable
4. Review member's credit union file
 - a. Attempt to paint a picture based on past performance with CU
5. Interview CU staff and management as needed
6. Determine the validity of the complaint and come to a conclusion

Supervisory Committee Should Avoid:

1. Conducting meetings between management and the member with the complaint, without proper investigation
2. Allowing personal feelings to cloud judgment
3. Putting complaint off for a prolonged period of time
4. Conducting meetings with one Supervisory Committee member and not group

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Federally Insured State Chartered Credit Unions

Procedures are similar to NCUA complaint process:

- Member makes complaint to department
 - Writing, phone call, website
- Department handles complaint
 - Timeline assigned for resolution
- Supervisory Committee resolves complaint per states guidance

*****NCUA not included in complaint resolution UNLESS
Office of Consumer Protection is involved*****

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Office of Consumer Protection (OCP)

- **Complaint regarding regulation of a federal credit union AND only after member has attempted to resolve the issue with the credit union.**
- **Then, member can file complaint to OCP.**
 - Link to submit a complaint case
www.mycreditunion.gov
 - Must be in writing

Office of Consumer Protection (OCP)

- **OCP tracks complaints** (via log)
- Goal is to resolve complaints within 60 days
- OCP process of handling complaints differs from the previous complaint processes:
 - **OCP will write the letter to the member**
 - not the Supervisory Committee
 - **OCP verifies complaint with member and then forwards the complaint to the Supervisory Committee to investigate fully within 20 days.**

Office of Consumer Protection (OCP)

- **Supervisory Committee is responsible to thoroughly document and support the investigation and**
- **Does not communicate results to member**
- **Supervisory Committee submits report to OCP with all backup documentation**
- **OCP determines if a violation has occurred or not**
- **If no violation has occurred, OCP will write letter to member**
- **Case Closed**

Office of Consumer Protection (OCP)

If OCP determines that a violation HAS occurred:

- OCP will send a letter to the credit union explaining the violation specifics and
- Instruct the credit union to respond within 10 days
- Credit union will research and respond to OCP
- Examiners will review next contact
- Case remains open until NCUA's regional office determines the violation has been corrected.

Summary

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Remember

- ✓ Use publications available to you on NCUA.gov
- ✓ Try to resolve concerns at the field level
- ✓ Document all problem resolution attempts
- ✓ Communicate with the Board of Directors
- ✓ Adhere to policies and procedures
- ✓ Use your examiner as a resource if necessary

THANK YOU!

- **Questions From The Audience**



References

1. <http://www.ncua.gov/Legal/GuidesEtc/GuidesManuals/supcomm.pdf> - Supervisory Committee Guide
2. www.mycreditunion.gov NCUA Consumer Assistance Center – link to Submit a complaint case