



MEMBER QUALITY STANDARDS

Member Quality Standard #01.00

Accreditation

Member agencies shall obtain and maintain NFCC-approved accreditation.

OFFICIAL COMMENT:

Membership in the NFCC is predicated upon quality organizations providing quality services. Independent quality standards and control measures ensure members adhere to the values and best practices of the NFCC.

Currently, the NFCC recognizes the following accreditation standards:

- Council on Accreditation (COA) Credit Counseling Standard;
- Independent Standards Organization (ISO) 9001;

Credit Counseling membership

As a temporary alternative to the traditional COA only accreditation standard, it is the intent of the Council on Member Affairs to allow credit counseling agencies with ISO 9001 certification to apply for membership in the NFCC. Under this temporary measure, all members providing credit counseling services must obtain and/or maintain either COA or ISO accreditation status. The NFCC will accept ISO 9001 certification to satisfy the Accreditation requirement of this Standard by agencies attaining membership after September 16, 2020 until such time as an alternative Accreditation and Quality Control framework replacing both COA and ISO is finalized.

New members joining after September 16, 2020 may choose to adopt and maintain either the COA or ISO standard until such time as a new permanent solution is identified.

Potential members offering credit counseling services must have submitted the applicable application fee to COA or ISO or be accredited in good standing by either of these organizations before they can be approved for membership in the NFCC.

Member Quality Standard #02.00

Access and Availability

Member agencies shall provide services within a reasonable amount of time and at times convenient to the public. Member agencies will not discriminate in providing service for any of the following reasons: age, race, color, creed, national origin or ancestry, physical or mental disability, medical condition, gender, sexual orientation, religion, employment, marital status, financial status or any other consideration made unlawful by federal, state or local law.

OFFICIAL COMMENT:

NFCC member agencies will not discourage counseling for any reason.

Pre-screening for Debt Management Plans (DMP)* is expressly prohibited. Member agencies should refrain from waiting to schedule a counseling session until the potential client completes and returns a written application or questionnaire; such action will be considered a form of pre-screening. Member agencies must have operating procedures in place to assure timely service, recognizing that various times of the year create increased consumer demands.

* A Debt Management Plan is defined as an agreement between the client and a member agency to assist the client in repaying all unsecured outstanding debt. DMP agreement forms must include the client's expectations and responsibilities, an enumeration of the debts, a proposed payment for each creditor, the total debt owed, and a statement of the client's right to cancel the agreement.

Member Quality Standard #03.00

Financial Literacy

Member agencies shall develop, foster, or provide financial literacy programs on money management, budgeting and the responsible use of credit for consumers using methods that meet the community need.

OFFICIAL COMMENT:

Membership in the NFCC requires adherence to the mission of the NFCC. We are an educational organization providing high caliber, professional, confidential counseling and education services.

Public relations and marketing activities do not qualify as education events. One-on-one counseling sessions provide valuable education, but do not qualify in this standard as a group educational event.

The organization offers financial literacy programs which may include seminars taught by qualified instructors that are designed to meet the current needs of the financially stressed individuals and to comply with the 501(c)(3) service requirements.

Member Quality Standard #04.00

Counseling Sessions

Member agencies must provide comprehensive, one-on-one money management counseling and provide a written assessment and action plan to the client as applicable to the service provided, or as required by law.

OFFICIAL COMMENT:

Comprehensive money management counseling is defined as an interview or series of interviews which includes but is not limited to, discussion of financial goals, sources of income, expenses, consumer debt (secured and unsecured), housing costs, utilities, garnishments, tax debt, credit reports, referrals to other sources, settlements of debts, etc. when it is applicable to reach goals. Quality counseling is based on thoroughness. Our goal is to educate and give guidance to those who seek our help. A thorough review of the client's financial situation must be an integral part of the service regardless of whether a debt management plan is feasible or necessary.

A written assessment and action plan is defined as a document outlining the client's individual situation and offering appropriate solutions. It will include:

- a complete budget assessment with a review of income, expenses, debt, housing issues, etc.;
- identification of problems and need for appropriate referral or services;
- an assessment of the client's and family's strengths and resources for addressing their problems and reaching their goals; and
- options and action steps for the individual or family.

Clients shall be provided with adequate information through the written assessment and action plan to assist them after they leave the counseling session. This is our opportunity to assist in their personal financial plan with educational handouts, referrals and prioritized action steps. Clients under stress cannot be expected to remember the counselor's advice in all cases. Both counselor and client can refer back to the written assessment.

Member Quality Standard #04.01

Counselors

Individuals providing counseling must be certified by an NFCC-approved certification program or have their work reviewed and approved by a certified consumer credit counselor.

Member agencies are prohibited from paying financial incentives to counselors based on the number of DMPs established or assessing financial penalties to counselors if their client leaves a DMP program.

OFFICIAL COMMENT:

Member agencies shall employ qualified individuals who must obtain consumer credit counseling certification within one-year from the date of their employment as a counselor and maintain NFCC certification as outlined in the counselor certification process.

Member agencies must conduct a state or county criminal background check on all counselors prior to their start of duties.

Member agencies must establish additional training and development programs for counselors to improve knowledge of agency policy and procedures, interpersonal skills, and abilities that enhance counselor sensitivity to the needs and preferences of clients.

Member agencies must register, with the approved certifying entity, all new counselors within 120 days of date of employment or assignment as a credit counselor.

Member Quality Standard #05.00

Debt Management Plans

Member agencies shall establish debt management plans only when appropriate and predicated upon client needs and preferences to assist in achieving their financial goals and objectives.

OFFICIAL COMMENT:

NFCC membership is an assurance of quality to both client and creditor. Member agencies shall ensure:

- that the amount available for the repayment of the client's indebtedness represents the client's best effort after a thorough evaluation of income, expenses, assets and debts;
- that proposed debt management plans will reflect that the consumer's indebtedness can be repaid in 60 months or less, including interest. A plan may be established for longer than 60 months, such as for a 72-month DMP, with documented extenuating circumstances and according to the policies and procedures established by the NFCC Council on Member Affairs, and subject to all applicable state requirements. Debts with contractual repayment periods of over 60 months, such as automobiles, mortgages, and other secured debt, may be included in the plan, but can be excluded from the monthly payout calculation;
- that in any proposed plan, negative amortization shall be avoided and that all known debts are accounted for in the written action plan;
- that a method of prorating accounts shall be employed that treats like creditors alike, assuring that no creditor receives preferential treatment in return for financial support;
- that the disposition of credit cards is recorded;
- that the DMP reflects that the client will close all lines of credit and refrain from obtaining future credit without the member agency's approval;

POLICY # 05.00 (continued)

- that client confidentiality and the creditor's rights to information are recognized. All counseling provided by member agencies is strictly confidential. Client confidentiality as it relates to debt management plans refers to family, friends, employers, etc. A creditor participating in a debt management plan has the right to pertinent information (full disclosure) such as: addresses, phone numbers (unless the phone number is unlisted), assets, income, expenses, other creditors involved in plan, balances owed, reason for plan, etc. Non-participating creditor should not be given any information without the client's approval. When a client's debt management plan has been closed, information may also be verified and/or released to only those original creditors listed on the original plan. Any creditor found to be using the information provided to harass an existing depositing client should be reported to the agency's management/creditor relations division and may be denied information in the future. The NFCC's Monitoring and Compliance Committee should be notified of any such actions taken with creditors;
- that the agency provides, at a minimum, a quarterly status report to active DMP clients that fully discloses their deposit and disbursement history and approximate balances;
- that the agency establishes and adheres to a process of reviewing existing debt management plans annually, preferably including the client; and
- that the agency does not create any plans for the benefit of an individual client which jeopardizes the plans of existing or future clients.

Member agencies will avoid conflicts of interest by not paying agents, counselors, or employees commissions or referral fees for DMP accounts.

Member agencies will avoid conflicts of interest by not paying creditors for client referrals or agreeing to receive reduced fair share to receive referrals.

Member Quality Standard #05.01

Model Member Agency Funding Disclosure

Member agencies must provide in writing to all clients counseled the following disclosure and explanation:

“Most of our funding comes from voluntary contribution from creditors who participate in Debt Management Plans (“DMP”). Since creditors have a financial interest in getting paid, most are willing to make a contribution to help fund our agency. These contributions are often calculated as a percentage of payments you make through your DMP— on average, about five percent (5%) of each payment received. However, your accounts with your creditors will always be credited with one hundred percent (100%) of the amount you pay through us and we will work with all of your creditors regardless of whether they contribute to our agency.”

OFFICIAL COMMENT:

If an NFCC member agency does not receive an average five percent (5%) fair share contribution from creditors, then that agency may replace the five percent (5%) in the above disclosure with an applicable percentage that it does receive from creditors. In addition, if an agency does not receive a majority of its funding from DMP contributions, the lead in phrase “most of” can be replaced by “some of”, as long as this statement is accurate and not misleading to prospective clients. In those cases where an agency uses the phrase “some of”, the agency must submit to NFCC an authorized certification of its Board that the disclosure used is accurate and correct.

The above model member agency funding disclosure must be included in all promotional materials involving DMPs that an NFCC member provides to consumers, including any agreements for service that are filled out and/or signed by consumers. This phrase should also be used in response to inquiries about how NFCC’s members are funded.

Agencies will report the date this form was revised on Exhibit 1 that will accompany the Annual Compliance form and if it has been revised within the last year, will attach the disclosure form.

Member Quality Standard #05.02

Model Member Agency Dual Role Disclosure

Member agencies must disclose the dual role that DMPs serve. Any materials that discuss DMPs must include the following:

“Our DMPs are voluntary programs that serve the dual role of helping you repay your debts and helping creditors to receive the money owed them.”

OFFICIAL COMMENT:

Optional language is underlined above.

Agencies will report the date this form was revised on Exhibit 1 that will accompany the Annual Compliance form and if it has been revised within the last year, will attach the disclosure form

Member Quality Standard #05.03

Model Member Agency DMP Duration Disclosure

Member agencies must provide to each client enrolling in a Debt Management Plan (“DMP”) a reliable estimate of the length of time it will take to complete the DMP. This estimate must be provided in writing and identify all the client’s debts that are included in the plan; the total debt owed to each creditor; the proposed payment to each creditor; and the anticipated number of months to liquidate the debt. This estimate must be provided within 30 days of the date that the client submits their complete request for a DMP.

OFFICIAL COMMENT:

Member Quality Standard #06.00

Fiscal Integrity

Member agencies must have sufficient internal controls to protect the assets of the organization from acts of fraud, misrepresentation, or misallocation.

OFFICIAL COMMENT:

NFCC member agencies are expected to handle all financial activities in a professional manner.

Member agencies shall secure insurance in an amount appropriate to cover potential losses and meet all applicable state bonding requirements.

Member agencies must reconcile operating accounts on a monthly basis.

Member agencies must immediately report to the NFCC all known or suspected acts of fraud, misrepresentation, or misallocation of funds.

Member agencies must have an annual financial audit conducted pursuant to Member Quality Standard #06.02.

Member Quality Standard #06.01

Client Trust Accounts

Member agencies must have sufficient internal controls to protect client funds from acts of fraud, misrepresentation, or misallocation. Transfer or use of client funds for any purpose other than repayment of client debt is strictly prohibited.

OFFICIAL COMMENT:

Member agencies must exercise diligence in their fiduciary capacity as custodians of client funds entrusted to them. Client funds will be kept separated and segregated from operating account funds. Client funds must be deposited in a separate client deposit account in a federally insured financial institution.

Member agencies shall secure insurance in an amount appropriate to cover potential losses and further meet all applicable state bonding and insurance requirements.

Member agencies will reconcile client deposit accounts on a monthly basis.

Member agencies must immediately report to the NFCC all known or suspected acts of fraud, misrepresentation, or misallocation of funds. Member agencies must also report unexplained variances in the trust account in excess of 1% of the trust account value.

Evidence of compliance must be provided to NFCC annually.

Member Quality Standard #06.02

Annual Financial Audit

Member agencies shall have all financial books and records audited on an annual basis. Member agencies shall provide the NFCC with an entire copy of the completed audit report within 180 days of the close of each fiscal year. The audit report should include a note referencing the fact that a separate client trust account is maintained and that the account was reviewed by the auditor as part of standard audit procedures. Member agencies may submit a separate letter from their auditors noting the client trust account was reviewed if the trust account does not appear as part of the financial statements.

OFFICIAL COMMENT:

Member agencies must prepare annual financial statements in accordance with generally accepted accounting principles (GAAP) and an audit conducted not less than annually by an independent Certified Public Accountant. The audit must be conducted in accordance with generally accepted auditing standards as defined by the American Institute of Certified Public Accountants. Tests of compliance and evaluation of controls associated with this audit are to be applied to client deposit accounts and activity as well as the operating accounts and statements of the members, and shall be so noted by the auditor.

The governing board must appoint a board member(s) to meet with the independent auditor to review the auditor's findings. The board member(s) must make a report to the full governing body at the next officially scheduled board meeting. Evidence of compliance must be provided to NFCC annually.

If pursuant to a Member agency's annual financial audit, the auditor's opinion is not an unqualified opinion, then the Member agency must provide the NFCC with a plan of action to obtain an unqualified opinion by the next annual audit. Until the next annual audit, the Member agency must provide quarterly updates to the NFCC on its progress.

Member Quality Standard #06.03

IRS Forms 990 and 990-T

Member agencies must annually file accurate and timely 990 and all applicable forms to the Internal Revenue Service. Member agencies must provide a full copy of all applicable forms to NFCC within thirty days of filing.

OFFICIAL COMMENT:

If member agencies submit an extension request, it must be submitted to the NFCC within 30 days of filing.

Member agencies under NFCC's tax umbrella are prohibited from engaging in activities that would endanger the non-profit status of the umbrella.

Member agencies under NFCC's tax umbrella must submit changes to tax exempt purpose in writing to NFCC 90 days prior to implementing program. NFCC has the right to deny activity if activity is deemed to jeopardize tax exempt umbrella.

Member Quality Standard #07.00

Governance / Board of Trustees

To ensure non-discriminatory community representation, NFCC member agencies shall have a diverse, voluntary governing board comprised of at least 7 members who represent the broad interests of the public. No more than 20% of the voting members of the governing board may be persons directly or indirectly compensated by the NFCC member agency. Except for the agency's executive officer, no related parties may serve on the governing board.

The governing board shall be comprised of persons who do not have, or give the appearance of, a conflict of interest with the NFCC member agency. Governing board members and related parties are prohibited from using their relationship with the NFCC member agency for personal gain. This prohibition, however, does not apply to the compensation received by paid personnel of an NFCC member agency who serve as a governing board member.

Member agencies shall establish and enforce a conflict of interest policy for employees and governing board members that include the principles and prohibitions embodied in this standard.

Member agencies shall endeavor to fill any vacancies on their governing board within 120 days.

Member agencies must be in compliance with the requirements of Internal Revenue Code 501(q).

OFFICIAL COMMENT:

Governing board members must disclose any business relationship with or financial interest in a corporation, partnership or entity with whom the NFCC member agency transacts business and must not participate in any NFCC member agency governing board discussion or vote concerning such corporation, partnership or entity.

Nothing in this standard or official comment prohibits governing board members from providing free or discounted products or services to an NFCC member agency. The provision by a governing board member of discounted products or services, however, must be supported by documentation showing the fair market value of such products or

services. The documentation must demonstrate that the products or services were provided to the NFCC member agency at a discount.

Nothing in this standard or official comment prohibits a person who serves as an officer, director, employee, partner, proprietor, or owns or controls 10% or more of a credit granting organization from serving as a governing board member of an NFCC member agency, provided, however, that no more than 49% of an NFCC member agency governing board may be comprised of such persons and any other related party.

Related parties include agency personnel, their family members, and employees or officers of a business in which agency personnel or their family members own or control 10% or more of the business. Family members include, but are not limited to, parents, spouses or domestic partners, siblings, children, stepchildren, and relatives-in-law.

Member Quality Standard #08.00

D&O, E&O and Fidelity Insurance

Member agencies must carry adequate insurance and/or bonding on all employees with any access to agency and/or client funds.

Member agencies must name the NFCC on their certificate of insurance and/or bonding policies for the sole purpose of receiving notice from the insuring company of any potential lapse in coverage.

OFFICIAL COMMENT

Member agencies must carry appropriate Directors & Officers (D&O), Errors & Omissions (E&O), and Fidelity (employee dishonesty) coverage with limits deemed appropriate by its local board of trustees and/or state/local requirements.

Evidence of compliance must be provided to NFCC annually.

Member Quality Standard #09.00

Fair Fees Guideline

Member agencies should keep fees charged to customers or clients as low as possible. Member agencies may not refuse to provide counseling due to a client's inability to pay.

OFFICIAL COMMENT:

As a non-profit human service agency that serves individuals and families in financial distress, member agencies should strive to make their services available to as broad a population as possible and not limit access to services due to an inability to pay.

Member agencies may not receive fees in advance of service.

Member agencies must disclose within the DMP an estimate of the total fees to be paid to the organization by the client and/or the creditor over the term of the agreement.

Member Quality Standard #10.00

Ethical Practices and Conduct

Member agencies will follow the highest ethical standards in governing their organizations and conducting all activities to avoid harming, misleading, confusing, or undermining consumers, clients, volunteers, employees, media, other NFCC members, and the NFCC.

OFFICIAL COMMENT

Member agencies are prohibited from providing false or misleading information about an organization or individual to the public; this prohibition precludes using NFCC's communication tools and systems to provide information to NFCC members that cannot be substantiated.

Member agencies must maintain the confidentiality of information entrusted to them or known to them as a result of their professional activities.

Member agencies must manage all financial activities honestly following policies and procedures established to ensure financial honesty and prevent individual gain at the expense of a member organization or the NFCC.

Member agencies must assume responsibility for remediating errors caused by any of their employees.

Member Quality Standard #11.00

Advertising

Member agencies shall not engage in deceptive, misleading or false advertising, and shall adhere to the highest standards of honesty and fairness. Member agencies must have the ability to prove any stated claim made within an advertisement.

OFFICIAL COMMENT:

Member agencies must accurately describe advertised services.

Member agencies must list their name, corporate address, and phone number on their website homepage and other nationally publicly distributed or available materials.

On locally distributed or available printed materials and printed advertisements, Member agencies must list their corporate name, corporate address, and corporate phone number or the applicable, authorized local branch name(s), local address(es), and local phone number(s).

Member agencies are prohibited from referring to themselves as “Local” in any communication in a community if they do not have a brick and mortar office in the community in question.

Member agencies are prohibited from publishing a phone number with an area code and local exchange in any geographic area where they do not have a brick and mortar office. “Brick and mortar office” means a defined location at which face-to face counseling is delivered. Advertising or public information about your services cannot give the appearance of a larger or more local office if that is not the case.

Member agencies are expected to abide by all applicable requirements of trademark use set forth in any published NFCC policy, guideline, or license.

Member agencies are required to identify their NFCC affiliation on their website homepage, and encouraged to identify themselves as an NFCC member in other promotional and advertising material.

Member Quality Standard #12.00

Compliance with Federal, State, and Local Laws

Member agencies are responsible for understanding and complying with all federal, state, and local laws. Member agencies must be appropriately licensed and/or registered as required by law.

OFFICIAL COMMENT:

Member agencies must notify the NFCC of any notice of investigation or actual investigation by a federal or state regulatory entity within five business days of receipt.

Member Quality Standard #13.00

Grievances

Member agencies must establish written procedures to provide consumers and clients with a formal mechanism for expressing and resolving complaints and grievances.

OFFICIAL COMMENT:

Member agencies must provide consumers a grievance procedure at the time of initial application, and to clients upon request or at the initiation of a grievance.

Member agencies must include an appeal process and ensure the timely resolution of issues. At the conclusion of the process, written documentation of final resolution must be included in client files.

Member agencies must provide all clients access to their individual files as long as the client's review is done on site and in the presence of agency personnel. Clients have the right to include statements in their files regarding the services they have or wish to receive.

Member agencies must provide NFCC with their grievance policy and procedures if requested.

Member Quality Standard #14.00

Private Inurement and Private Benefit

Member agencies must not be organized or operated for the benefit of private interests, such as the creator or the creator's family, shareholders of the organization, other designated individuals, or persons controlled directly or indirectly by such private interests. No part of the net earnings of a section 501(c)(3) organization may inure to the benefit of any private shareholder or individual. A private shareholder or individual is a person having a personal and private interest in the activities of the organization.

OFFICIAL COMMENT:

Member agencies are prohibited from transferring property to employees and/or their families and/or other closely related parties such as board members or vendors for less than market value.

Member agencies are prohibited from signing above market value contracts with any individual or organization.

Member agencies must be able to justify employee salaries within local, regional, or national employment markets as appropriate.

Member agencies are prohibited from paying unreasonable compensation to employees. Member agencies must review salary structure with their Board at least bi-annually and such discussion should be noted in the minutes of said board meeting.

Member Quality Standard #15.00

Reporting

When requested and approved by the Council on Member Affairs, member agencies must submit accurate data to NFCC by the stated deadline.

OFFICIAL COMMENT:

NFCC will require specific data on a quarterly basis and may on an annual basis require additional information. Additional requests will state the need to comply with this standard when information is necessary.

Member agencies needing clarification on requested information must send to NFCC a clarification request in writing at least seven days prior to submission deadline.

Member Quality Standard #16.00

Nepotism

Member agencies shall maintain policies and procedures that prohibit nepotism and specify:

- a. conditions for employing and retaining relatives of advisory board members;**
- b. conditions for employing and retaining relatives of employees; and**
- c. protection against favoritism in supervision and employment decisions.**

OFFICIAL COMMENT:

NFCC defines “nepotism” as favoritism based on a personal relationship.

Member agencies must report annually all situations of direct and indirect family member supervision that exist at the “Officer” or “Key Individual” level as defined by the Internal Revenue Service for Form 990 purposes. Such member agencies must annually submit all policies related to the direct or indirect supervision of individuals.

Member agencies must have nepotism policies and procedures in place that:

- allow non-family and family members to file grievances to an independent individual;
- require independent review, verification, and justification of salary increases or bonuses.

Member Quality Standard #17.00

Technology Requirements for Delivering Quality Programs

Member agencies must have the technical systems and capability to assure the timely, accurate and effective delivery of quality programs.

OFFICIAL COMMENT:

Member agencies shall possess an adequate technical infrastructure to address all communications with clients; specifically, they must have sufficient phone lines and Internet capabilities if they provide services by phone or Internet.

Member agencies must have unique email addresses for senior staff.

Member agencies must have a web site that identifies the products and services that they deliver to the public.

Member agencies must disburse client payments at least once a week.

Member agencies must have the ability to have ready access to credit reports.

Member agencies must have the ability to electronically transmit non-client-specific data in a prescribed format as set by the NFCC Board of Trustees.

Member Quality Standard #18.00

Data Security

Member agencies (a) maintain sufficient security and privacy controls to protect client and employee data, including but not limited to clients' names, social security numbers, addresses, telephone numbers, credit card account numbers, bank account numbers and other identifying information, and (b) maintain sufficient records and written procedures to verify compliance with this standard.

OFFICIAL COMMENT:

[NFCC RECOMMENDATION: In light of the sensitive consumer information that NFCC member agencies collect and transmit on a regular basis, and the trend of increasing industry data security requirements, the NFCC recommends as a best practice (but does not require at this time) that all member agencies consider attaining and maintaining compliance with the Payment Card Industry Data Security Standards (PCI DSS). Agencies seeking to become PCI compliant that have questions or concerns about the process are encouraged to reach out directly to the NFCC.]

1. The agency has a business continuity plan in the event of a system outage or disaster.
 - a. Agency maintains a written and well-documented plan with assigned responsibilities that addresses both physical, IT (data), and employee aspects of business recovery. This should include but not be limited to identification of a disaster recovery site and policies and procedures to resume business activities.
 - b. A qualified person must be designated to coordinate and be accountable for the data security program in case of an emergency.
 - c. The business continuity plan must be reviewed and tested annually (internally or through a third-party) and agency must maintain detailed documentation of this process.

2. All Agency representatives are trained in the policy and proper procedures for handling personally identifiable client data and for protecting its security and confidentiality.
 - a. Agency delivers mandatory, annual employee training on data security procedures, safe handling of sensitive agency and client information (new employees within first 30 days). This training should include sharing documented policies for controlling physical access, information (written or data) protection, password protection, and client communication.
 - b. Agencies must retain documentation of employee attendance and signed understanding of such policies annually.

- c. These policies and procedures are codified and evaluated or updated at least annually.
3. The agency uses antivirus software, firewalls, passwords and encryption software to protect client data which is passed electronically or stored in a Client Management System. The agency has fireproof, locking file cabinets or a system to scan and encrypt to manage hardcopy client records. These “security tools” are updated regularly and an annual penetration test is conducted to evaluate their efficacy.
 - a. All business devices connected to the agency network must have up-to-date versions of commercial antivirus, firewall, password, and encryption software installed. Antivirus software must also be installed on all agency servers.
 - b. All employee access to sensitive client and agency electronic data must be protected using a strong password that is automatically scheduled to update on a regular basis.
 - c. Physical documents or recordings containing sensitive client information must be stored in fireproof, locked cabinets when not in use (if not otherwise backed up electronically).
 - d. Systems must be configured so that employees are unable to transfer sensitive client or agency data onto USB storage devices.
 - e. Agency must maintain the ability to remotely wipe any sensitive client or agency data from business devices (including but not limited to laptops, remote desktops, and mobile devices).
 - f. Agency must implement security software or other formal means to prevent unsecured sending of sensitive data within or as an attachment to an external email.
 - g. Agency maintains a written, comprehensive data security plan containing administrative, technical, and physical safeguards.
 - h. Written policies must be in place to prohibit the use of personal email for business purposes. Agencies must ensure all remote employees can access agency email systems using only their agency approved devices.
4. The agency creates and stores daily data backups at offsite facilities.
 - a. Offsite facilities are secure and equipped to properly handle this sort of information. “Offsite” does not include an individual’s private home, an unsecure PC or similar ad hoc arrangement.
 - b. Agency must schedule and perform an annual third-party vendor review to ensure their backup process meets or exceeds the NFCC Data Security requirements contained in MQS #18.0.
 - c. Agency must maintain an executed contract that details responsibilities of the offsite storage facility as well as documented labeling, handling, and destruction policies and annual audits. The offsite storage facility must maintain access controls and logs.

5. The agency has a procedure for reporting system issues and security incidents/compromises.
 - a. Agency must maintain a security incident management policy and log. This procedure should be included in any employee data security training. Creditor partners must be notified of any security incident regarding unauthorized access to data or devices containing sensitive client information within a reasonable time frame and according to any explicit guidelines.
6. The agency has measures in place that restrict access to client or employee data and information. Telecommuting policies and procedures require review to ensure confidential information is protected.
 - a. In addition to assigning access to client information on a “need to know” basis, the agency also ensures that faxes, computer monitors, mail bins and the like are placed outside the flow of non-essential traffic.
 - b. Agency must ensure that all possible remote access to permitted agency networks is conducted using secure network protocols such as virtual private network (VPN) or other similar means. All access must be granted using two-factor authentication.
 - c. Employee roles, information access, and telecommunication policies are defined and documented along with a clear procedure on how to change access (including approval process and documentation of changes).
7. The agency has identified staff and vendors with access to sensitive data and has completed confidentiality agreements with these people/entities.
 - a. Where appropriate, the Agency has conducted its own security audit or, at a minimum, has received copies of the vendors’ third-party audits to evaluate the quality and effectiveness of their security practices.
 - b. Agencies are required to obtain national criminal background checks for all employees and contractors with access to sensitive client and agency information prior to start date.
 - c. Within 6 months or less from start date, agencies must obtain state criminal background checks for all employees and contractors with access to sensitive client and agency information for each state in which he/she has resided or worked during the preceding five years.
8. The agency has a procedure for the destruction of data when no longer needed.
 - a. Agency must have a documented media destruction policy in place addressing the type of media, storage of media (e.g., paper, data, etc.), retention period, labeling and destruction method and confirmation. All media disposal or recycling must be done securely.