



What are OFCCP Requirements for Financial Institutions?



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Have you heard of Executive Order 11246?

It might sound like something out of a history textbook, but it could land your credit union or financial institution in hot water. **This order**, signed by President Johnson in 1965, prohibits discrimination based on race, color, religion, sex, and national origin for federal and government contractors.



Here's the twist: Credit unions can be considered "federal contractors" by the Office of Federal Compliance Programs (OFCCP) simply by having federal deposit insurance! **That means if your credit union has 50 or more employees and NCUA-insured deposits, you're subject to these regulations.**

So, what does this mean for you?

Simply, it means creating a level playing field for everyone. It also means creating a written Affirmative Action Program (AAP) to ensure equal opportunity and diverse hiring practices. This program identifies areas where your credit union might have fewer women, minorities, individuals with disabilities, and veterans than expected, and outlines steps to fix it.

Most importantly, it means that you need to consider whether or not you'd pass compliance evaluations or audits. If that happens, the human resources department gets put on the line - and they do all of the work for the compliance review.

Why should you care?

Because non-compliance can be costly. In the last decade alone, the OFCCP slapped employers with over **\$247 million in fines!**

Overview of Financial Institutions Covered by OFCCP

The Office of Federal Contract Compliance Programs (OFCCP) oversees a range of financial institutions that engage in federal contracting. This includes:



Banks



**Credit
Unions**



**Insurance
Companies**



**Investment
Firms**

Any **institution receiving federal funds**, contracts or has federal share and deposit insurance must adhere to OFCCP regulations.

Additionally, even smaller financial organizations can fall under OFCCP's purview if they meet specific criteria related to their contract size or funding sources.

Understanding which institutions are covered is essential for effective compliance management. Financial organizations should assess their status early on to avoid penalties later.

What is the OFCCP Anyway?

The Office of Federal Contract Compliance Programs is part of the U.S. Department of Labor (DOL). OFCCP is responsible for ensuring that employers doing business with the Federal government comply with the laws and regulations requiring nondiscrimination. This includes anyone with a government contract or federal subcontractors.





What about EEOC?

The Equal Employment Opportunity Commission (EEOC) does indeed impact credit unions as well – but it is different from the OFCCP.

As a federal agency, the EEOC enforces federal laws prohibiting discrimination in employment based on race, ethnicity, religion, sex (including sexual orientation and gender identity), national origin, age (40 and older), disability, and genetic information.

Credit unions, as employers, are subject to these laws and must comply with EEOC regulations. This means that credit unions cannot discriminate in any aspect of employment, including hiring, firing, promotions, compensation, or working conditions. Failure to comply with EEOC regulations can result in significant legal consequences for credit unions – including submitting the EEO-1.

The EEOC and OFCCP are both federal agencies tasked with enforcing anti-discrimination laws in the workplace, but they have distinct focuses:

EEOC: Primarily responsible for investigating and resolving individual complaints of discrimination. It covers a wide range of employers, including private companies, state and local governments, and federal agencies.

OFCCP: Specifically focuses on federal contractors and subcontractors. It enforces affirmative action requirements, which mandate that these companies take proactive steps to hire and promote qualified individuals from underrepresented groups.

In essence, while both agencies aim to prevent discrimination, the EEOC is more reactive, responding to individual complaints, while the OFCCP is more proactive, ensuring that federal contractors comply with affirmative action requirements.

How Do I Know If We Have A Problem?



CSAL, the Corporate Scheduling Announcement List, is published on the OFCCP website once to twice a year and serves as an announcement on who will be audited. The **Office of Federal Contract Compliance Programs (OFCCP)** uses a Contractor Social and Labor Audit program to evaluate a federal contractor's compliance with federal labor laws, including those related to equal employment opportunity, minimum wage, and overtime pay.

Audits include a review of the contractor's written policies and procedures, interviews with employees, and an examination of payroll records. If the OFCCP finds violations during an audit, the contractor may be subject to corrective action, including back pay, monetary penalties, or even debarment from future federal contracts.

Audits are an important tool for ensuring that federal contractors are complying with labor laws and that all employees are being treated fairly and equitably.

Some signs that you or your organization may have a problem with the OFCCP:



Audits and Investigations: If your organization has been selected for an OFCCP audit or investigation, it's a clear sign that there may be compliance issues.



Findings and Citations: If the OFCCP has issued findings or citations against your organization, it indicates that you have violated one or more of the agency's regulations.



Back Pay or Monetary Penalties: If your organization has been ordered to pay back pay or monetary penalties, it's a serious indication of non-compliance.



Affirmative Action Plan (AAP) Deficiencies: If your AAP is incomplete, outdated, or does not meet OFCCP standards, it could lead to compliance issues.



Complaints or Concerns: If you or your employees have received complaints or concerns about discrimination or harassment in the workplace, it's important to investigate and address these issues promptly.

If you suspect that you or your organization may have a problem with the OFCCP, it's important to take proactive steps to address the issue. This may involve conducting a self-audit, consulting with an attorney or compliance expert, or working with the OFCCP to resolve any outstanding issues.

Key Requirements for Financial Institutions under OFCCP

Financial institutions face specific OFCCP requirements that ensure equal opportunity and fair treatment in hiring practices. There are a few areas where you need to pay attention:

- 1. The implementation of affirmative action plans during recruitment.** These plans must detail proactive steps to recruit, hire, and promote individuals from underrepresented groups.
- 2. Maintaining comprehensive records on employee demographics.** This data plays a crucial role in assessing compliance with federal regulations. Regular audits are necessary to verify adherence to these standards.
- 3. Promoting outreach efforts aimed at diverse candidate pools.** Institutions should actively engage with organizations that support minority candidates, those living with disabilities, or protected veterans.
- 4. Training programs for staff involved in recruitment and selection processes.** Ensuring all employees understand their responsibilities helps foster an inclusive workplace culture while meeting regulatory obligations.

These are the basics – there's a lot more when you start digging into compliance.

Common Compliance Challenges for Financial Institutions

Every industry has challenges when it comes to OFCCP compliance. Whether you're healthcare, construction contractors, or credit unions.

Financial institutions face several compliance challenges when it comes to OFCCP requirements – some that are unique to them and some that aren't.

- 1. The complexity of regulations:** Keeping up with the laws can be overwhelming.
- 2. Data collection and reporting:** Institutions must gather extensive workforce data, which can be tedious and prone to errors if not managed correctly.
- 3. Training staff on compliance:** Many employees may lack understanding or awareness of OFCCP obligations, leading to unintentional violations.
- 4. Integrating diversity initiatives into hiring practices:** There may be cultural pushback against changing traditional recruitment methods.

Smaller financial institutions might struggle with resource allocation for compliance efforts. They often find themselves stretched thin while trying to meet stringent requirements without sufficient manpower or budget. That's where OFCCP recruiting software can help you meet your needs.



Best Practices for Maintaining OFCCP Compliance in the Long Term

1. Regularly review and update your affirmative action plans. This ensures they align with current regulations and reflect any changes in your organization. Establish a compliance team that understands OFCCP requirements thoroughly.
2. Utilize technology for data collection and analysis. Employ software solutions to track recruitment, hiring, and promotion metrics effectively.
3. Conduct training sessions for HR staff on OFCCP standards. Keeping everyone informed fosters a culture of compliance throughout the organization.
4. Engage in regular audits of employment practices. Identify areas needing improvement before issues arise.
5. Build strong relationships with external consultants who specialize in OFCCP compliance. Their expertise can help navigate complex regulations more smoothly.
6. Encourage open communication within your institution regarding diversity and inclusion initiatives. A transparent environment promotes accountability at all levels, reinforcing commitment to equal opportunity principles.

Don't worry, getting (and staying) compliant isn't hard – if you have help.

Creating an AAP and then following through with the affirmative action requirements when hiring is simple, right?

Not so fast – it might be a little harder than you think.

It involves analyzing your workforce, setting goals for improvement, and implementing good-faith efforts to attract a wider range of qualified candidates. This might include attending job fairs at historically black colleges or women's professional organizations, for example.

Ready to get compliant and avoid hefty fines?

Mitrates Circa is a powerful tool designed to simplify compliance, particularly for mandatory job listing requirements and good faith outreach efforts under the Affirmative Action Plan (AAP).

Streamlining Mandatory Job Listing

If a credit union or financial institution has OFCCP requirements, it must list all job openings with the state workforce agency job bank. This can be time-consuming and error-prone. We streamline this process by:

- **Centralized Platform:** Providing a single platform and dedicated compliance team.
- **Automated Posting:** Automating job posting and reposting across all state job banks.
- **Compliance Tracking:** Ensuring adherence to state regulations and deadlines.
- **Enhanced Outreach:** Increasing veteran exposure through priority referrals and targeted local outreach.

We help organizations meet state job bank obligations efficiently while going beyond compliance.

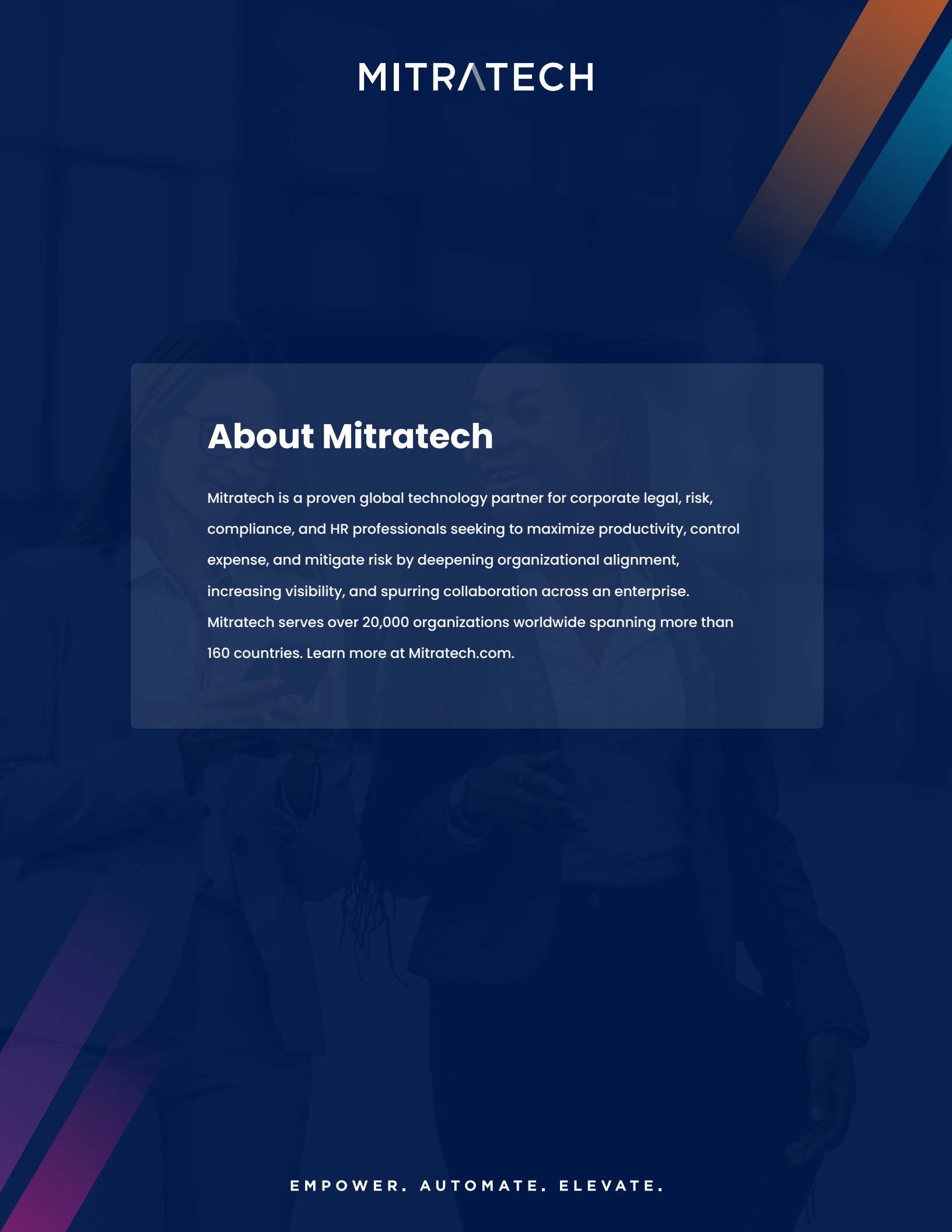
Effective Good Faith Outreach

Good faith outreach is essential for a successful AAP. It involves proactively seeking qualified candidates from underrepresented groups. We support these efforts with our:

- **Automated Local Outreach:** Connecting to a vast network of diverse talent pools and community organizations.
- **Outreach Platform:** Enabling employers to manage direct outreach and track effectiveness.
- **Targeted Messaging:** Creating message templates and email feeds for efficient outreach.
- **Documentation:** Generating on-demand reports to demonstrate compliance.

We'll help you to implement robust outreach strategies, enhance diversity and inclusion, and mitigate compliance risks.





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