

# **SWMCFCU Board of Directors Responsibilities**

## *JOB DESCRIPTION:*

The board of directors is responsible for directing and controlling the Credit Union. The board is responsible for directing the credit union in accordance with the federal or state credit union acts, bylaws, good business practices and other rules and regulations.

Directors should have a willingness to serve the membership, continually learn and be a team player.

## **General Description**

Board responsibilities are to formulate policies, communicate to its members about credit union conditions, projects, and changes. The board sets direction of and controls the mission and vision of the credit union. The guidelines for this task are the wishes of the membership, credit union philosophy, and the requirements of all pertinent laws and regulations.

The board makes plans, sets policies, evaluates progress, and appoints committees.

The board meets at least monthly to review the credit union's operation and plan for the future. It regularly reviews progress in achieving goals and objectives.

## **Board Responsibilities**

The board of directors' report to the members of the credit union. They hold the responsibility of the organization and supervision for the Chief Executive Officer.

The primary responsibilities are to

- Set policy
- Plan the credit union's course
- Make sure the credit union maintains a sound financial condition
- Keep communication open and educate members on services
- Review the chief executive officer's progress in achieving goals and objectives
- Report to the members at the annual meeting.

*The best interests of the membership must guide all decisions.*

## **Knowledge and Skills**

- Understand the credit union philosophy and desire to better the financial lives of members
- Understand basic financial statements
- Understand strategic thinking and planning.

# **SWMCFCU Board of Directors Responsibilities**

## **Specific Responsibilities**

- Work with the CEO and the board to develop objectives and goals for the credit union, including strategic plans supporting the long-range vision of the membership.
- Make sure the credit union adheres to pertinent laws, regulations and sound business practices.
- Make sure the credit union maintains sound financial conditions and that the credit union's assets are protected against unauthorized or illegal acts. Designate depositories, authorize borrowing and investing, provide for bonding and other security factors, including internal control policies and procedures. Approve interest rates, dividends, charge-offs and refunds, or approve policies to guide management in doing so. Approve loan limits and savings minimums.
- Develop personnel policies, or make sure they are developed, and then approve them for all credit union programs and activities. Review policies and bylaws at least once a year and update as necessary.
- Approve personnel growth within the credit union.
- Evaluate and establish space and location of credit union operations.
- Make sure new products and services are developed as needed.
- Approve the credit union budget
- Define the scope of the CEO's job, hire someone to fill the position, and review his/her progress in attaining goals and objectives regularly through a coordinated annually or bi-annually review process.
- Attend board meetings, exercise judgment independently from the CEO, and report to the members at the annual meeting.
- Recruit new board members, recognize, nurture and provide opportunities for leadership growth to existing board members.
- Provide a mentor program for new board directors

# **SWMCFCU Board of Directors Responsibilities**

## **DUTIES & RESPONSIBILITIES:**

The board of directors is responsible for directing and controlling the affairs of the credit union.

Board responsibilities are split into several areas:

### **Policies and Planning**

Plans and policies are the board's major tools for influencing the direction of the credit union. The board and management work to explicitly define the credit union's vision. The board alone has final say in adopting any plans or policy changes, however management has the responsibility of recommending policy and planning changes. Implementation of the plans and policies is the responsibility of the management team.

*Policies:* The setting of policies is necessary to accomplish time saving, uniform service and risk control. All policies should be reviewed annually to ensure they remain relevant. All policies should be documented in writing and distributed to committee members and staff and filed accordingly.

*Strategic Plan:* The strategic plan of the credit union defines the goals and the roadmap to success for the credit union. Long and short range planning is necessary to address the long-term future as well as reviewing it regularly. The long-range strategic plan should actively pursue the long-term interest of the credit union and its membership 10 years into the future. The short-range plans should actively support the long-range plan by addressing the long-range objectives over a shorter time period (3-5 years). Both long and short range planning should address the following:

- Review and update your mission statement
- Environmental Scan
- Set major goals
- Strategies for achieving goals
- Implementation
- Tracking and evaluation of results

## **FINANCIAL REPORTING**

$$\begin{aligned} \text{Assets} &= \text{Liabilities} + \text{Equity} \\ \text{Income} - \text{Expenses} &= \text{Net Income} \end{aligned}$$

# **SWMCFCU Board of Directors Responsibilities**

An effective director needs to understand the credit union's financial statements. Familiarity with the balance sheet and operating statement are essential in understanding credit union performance. The balance sheet summarizes the credit union's status. It is the accumulation of all income and expenses over the life of the credit union. The operating statement shows the credit union's income and expenses – gains and costs – for a given period, usually monthly. Some operating statements include cumulative year to date figures and year to date budget figures to get a better view of how things are progressing.

Financial Ratios: Understanding the financial position of the credit union through financial ratios is a quick and accurate way to judge the credit union's health and stability, identify trends and spot problems. Credit union regulators set guidelines to help a credit union judge their performance to enhance the safeguarding of the credit union mission.

## **INTERNAL CONTROLS**

Internal controls are the policies and procedures that protect the credit union's assets from theft (either by insiders or outsiders) and protect the credit union and its employees from risk of liability. Any weaknesses identified by management or audits should be addressed, communicated and corrected. General internal controls include

Segregation of duties  
Accurate reliable procedures  
Lending and investment limits  
Lines of authority and responsibility

Internal control is a critical element in the range of responsibilities of the board of directors.

## **BOARD COMMUNICATIONS**

Monthly board meetings are essential for good communication between the credit union management and the directors. An agenda, minutes of the previous meeting, financial reports and pertinent information for discussion/decision making during the upcoming meeting are made available electronically in advance to each board director. During monthly board meetings, directors are kept informed of the financial progress and health of the credit union. It is at these monthly meetings; credit union issues can be addressed such as:

- Policy changes
- Staffing changes
- Audit reports
- CEO performance

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The monthly board meeting provides a venue for committee reports. Committees such as, Supervisory Audit Committee, Asset Liability Committee, Election Process Committee and any other committees may give progress reports at the monthly meeting.

An annual meeting must be held to report the year-end financials to the membership.

*Committees* - The board must clearly communicate committee functions, goals and follow their progress. The Chair of the board appoints standing and adhoc committees as necessary.

Committees are generally charged with researching a topic and making recommendations to the board. Each board member must judge whether a committee's recommendations are sound and fit the credit union's direction and philosophy.

*Board Meetings* - Each month a meeting should be help by the Board with the CEO and pertinent members of the staff (CFO etc). Advanced information regarding the board meeting should be available to each director/attendee. The board should review all materials prior to attending the meeting.

Monthly presentations of the credit unions all around well being are addressed during the board meeting.

*Minutes* – Notes should be taken to document every motion or official action taken by the board. Minutes are official documents and must be complete and accurate. Minutes are part of the corporate records of the credit union. They document any policy changes and ensure the board has followed legislative and regulatory requirements. The board must take action to approve minutes from the previous meeting for accuracy and completeness.

*Mentoring Program* - Board directors are responsible for developing, maintaining and participating in a mentoring program to ensure quality transition and education for all new incoming board directors.

## **BOARD-CEO RELATIONSHIP:**

As a director, you must maintain good working relationships with members, committees, community leaders, the public and the credit union management. One of the most important relationships for the board is with the CEO. In order to have an effective board, communication between the CEO and Board is imperative.

The board's responsibility is to establish policies, leaving implementation of board policy to the CEO.

The board must develop policies related to the CEO's employment and ensure the CEO has complete policies in place for management of credit union personnel.

# **SWMCFCU Board of Directors Responsibilities**

Together the CEO and Board Develop and recommend specifically, long-and short-range plans with regard to programs and services.

The CEO should maintain appropriate relations and keep the board informed on all pertinent credit union matters.

The CEO should recommend changes for the good of the institution.

The CEO is authorized to establish all further policies, make all decisions, take all actions and develop all activities, which are true to the board's policies. The board will respect the CEO's choices but may inquire about activities in specifically delegated areas.

The board should review the CEO performance annually or biannually and agree on

- The board's expectation of the CEO
- The specific period of which these expectation are met
- The specific measures to be used
- How the evaluation criteria ties to the strategic plan
- How information relative to the CEO is gathered
- A salary adjustment and how it relates directly to the evaluation.

# **SWMCFCU Board of Directors Responsibilities**

Both directors and the CEO make important contributions. The key to board-CEO relations is an open and honest relationship, one built on mutual trust and respect and the willingness to work together toward a common goal.

## ***Other Board member responsibilities:***

### **BOARD CHAIR**

Primary Function:

The Chair of the board must act as the chief elected official of the credit union. Preside at all meetings of the board and meetings of the members.

Maintain open communications with the CEO.

The chair leads meetings of the board, works with the management to set an agenda and presides over the meetings to ensure that everyone can be heard and participate in the decision-making.

The Chair has the responsibility of appointing standing and ad hoc committees and acts as an ex-officio member on all committees except the Nominating Committee and the Supervisory Audit Committee.

### **BOARD VICE-CHAIR**

Primary Function:

The Vice-Chair position is considered a training platform for the position of Chair therefore it is essential for the Vice-Chair to have committee assignments to ensure an in-depth knowledge of the credit union's business. The vice-chair should assume all duties of the elected chair should the Chair become unable to perform.

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## **SECRETARY**

### **Primary Function**

The Secretary of the board must participate and/or oversee in the timely and accurate preparation, completion and safekeeping of records of all meetings of the membership and the board. Prepare and send out notices of meetings to be held.

The secretary is also responsible for reviewing and acquiring necessary signatures on all official documents.

## **BOARD TREASURER**

### **Primary Function**

The Treasurer is responsible for overseeing the accuracy and safekeeping of all assets including funds, securities, bank papers and any other items of value. The treasurer must be able to understand all financial concepts and be thoroughly familiar with the details of the financial statements.

\*The above descriptions were taken in part from the VAP module V100