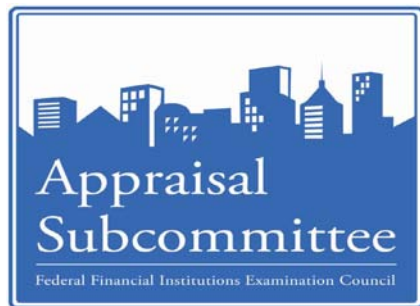


APPRAISAL SUBCOMMITTEE

# COMPLIANCE REVIEW MANUAL

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2/1/2011

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## CHAPTER 1 - INTRODUCTION

1. **General Purpose:** Title XI of the Financial Institutions Reform, Recover, and Enforcement Act of 1989, as amended, (Title XI) requires the Appraisal Subcommittee (ASC) to monitor State appraiser regulatory programs (Program). The ASC must ensure that each State Program complies with Title XI. As one method of carrying out its statutory responsibilities, the ASC has developed and implemented a State on-site Compliance Review program. The purpose of this manual is to set forth the ASC's policies and procedures regarding this Compliance Review program.
2. **Scope:** These instructions apply to ASC staff and the ASC's State monitoring function. Included in this function are: ASC site visits; file reviews at State offices; analysis and critique of State appraiser statutes, rules, regulations, and policies; verbal and written reporting; and resolution of identified issues of non-compliance and areas of concern.
3. **Authority:** Section 1118 (a) of Title XI states:

*The Appraisal Subcommittee shall monitor each State appraiser certifying and licensing agency for the purposes of determining whether such agency—*

*(1) has policies, practices, funding, staffing, and procedures that are consistent with this title;*

*(2) processes complaints and completes investigations in a reasonable time period;*

*(3) appropriately disciplines sanctioned appraisers and appraisal management companies;*

*(4) maintains an effective regulatory program; and*

*(5) reports complaints and disciplinary actions on a timely basis to the national registries on appraisers and appraisal management companies maintained by the Appraisal Subcommittee.*

....

*The Appraisal Subcommittee and all agencies, instrumentalities, and Federally recognized entities under this title shall not recognize appraiser certifications and licenses from States whose appraisal policies, practices, funding, staffing, or procedures are found to be inconsistent with this title.*

4. **Applicability:** This manual sets forth the standard policies and procedures applicable to the ASC's State Compliance Review program.

## CHAPTER 2 - DEFINITIONS

1. **Appraisal Foundation:** A not-for-profit educational organization dedicated to the advancement of professional valuation established by the appraisal profession in the United States in 1987.
2. **Appraiser Qualifications Board (AQB):** An independent board of the Appraisal Foundation that develops, interprets, and amends the Appraiser Qualifications Criteria. The AQB establishes the qualification criteria for state licensing, certification, and recertification of appraisers, as well as requirements established for “Trainee” and “Supervisory” appraisers. Title XI mandates that all state licensed and certified appraisers must meet the minimum education, experience, and examination requirements promulgated by the AQB and that requirements established for individuals in the position of “Trainee Appraiser” and “Supervisory Appraiser” must meet the minimum qualification requirements promulgated by the AQB. The AQB also has developed voluntary criteria for personal property appraisers.
3. **Appraiser Qualifications Criteria (AQB Criteria):** Minimum requirements for the licensure and certification of real property appraisers which include, but are not limited to, hourly education and experience criteria and examination recommendations, and minimum requirements for “Trainee” and “Supervisory” appraisers. Title XI mandates that State requirements conform to AQB Criteria, at a minimum.
4. **Appraisal Standards Board (ASB):** An independent board of the Appraisal Foundation that develops, interprets, and amends the Uniform Standards of Professional Appraisal Practice (USPAP).
5. **Board:** Group of individuals (usually appraisers, bankers, consumers, and/or real estate professionals) who are appointed by the Governor or a similarly positioned State official and convened to assist in the State Program established pursuant to Section 1117 of Title XI. Most States have a Board (or Commission) that is involved in its Program. The Board’s responsibilities and authorities vary from State to State.
6. **Certified Appraiser:** A person who holds a valid certificate as a State Certified General or State Certified Residential real estate appraiser issued in accordance with the statute and regulations of a State licensing and certification agency.
7. **Federally Related Transaction:** Any real estate related financial transaction which:
  - a) A federal financial institutions regulatory agency engages in, contracts for, or regulates; and
  - b) Requires the services of an appraiser.
8. **Licensed Appraiser:** A person who holds a valid State License issued in accordance with the statute and regulations of a State licensing and certification agency.
9. **Real Estate Related Financial Transaction:** Any transaction involving:

- a) The sale, lease, purchase, investment in or exchange of real property, including interests in property, or the financing thereof;
  - b) The refinancing of real property or interests in real property; and
  - c) The use of real property or interests in property as security for a loan or investment, including mortgage-backed securities.
10. **State:** A State within the United States, U.S. territories, and the District of Columbia. There are 56 jurisdictions subject to Title XI: 50 States; the District of Columbia; Puerto Rico; U.S. Virgin Islands; Guam; the Northern Mariana Islands; and American Samoa. All, except American Samoa, have Programs.
11. **State Appraiser Certifying and Licensing Agency:** The State, territory, or District of Columbia appraiser regulatory agency established in compliance with Section 1117 of Title XI. The agency's responsibilities and authorities vary from State to State.
12. **Uniform Standards of Professional Appraisal Practice (USPAP):** Appraisal standards promulgated by the ASB comprised of ten Standard Rules. These standards address development and reporting of appraisals for seven disciplines, including real property appraisal. Title XI requires appraisals prepared by State certified and licensed appraisers to be performed in conformance with USPAP.

## **CHAPTER 3 - SELECTION OF STATES TO BE REVIEWED**

### **1. Review Types and Cycles:**

- a) The ASC has two primary Compliance Review Cycles: 2-year and 1-year. Most States are scheduled on the 2-year Review Cycle. States may be moved to a 1-year Review Cycle if, in the ASC's determination, more frequent on-site Reviews are needed to ensure effective monitoring. Generally, States are placed on a 1-year Review Cycle because of non-compliance issues or serious areas of concerns that warrant more frequent on-site visits. Both 2-year and 1-year Review Cycles include reviewing all aspects of the State's Program.
- b) The ASC also may conduct Follow-up Reviews. A Follow-up Review focuses only on specific areas identified during the previous on-site Review. Follow-up Reviews usually occur within 6-12 months of the previous Review.
- c) Occasionally, the ASC will determine that it is appropriate to conduct a Priority Contact or Early Warning System on-site visit. An on-site visit is not a Review. Usually, on-site visits are used to introduce the ASC to new Board members or agency representatives, and/or to discuss one or more potentially problematic emerging issues, or to provide staff training in Title XI-related duties.

### **2. Schedule Development:**

- a) Prior to the beginning of each 2-year Review Cycle, ASC Policy Managers develop a proposed Review Cycle that includes projected Review dates for all Title XI jurisdictions. The Deputy Executive Director reviews, amends if necessary, and submits to the Executive Director for approval of the cycle plan.
- b) Prior to the beginning of each year of the 2-year Review Cycle, ASC Policy Managers develop a proposed Review schedule of State appraiser licensing and certification agencies to be reviewed that year. Policy Managers include proposed dates and team members for each Review. The Deputy Executive Director reviews, amends if necessary, and submits to the Executive Director for approval of the annual Review schedule.

### **3. Criteria:**

- a) Policy Managers should use a variety of factors when developing the 2-year Review Cycle and each annual Review schedule, including:
  - 1) Date of previous Review(s);
  - 2) Areas of concern or issues of non-compliance noted in previous Reviews;
  - 3) Potential issues identified since the previous Review;

- 4) State Board meeting dates;
- 5) Balancing ASC staff travel schedules; and
- 6) Potential conflicts with other activities (*e.g.*, AARO meetings and ASC Board meetings).



## CHAPTER 4 - PRELIMINARY PROCEDURES

### 1. Designate Compliance Review Team:

- a) The review team should consist of at least two individuals from the Policy staff and other ASC staff as designated by the Executive Director;
- b) The team leader will be the Policy Manager assigned primary responsibility for the State being reviewed; and
- c) The team leader will be responsible for the Compliance Review Report and letter, as well as briefing the ASC.

### 2. Contact the State Appraiser Licensing and Certification Agency:

- a) Before the beginning of the fiscal year (usually in June or July), the Deputy Executive Director will consult with the Policy Managers to identify those States to be reviewed during the next calendar year. After the States have been identified, policy staff will contact the States to determine States' Board meeting schedules for the following calendar year. After obtaining Board meeting schedules, policy staff will develop a recommended schedule for State Reviews for the coming year. This recommendation will be presented to the Deputy Executive Director no later than October 31<sup>st</sup> for approval by the Deputy Executive Director upon concurrence from the Executive Director.
- b) After approval of the Review schedule, staff will contact the State Program administrators to discuss preliminary scheduling. Staff, with the Deputy Executive Director's approval, will adjust the Review schedule as necessary. Approximately three months prior to the scheduled Review date, the policy manager will contact the State to confirm the Review dates and expected time of arrival.
- c) An ASC Administrative Officer (AO) will send a Pre Compliance Review letter to the State approximately 60 days prior to the scheduled Review date. A template of this letter can be found in SharePoint under the Template folder. The confirmation letter identifies the pre-review materials requested from the State.
- d) The on-site portion of a Compliance Review usually is performed over a two- to three- day period. On-site Reviews should coincide with a meeting of the State Board, or its equivalent, to allow Policy Managers to attend board and/or committee meetings and observe the regulatory process.

### 3. Review of In-office Files: Prior to each Compliance Review, the team leader must review the State file maintained by the ASC to retrieve any documentation that might be pertinent to the current Review. Particular attention should be given to documents noting previous ASC guidance or issues regarding the State's Program and/or letters received from individuals or organizations relaying complaints about the State's Program.

- 4. Prepare Compliance Review Book:** The AO will prepare a Compliance Review Book containing information obtained from the State and the ASC's files. The information may be organized based on subject matter or in any other order requested by the review team. A copy of the Compliance Review book should be provided to each review team members. A copy of the State laws and regulations will be provided to ASC General Counsel and a PDF copy will be placed in the State folder.
- 5. Prior to on-site portion of the Compliance Review:** All review team members will read all pre-review material furnished by the State. Team members should make notations of items to investigate or follow-up during the on-site Review. If appropriate and/or necessary, the team leader may contact the State to request additional information prior to the on-site Review, or to request that certain documents or files be available during the on-site Review. This is particularly important for States that have multiple office locations or have files in off-site storage.
- 6. Identify Specific Areas To Be Reviewed:**
  - a) State-provided Material.
    - 1) Applications: Team members must review applications for licensure or certification, including applications for reciprocity and temporary practice, to ensure consistency with Title XI provisions.
    - 2) Complaint Log: Team members must evaluate the complaint log to identify cases to be reviewed. Generally, this should include cases involving:
      - a. Revocations and suspensions;
      - b. Cases open longer than one year;
      - c. Complaints involving past and present Board members;
      - d. Entries noting unusual sanctions; or
      - e. Multiple complaints filed against the same individual.
    - 3) Education Course Listing: Team members must determine if:
      - a. Pre-qualifying courses reflect the fundamental knowledge required of an appraiser;
      - b. Approved courses appear to favor specific education providers;
      - c. Courses have been granted credit for an unusual number of hours (*e.g.*, more than 30 or 40 hours);
      - d. Inappropriate courses have been approved, such as business valuation or real estate finance for pre-licensure or certification, and office management or marketing for continuing education; and

- e. Any approved pre-licensure and certification courses that are less than 15 hours long or continuing education courses that are less than 2 hours.
- b) Correspondence: The team leader must review all correspondence regarding the State Program. Particular attention should be given to correspondence regarding previous Compliance Reviews and other documents relaying issues about the Program.
- c) National Registry: The review team must review Registry data and identify any issues to follow-up during the Review, *e.g.*, failure to submit data timely, failure to remit fees timely, outstanding invoices, and data quality. The team should download the most recent data from the ASC Website and compare it against any data received from the State. The team should take the data on-site to use in comparisons conducted on-site. Also, the team should review the most recent Registry invoices and adjustments, if any, and be prepared to discuss any problem areas during the Review.

## CHAPTER 5 - INTER-OFFICE COORDINATION

- 1. Obtain a Legal Review:** Within two weeks of receipt of a States' statutes and regulations for an upcoming Review, ASC General Counsel will provide a legal review of the current status of the State's statute and regulations to the Lead Policy Manager. The legal review should briefly chronicle the history of the State's appraiser statute and regulations, identify any pending legislation, and provide guidance regarding applicable legal issues. A template for the memo from the General Counsel to the Lead can be found on SharePoint in the folder titled Templates.
- 2. Consult with Administrative Staff:** The review team should also consult with the AO prior to each State Review to ensure that ASC issues regarding the State's Registry data and/or fees, if any, are addressed during the Review.
- 3. Consult with the Deputy Executive Director:** Prior to each Compliance Review, the review team briefs and seeks counsel from the Deputy Executive Director on any anticipated serious issues regarding the State Program.

## CHAPTER 6 - COMPLIANCE REVIEW PROCEDURES

1. **General:** Compliance Reviews of State Programs are an essential part of one of the primary missions of the ASC - to monitor the requirements and standards developed by States for certifying or licensing individuals to perform appraisals in connection with Federally-related transactions. The Compliance Review process involves the analysis of the consistency of State appraiser statutory and regulatory requirements, and implementing policies, procedures and practices consistent with Title XI and other relevant Federal statutory or regulatory provisions. The on-site Review should be performed over a two- or three-day period and is designed to enable ASC staff to analyze the Program in its entirety. The review team must ensure that the State agencies have taken appropriate steps to ensure that each person seeking and obtaining a State certificate or license has demonstrated his or her competency by meeting appropriate education, examination, and experience requirements. Additionally, the review team must ensure that the State appraiser regulatory agencies have established an effective and efficient enforcement program to ensure that State certified or licensed appraisers continue to perform appraisal work in a competent and ethical manner.
2. **Opening Conference:** Upon arriving at the Review site, the review team should meet with the State Program administrator. After introductions, the review team should proceed to the opening conference. During the opening conference, it is important that the team identify appropriate persons and determine appropriate contact methodology within the Board, agency, etc. It also is important that the review team set forth its understanding of the relationship of the State Board and the State agency regarding Title XI responsibilities. The team should request that the State official(s) explain the processing procedures for applicable activities (*e.g.*, original and reciprocal licenses, temporary practice permits, and complaints of appraiser misconduct) and clearly identify which individual performs each task. Any questions resulting from the review team's study of the preliminary information also may be addressed at this time. At the conclusion of the briefing, the review team should request to be directed to all records concerning the Program and to an area where they may work. At this time, the review team should discuss whether the State wants the review team to pull and re-file records or whether State personnel will pull and re-file records based on lists provided by the review team.
3. **Review:** The review team should review each aspect of the Program. The Review must include, but is not limited to, reviewing:
  - a) **Active Files of Licensed and Certified Appraisers:** This Review is based on a targeted sampling of licensed and certified appraisers' files. The review team should use its own judgment in determining an appropriate sample. The review team must document files reviewed using the Compliance Review worksheets and verify that:
    - 1) Each appraiser is qualified based on the minimum requirements prescribed in the AQB certification criteria;
    - 2) Education and experience credit granted by the State was appropriate and in accordance with AQB criteria;

- 3) Each appraiser had successfully completed an examination that was approved by the AQB for the level of licensure or certification awarded; and
  - 4) The State has a reliable, routine audit method to validate both education and experience credit claimed for certification or licensing.
- b) ***Files of Individuals denied licensure or certification:*** The review team must review a sample of the files of individuals denied licensure or certification, particularly noting on the Review worksheets the basis for the denial and the contentions of the State and the applicant. The review team must ascertain from the file material whether the basis for denial seemed appropriate and equitable.
- c) ***Procedures for reviewing appraisal education courses:***
- 1) The review team needs to determine if the State has an appropriate process for evaluating courses offered by providers of appraisal education;
  - 2) The review team should review a sample of the State's files to ensure that the courses, at a minimum, adequately meet AQB Criteria. The review team must document files reviewed on the Compliance Review worksheets; and
  - 3) The review team should review all files of education courses or providers who were denied approval, noting on the Compliance Review worksheets the basis for the denial and the contentions of the State and the provider. The review team must determine from the file material whether the basis for denial was appropriate and equitable.
- d) ***Disciplinary Files and Enforcement Procedures:*** The review team must investigate whether the State has established procedures to investigate complaints against appraisers and, if appropriate, discipline appraisers who violate USPAP. The team should review as many files as possible and document them on the Compliance Review worksheets, particularly noting the nature of the complaint and the concluding determination. The review team must determine from the file material whether the action taken seemed appropriate and equitable, or exhibited apparent biases or inconsistencies that should be explored further.
- e) ***Procedures for Granting Temporary Practice:***
- 1) The review team must ensure that the State, in accordance with Title XI, recognizes on a temporary basis the certification or license of an appraiser in good standing from another State who wishes to register with the State to perform an appraisal on property that is part of a federally-related transaction; and
  - 2) The review team must review and document on the Compliance Review worksheets a sampling of requests for temporary practice to ensure that they were processed in accordance with ASC Policy Statement 5. The review team should review any request denials to obtain evidence of their justifiability.
- g) ***The State's Organizational Structure:*** The ASC recognizes that each State has legal, fiscal, regulatory, or other constraints, regarding its organizational structure. Accordingly, the ASC does

not impose any particular structure for the Program. The review team should determine, however, if the organizational structure presents a conflict of interest or the appearance of a conflict of interest, or whether the Program does not have sufficient independence to ensure adequate supervision of appraisers.

- h) **State's Funding and Staffing:** The review team should collect copies of the Program's Budget and staffing information. The review team should determine if the Program has or does not have sufficient resources to carry out its Title XI-related duties.

4. **Staff Interviews:** While performing the Compliance Review, the review team may interview individual State staff who perform specific appraiser regulatory tasks. Such interviews should be courteous, professional, and kept to the minimum time necessary to avoid unnecessarily interfering with the employee's work.
5. **Exit Conference:** Upon conclusion of the on-site Compliance Review, the review team conducts an exit conference with Board and State agency representatives, if possible. At that time, the review team members discuss appropriate aspects of the Program. The team may identify areas that might be of concern to the ASC, providing it is clearly understood that such discussion is preliminary, and that final determinations will be made by the ASC. Additionally, team members may identify areas that might be improved upon, but may or may not warrant mention in the official report from the ASC.
6. **Observation of Appraiser Board and/or Committee Meetings:** On-site Reviews should be scheduled to coincide with a State Board meeting, if possible. The review team should note the authority and functions of the Board regarding administration of the Program, the interaction and exchanges between Board members, and the official actions taken by the Board. The review team should remain aware of the potentially sensitive nature of public Board meetings. Generally, the review team will observe the Board meeting and not participate, unless requested by the Board. Usually, the Board requests that the review team make a presentation to the Board during the Board meeting. It is important that the review team discuss such a presentation with the Board and State agency prior to the Board meeting. Usually, the review team's presentation at the open Board meeting explains who the ASC is, how Title XI affects the State, and why we are conducting the Review along with the Preliminary Findings. If specifically requested by the Board and the State agency, the review team should not discuss any areas of concern or issues of non-compliance during an open Board meeting.

## **CHAPTER 7 – ASC STAFF PRELIMINARY COMPLIANCE REVIEW REPORT PREPARATION**

- 1. Post Compliance Review Consultations:** After returning from the on-site review, the team leader reviews the material gathered and notes made to identify potential Program issues. The team leader should consult with the other team member and ASC staff members to determine what issues should be addressed. This process also may require follow-up conversations with State staff members and the review of previously issued Compliance Review reports and letters.
- 2. Preparing the ASC Preliminary Compliance Review Report and Letter:**
  - a) The team leader is responsible for drafting the ASC Staff Preliminary Compliance Review Report (Preliminary Report) and letter. The ASC Staff Preliminary Compliance Review should be created with most recent template for the Preliminary Report found in the “Template Folder” in SharePoint.
  - b) The Preliminary Report must identify: (1) staff observations; (2) any requirement or guidance related to the observations; (3) whether there are issues of non-compliance or areas of concern; (4) general comments if appropriate.
  - c) The review team should always be cognizant that ASC actions taken based on the findings of the review team are far reaching and could potentially affect State appraiser licensing and certification programs, federally regulated financial institutions, and the real estate industry.
  - d) The draft Preliminary Report and letter to the State are due to the Deputy Executive Director within ten business days of the end of the Review. Any need to extend this time period should be discussed with the Deputy Executive Director as soon as possible.
  - e) The Deputy Executive Director will review the draft Report and letter and, if necessary, return them to the team leader with questions and/or directions for changes. After the team leader makes any necessary changes, the Deputy Executive Director reviews and edits the Preliminary Report and letter. After the Deputy Executive Director’s review, he/she refers the Preliminary Report and letter to General Counsel for review and suggested edits. After reviewing the General Counsel’s suggested edits, the Deputy Executive Director refers the report and letter to the Executive Director for review and signature. Upon his /her concurrence, the AO mails the letter and Preliminary Report to the State by overnight mail, forwards copies to the Policy Managers and DED, and makes a hard copy for the paper files and a PDF for the electronic file.



## CHAPTER 8 – ASC COMPLIANCE REVIEW REPORT PREPARATION AND PRESENTATION

1. **State Response:** Each State is given 60 days from the date of the ASC Preliminary Compliance Review letter to respond. Until the expiration of that period or the receipt of the State’s response, the ASC considers the Review to be an open matter. If a response has not been received within 10 business days of the conclusion of the 60 day period, the lead policy manager will notify the State by email as a reminder of the due date.
2. **Preparing Report and Letter**
  - a) The team leader will review the State’s response and draft a final Report, letter and memo for the ASC’s consideration using the latest templates on SharePoint.
  - b) The Report must identify: (1) staff observations; (2) the requirement or guidance related to the observation; (3) whether there are issues of non-compliance or areas of concern; (4) the State’s response, if any; (5) required State actions, if any; (6) recommended State actions and general comments, if any.
  - c) The review team must always be cognizant that ASC actions taken based on the findings of the ASC are far reaching and could potentially affect State appraiser licensing and certification programs, federally regulated financial institutions, the real estate industry and consumers.
  - d) The draft Report and letter to the State, and memo to the ASC are due to the Deputy Executive Director within ten business days of the receipt of the State response or the 60 days, whichever occurs first. Any need to extend this time period should be discussed with the Deputy Executive Director as soon as possible; and
  - e) The Deputy Executive Director will review the draft Report and letter and, if necessary, return them to the team leader with questions and/or directions for changes. After the team leader makes any necessary changes, the Deputy Executive Director reviews and edit the Report and letter. After the Deputy Executive Director’s review, he/she refers the Report and letter to General Counsel for review and suggested edits. After reviewing the General Counsel’s suggested edits, the Deputy Executive Director refers the final report and letter to the Executive Director for review. The AO includes the Report, letter and memo in the next ASC meeting package.
3. **ASC Briefing:** At the monthly ASC meeting closed session, the Deputy Executive Director will present the draft Report and letter to the ASC. After brief comments by the Deputy Executive Director, the ASC members will question and provide guidance on preparing the final Report and letter to the State. The team leader and/or members should be prepared to respond to ASC questions.
4. Any appropriate edits are made and the Report and letter are presented to the ASC at the following ASC meeting during open session for action.

5. **Finalizing the Report and letter:** Once approved, the AO will send the final version of the Report and letter to the Chairman for signature. After signature the AO mails the letter and Final Report to the State by overnight mail; forwards copies to the Policy Managers, DED, ED and Chairman; and makes a hard copy for the paper files as well as a PDF for the electronic file. The Report and letter become releasable to the public under the Freedom of Information Act. The AO places a searchable PDF copy on the ASC website.

## CHAPTER 9 – FOLLOW-UP TO THE REVIEW

1. **Continuing Dialogue:** Based on the State’s response, the review team must determine if the response is adequate or if the issues must be re-addressed in follow-up correspondence.
  - a) If the State agrees to make the changes to its statutes, rules, regulations, or procedures, the team leader must note the State’s intentions and monitor to ensure they are carried out;
  - b) If the ASC has assigned required actions for the State, the assigned policy manager must monitor the State to ensure they are carried out.
  
2. **Follow-up Review:** As discussed in Chapter 3, occasionally the ASC needs to visit a State before the next regularly scheduled on-site Review as a Follow-up Review. The ASC schedules a Follow-up Review to obtain on-site verification of the status of the State’s efforts to resolve areas of concern or issues of non-compliance addressed in the Compliance Review letter and Report, or other correspondence. A Follow-up Review usually is one day in length, conducted by the team leader, and addresses only those issues identified during the Compliance Review.
  - a) The team leader is responsible for drafting the Report and letter.
  - b) The Report must identify the areas of concern or issues of non-compliance addressed in the Compliance Review Report; the current status of the State’s efforts to resolve those concerns; any further required actions; and comments, if any.
  - c) The format used should be the most recent template of the Follow-up Review Report.
  - d) The draft Follow-up Report and letter to the State are due to the Deputy Executive Director within ten business days of the end of the Follow-up Review. Any need to extend this time period should be discussed with the Deputy Executive Director as soon as possible.
  - e) The Deputy Executive Director will review the draft Report and letter and, if necessary, return them to the team leader with questions and/or directions for changes. After the team leader makes any necessary changes, the Deputy Executive Director reviews and edits the Report and letter. After the Deputy Executive Director’s review, he/she refers the Report and letter to General Counsel for review and suggested edits. After reviewing, General Counsel’s suggested edits; the Deputy Executive Director refers the final report and letter to the Executive Director for review and signature. Upon his/her concurrence, the AO sends the signed letter to the State, and files accordingly, and includes the Report and the letter in the next ASC meeting package for information only.
  
3. **Other Actions:** In extraordinary cases, the Deputy Executive Director, in consultation with the Executive Director, may determine that a situation in a State would be best addressed by sending the Deputy Director, Executive Director and/or General Counsel, together or separately, to a State to address ASC areas of concern or issues of non-compliance. Persons making the visit shall report their findings and recommendations in writing and/or verbally to the ASC at the next ASC meeting.