

**NACCAS Rules of Practice & Procedure**  
**January 2017**

**Part 7 – Commission Investigations and Show Cause Proceedings**

**Section 7.0      Purpose of Show Cause Proceedings**

The Commission reserves the right to monitor candidates, applicants for accreditation and the institutions it accredits. This monitoring may be merged with any other process the institution has pending before the Commission. Monitoring will be conducted through analysis of the annual report, complaints, government information and information from third parties, special and investigative visits, and by other means.

In cases where a candidate, applicant or accredited institution is not in another process with the Commission, and the Commission has reason(s) to believe that the institution is no longer in compliance with NACCAS *Standards and Criteria, Rules of Practice and Procedure* or that the institution has failed to comply with any other order or requirement of the Commission, it shall investigate the areas of possible noncompliance and, when appropriate, order the institution to show cause why its accreditation status should not be changed.

**Section 7.1      Letters of Inquiry**

(a)      Issuance of Letters of Inquiry.

- (1) Letters of Inquiry may be issued to a candidate, applicant or accredited institution by the Commission, by a committee constituted in accordance with [Section 8.16](#) (see page 122) of these *Rules*, and/or by the Executive Director of NACCAS at any time it appears to such person or persons, in his, her or their discretion, that there exists sufficient evidence to warrant an investigation of possible noncompliance with NACCAS' accreditation requirements
- (2) The written Letter of Inquiry shall be promptly sent to the chief executive officer of the institution which is the subject of the Letter. It shall:
  - (a) State fully the reasons why it was issued;
  - (b) Identify the Standards and Criteria, Rules of Practice and Procedure, orders or other requirements of the Commission with which the institution may not be in compliance;
  - (c) Explain the reasons and recite the evidence indicating that the institution may not be in compliance with the Commission's requirements; and
  - (d) Advise the institution of its obligations to respond to the Letter of Inquiry.

(b)      Response to Letter of Inquiry.

- (1) Within fifteen (15) days of receipt of a Letter of Inquiry, the institution shall submit to the Executive Director of NACCAS a Response to the Letter of Inquiry. The Response shall contain or be accompanied by any evidence that demonstrates that the institution is in compliance with the NACCAS Standards and Criteria, the Rules of

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Practice and Procedure and other Commission orders or requirements cited in the Letter of Inquiry.

- (2) The issuer of a Letter of Inquiry (Commission, committee or Executive Director) may:
  - (a) Issue such additional, follow-up Letters of Inquiry as it deems necessary to reach a conclusion as to whether the institution has demonstrated compliance with NACCAS' requirements; and
  - (b) Close the investigatory process if it concludes that the institution has demonstrated compliance.
- (3) Except as provided in Section 7.2(a)(2) of these Rules, if the institution fails to respond, or to respond adequately (i.e., by demonstrating compliance), to a Letter of Inquiry issued by a committee or by the Executive Director, the matter shall be referred to the Commission for further action.
- (c) The Letter of Inquiry, the institution's response to the Letter, and all other documents and correspondence pertaining thereto shall be sent by certified mail, return receipt requested or alternate traceable means.
- (d) The decision to issue a Letter of Inquiry is not a decision which is appealable under [Part 9](#) (see page 126) of these Rules.

### **Section 7.2**     **Show Cause Proceedings**

- (a) Issuance of Show Cause Orders.
  - (1) Except as provided in Section 7.2(a)(2) below, Show Cause Orders may be issued only by the Commission.
  - (2) Administrative Show Cause Orders shall be issued by the Executive Director of NACCAS if an institution's response to a Letter of Inquiry issued by the Executive Director fails to demonstrate that the institution is compliant with any of the following NACCAS administrative requirements:
    - (a) Compliance with NACCAS' workshop policy;
    - (b) Timely submission of:
      - i. Application for renewal of accreditation;
      - ii. Institutional self-study;
      - iii. Any annual, financial, monitoring or special report under Part 5 of these Rules;
      - iv. Annual report verification study;
      - v. Stipulation or report;
      - vi. Plan for improvement;
    - (c) Timely payment of assessed fees or fines; or
    - (d) Has an official default rate in no greater than the threshold established by the U.S. Department of Education.

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- (b) The Show Cause Order. The written Show Cause Order shall be promptly sent to the chief executive officer of the institution which is the subject of the Order. It shall:
- (1) State fully the reasons why it was issued;
  - (2) Identify the Standards and Criteria, Rules of Practice and Procedure, orders or requirements of the Commission with which the institution may not be in compliance;
  - (3) Explain the reasons and recite the evidence indicating that the institution may not be in compliance with the Commission's requirements;
  - (4) Identify the Letter of Inquiry(s) previously issued relating to the possible noncompliance, state whether the institution responded to the Letter of Inquiry(s) and, if applicable, state the reasons why the institution's response(s) to the Letter of Inquiry(s) was/were deemed inadequate to demonstrate compliance; and
  - (5) Advise the institution of its obligations in the Show Cause proceedings.

In addition, the Show Cause Order may incorporate additional requirements as provided in [Section 8.11](#) (see page 118) of these Rules.

- (c) The Show Cause Order, the institution's response to the Order, and all other Documents and correspondence pertaining thereto shall be sent by certified mail, return receipt requested or alternate traceable means.
- (d) The decision to issue a Show Cause Order is not a decision which is appealable under [Part 9](#) (see page 126) of these Rules.

### **Section 7.3      Response to Show Cause Order – 15 Days or 45 Days**

- (a) 15 Days to Respond to an Administrative Show Cause Order: Within fifteen (15) days of receipt of an Administrative Show Cause Order, the institution shall submit to the Executive Director of NACCAS the required fee, application, institutional self-study, annual report, workshop registration or other required document, or evidence of prior submission and compliance with the administrative requirement cited in the Administrative Show Cause Order.
- (b) 45 Days to Respond to Other Show Cause Orders: Within forty-five (45) days of receipt of a Show Cause Order issued by the Commission, the institution shall submit to the Executive Director of NACCAS a Response to Show Cause Order. The Response shall contain or be accompanied by any evidence that demonstrates that the institution is in compliance with the NACCAS *Standards and Criteria*, the *Rules of Practice and Procedure* and other Commission orders or requirements cited in the Show Cause Order.

### **Section 7.4      Decision on Show Cause Order**

Upon expiration of the time limits for submission of the Response to the Show Cause Order or any progress report or additional requirements placed on an institution in relation to the Show Cause Order, a decision will be made on the institution's compliance with the accreditation standard, procedure or other requirement cited in the Order.

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- (a) Decision on Administrative Show Cause Orders: The Executive Director of NACCAS shall:
- (1) Rescind the Administrative Show Cause Order if the institution's response gives evidence that it was unwarranted;
  - (2) Remove the institution from Show Cause if the response shows the institution now complies with the accreditation standard, procedure or other requirement cited in the Order; or
  - (3) Refer the institution's record to the full Commission to take action.
- (b) Commission Decision on Show Cause Orders: With respect to all Show Cause Orders issued by the Commission, or referred to the Commission by the Executive Director or committee, the Commission shall:
- (1) Rescind the Show Cause Order if the institution's response gives evidence that it was unwarranted;
  - (2) Remove the institution from Show Cause if the response shows the institution now complies with the accreditation standard, procedure or other requirement cited in the Order; or
  - (3) Take one or more of the actions authorized in [Part 8](#) (see page 112) of these *Rules*.
- (c) Cohort Default Rates. Where an Administrative Show Cause Order is issued based on an official cohort default rate in excess of the threshold established by the U.S. Department of Education, the Commission shall remove the Order with a reporting requirement if the institution's response shows that any one of the following was present during the 24 months preceding issuance of the Show Cause Order:
- (1) Fifteen percent or fewer of the institution's students who are enrolled on at least a half-time basis have received any federal student loan;
  - (2) Two-thirds or more of the institution's students are individuals from disadvantaged economic backgrounds (based on the Pell grant index for zero family contribution) and the institution has complied with NACCAS' outcomes standards for the two most recent years for which annual reports were required to be submitted to NACCAS;
  - (3) The institution submits a copy of its letter to the U.S. Department of Education formally withdrawing from participation in the Title IV Higher Education Opportunity Act (HEOA) loan program(s), together with the receipt indicating the letter was received by the Department;
  - (4) The institution submits a letter from the U.S. Department of Education accepting the institution's withdrawal from participation in the Family Federal Education Loan Program (FFEL);
  - (5) The institution submits evidence that its official default rate has been below the congressional threshold for the past three years;

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- (6) The institution is successful in obtaining a rescission of the Show Cause Order under [Part 7](#) (see page 107) of the Rules;
- (7) The institution's appeal of its official default rate is pending before the U.S. Department of Education; or
- (8) The institution has a default management plan that complies with the Guidelines for Preparation of a Default Management Plan in NACCAS' Sample Forms and Guidelines booklet (found on the NACCAS website under "Other Key Documents").