

USAA Corporate Responsibility has instituted new background investigation requirements for nonprofits it funds as part of USAA's overall commitment to mitigating risk. As such, all nonprofits are required to certify compliance with the provisions set forth in the attached Exhibit A and to complete and return the attached Exhibit A1 prior to the organization receiving any charitable funding/payments. The background investigation requirements are being implemented in a phased approach:

- 2018: Organizations being funded at \$100,001+.
- 2019: Organizations being funded at any level.
 - Deadline for Cycle 1 approvals to be compliant: July 24, 2019
 - Deadline for Cycle 2 approvals to be compliant: November 8, 2019

Certifying compliance is not required until after an approval notification and prior to funding.

What are the background investigation requirements covered in Exhibit A?

- Prior to funding by any USAA entity, background investigations will be required on all paid nonprofit employees and volunteers (collectively, "Representatives") who have:
 - Access to management of and/or distribution of funds provided by "Donor" (includes USAA, The USAA Foundation, Inc., and USAA Bank), and;
 - Access to develop, implement, administer or promote a program/project or service that will be directly associated with or linked to Donor's contribution
- Background checks will cover the period seven (7) years prior to the date of hire to include checks in county, state, and federal jurisdictions in which the employee resided over such seven (7) year period.
- All Representatives that fit the criteria above are expected to not have a listed Criminal Disposition in their criminal history.
- Background checks must be current (i.e. have occurred within three (3) years prior to receiving any funds from a USAA entity).
- After performing a background investigation under any memorandum of understanding with a USAA entity, the nonprofit will not be required by USAA to conduct the investigation again to obtain subsequent funding.
- After the initial investigation, the organization will maintain compliance by simply checking new Representatives who fit the criteria above at the time of hire.
- Exhibit A1, which is the document wherein the nonprofit certifies compliance with the background investigation requirement, must be signed and returned before funding will occur.
- Exhibit A2 must be completed to facilitate the evaluation of the circumstances around any nonprofit Representatives who have a listed Criminal Disposition from their background investigation. The USAA Background Investigations Team will review the facts and circumstances surrounding the details, and determine if an exception to Exhibit A1 can be made.
- Please see attached for Exhibit A, Exhibit A1, and Exhibit A2.

What if an employee or volunteer has a listed Criminal Disposition in the background investigation?

- If an employee or volunteer has a listed Criminal Disposition, reach out to the point of contact listed in your grant approval letter.
- Your organization should complete Exhibit A2 and send to BackgroundCheck@usaa.com with "Nonprofit BI Assessment" in the Subject line of the email

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- We do not need to know specifically **who** requires consideration, however we do need to know **why** they require consideration, and if their Criminal Disposition involved activities which might be related to the work they are doing for your organization now (i.e. someone convicted of a financial crime working in your finance department).
- With that information, the USAA Background Investigations team will work with your organization on a case-by-case basis to determine if an exception can be made. If an exception cannot be made, your organization will not be eligible to receive funds from any USAA entity.

What factors will be used to determine if an exception to Exhibit A1 can be made?

- The USAA Background Investigations team, which is comprised of subject matter experts in national background check requirements, will make the determination on the information provided in Exhibit A2.

Does USAA want to review the results of the background investigation?

- No. Do not provide the USAA Background Investigations team or your USAA Point of Contact any copies of a background investigation reports or documentation.

What are some examples of Representatives who should have a background investigation?

- Examples of roles could include, but are not limited to:
 - Financial office staff
 - Fund development staff
 - Program staff who develop/ implement/ administer the funded program(s)/ project(s)/ service(s)
 - Marketing and events coordinators (as applicable)
 - Top-level organization leadership with direct influence over the funded program(s)/ project(s)

Our organization is all-volunteer run. Does that mean we are not subject to the requirement?

- Any volunteers serving in roles outlined above will be subject to the requirement.

Do members of our volunteer Board of Directors need to be included in the background investigation population?

- Members of the Board of Directors of the nonprofit are not subject to the background investigation requirement if they do not have material impact or influence over the deployment of funds.

Will USAA audit the results?

- No.

If we have a finding in the background investigation results that are not a listed Criminal Disposition, does USAA require the nonprofit to take any specific action?

- No. Complete normal business adjudication processes and procedures accordance to the nonprofit business rules.

Will USAA share the results of our background investigation details with external parties?

- No.

Can our organization sign Exhibit A1 before becoming compliant with the terms?

- No. Signing and returning Exhibit A1 signifies your organization's compliance at the time of signature. Please do not return the form until your organization is compliant.

Do we need to be in compliance before our organization can be approved for funding?

- No, but your organization will not be able to receive funds until Exhibit A1 has been signed and returned.

Are there any exceptions or exemptions to meeting this requirement?

- No. However, see question regarding **“What if an employee or volunteer has a listed Criminal Disposition in the background investigation?”**

Can my organization receive funds prior to signing and returning Exhibit A1?

- No.

Will USAA pay to bring our organization into compliance?

- No. No additional funding will be provided to bring organizations into compliance.

Will we have to sign Exhibit A1 with every new funding agreement?

- Yes. However, after the first agreement and the initial background investigation on any applicable. Representatives, your organization will maintain compliance by simply checking new Representatives serving in roles outlined above.

Do we need to be in compliance prior to submitting an application?

- No, however your organization will need to certify compliance prior to receiving funds.

When did this requirement go into effect?

- This requirement went into effect with our \$100,001+ payments from Cycle 1, 2018. In 2019 and going forward, all payments at any funding level will be subject to this requirement.

Why are nonprofit grantees now required to conduct background investigations on all relevant Representatives prior to receiving any funding from USAA?

- These new provisions are part of an enterprise-wide effort to reduce risk associated with 3rd party relationships and are consistent with industry best practices. We want to ensure that our philanthropic investments uphold the same high standards as we maintain.

Exhibit A

Background Investigation

Donor has a critical need to protect its brand and image in the public. Accordingly, it is imperative that nonprofits conduct comprehensive background investigations on certain paid employees and volunteers to minimize the risk associated with Donor providing nonprofits with charitable contributions or payments. Nonprofit represents to Donor that it has a comprehensive policy in place regarding employee background screening and verification.

1. Definitions.

- a. "**Criminal Disposition**" means any conviction, guilty plea, adjudication of guilt, guilty verdict, nolo contendere, no contest plea or deferred dispositions such as deferred adjudications, prosecutions or pretrial diversions, from any court or tribunal, including a military court, military tribunal or court martial, involving:
 - i. intentional injury or loss, to person or property, including crimes against minors and crimes involving violence;
 - ii. damage to property or injury of others while under the influence of alcohol or other substances ("Under the Influence/Damage to Property or Persons Dispositions");
 - iii. theft, fraud, dishonesty, breach of trust, or money laundering; or
 - iv. the manufacture, sale, distribution of or trafficking of controlled or illegal substances.

Criminal Disposition does not include any nonconviction information such as arrest, pending charges, no action, nolle prosequi or nolle prosequi, dismissal with prejudice, acquittal information, or expunged or pardoned offenses relating to a.i.-a.iv. above ("Nonconviction Information") unless Applicable Law prohibits performance of the Background Check Role by Personnel based on Nonconviction Information.

- b. "**Criminal Disposition Assessment**" means an individualized assessment that takes into consideration the number, nature and gravity of the offense(s) that resulted in the Criminal Disposition(s); b) the time that has passed since the Criminal Disposition and/or completion of any sentence; c) the specific duties of the position and the nature of the Services to be performed; d) the person's age at the time of the offense; e) facts and circumstances surrounding the Criminal Disposition; f) the number of Criminal Dispositions; g) the Personnel's employment history before and after the Criminal Disposition; h) evidence of rehabilitation; i) character references; j) whether the person is bonded or bondable; and k) any other mitigating factors.

2. Background Investigation and Self Reporting Requirement.

- a. **Background Investigation.** Prior to receiving any funds from Donor, nonprofit agrees that it will cause to be completed a thorough background investigation (as set forth in Section 2.b. below) on all paid employees and volunteers (collectively "Representatives") that have:
 - i. Access to management of and/or distribution of funds provided by Donor; and
 - ii. Access to develop, implement, administer or promote a program/project or service that will be directly associated with or linked to a Donor's contribution
- b. **Background Investigation.** Background investigations required by this Exhibit shall:
 - i. be conducted in accordance with the highest background screening industry standards;
 - ii. utilize current, compliant and accurate sources;
 - iii. at a minimum, include an investigation for, and review of, any Criminal Dispositions in each of the following jurisdictions (or comparable international counterparts): a) the county/parish; b) state; and c) federal, in which such Personnel has resided at any time during the last seven (7) years and currently resides and has been for any part of the last seven (7) years and is currently employed, provided however that Criminal Dispositions from a military court,

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military tribunal or court martial may be obtained by nonprofit through the self-reporting requirement in Section 2.c. below;

- iv. be performed no more than three (3) years prior to the time Donor contributes any funds under this Agreement (or any previous agreement between Donor or its affiliates and Recipient) and at a minimum covers the period seven (7) years prior to said check; and
- v. be handled and conducted in accordance with applicable law.

If nonprofit deems that a background investigation conducted pursuant to this Section 2 is prohibited by applicable law, nonprofit shall provide Donor prompt written notice that sets forth the discrepancies between application of this Section and applicable law.

- c. **Self-Reporting.** Nonprofit shall require that all Representative disclose any Criminal Disposition to nonprofit without limitation as to time period or jurisdiction as permitted by applicable law.

3. Certification and Notice.

Prior to receiving any money under this Agreement, nonprofit shall provide written certification to Donor, that the above described background investigations have been completed. Said certifications shall be executed by an authorized representative of nonprofit and shall have all information required therein completed. A form of this certification is attached hereto as the Exhibit A1 - Background Certification.

4. Criminal Disposition Assessment.

- a. All background investigations conducted, or self-reported by Representative, that uncover a Criminal Disposition listed in paragraph 1.a. above, will have a Criminal Disposition Assessment conducted by nonprofit. If the nonprofit believes the Representative should continue in their role with Donor activities, fill out and submit Exhibit A2 – Request for USAA to Issue Waiver of Criminal History prior to submitting Exhibit A1 – Background Certification. Keep the identity and any applicable personal identifiers omitted from the request.

Exhibit A1
Background Certification

The undersigned on behalf of nonprofit hereby certifies to United Services Automobile Association that all Representatives (as such term is defined in Exhibit A to the Memorandum of Understanding dated _____ by and between Donor and nonprofit) not have a listed Criminal Disposition in their criminal history, unless reviewed and approved by USAA, in compliance with such Memorandum of Understanding.

Organization Name: _____

Authorized Signature: _____

Name: _____

Title: _____

Date: _____

