



Board of Directors Duties and Responsibilities

December 4, 2002

The board of directors is elected by credit union membership during the annual general meeting (AGM) and reports to the general membership. The board members usually serve on a voluntary basis. The board consists of an odd number of directors; the number is normally not less than 5 or more than 9 directors. The board of directors is part of the overall management team that includes a supervisory or audit committee and a credit committee, if the function has not been delegated to professional loan officers. The board of directors has the ultimate decision making authority and responsibility for directing and controlling the affairs of the credit union and providing effective and efficient management of overall operations. The board approves policies that direct operational management and delegate the necessary authority to staff so they can fulfill their job responsibilities. A manager or CEO is in charge of daily operations. The board supervises the manager who reports directly to the board.

Board members have a fiduciary responsibility to their membership. That being said, board members should have a background in business or management. Each board member should be able to assess the financial condition and the operational quality of the credit union. The board should not be reliant on operational management to interpret financial data and other information received. The board must be independent and able to question management about issues they do not understand or are unclear.

Each board member should fully understand their duties and responsibilities. They should receive and review a written job description just as an employee would. The duties and responsibilities should be clearly stated in the job description given to all perspective board members so that expectations are perfectly clear. The following information should be included in the job description of a board member.

Board of Director Job Prerequisites – Each board member must be a member of the credit union and capable of the following so that they are an active and effective part of the board:

- Ability to read and interpret financial statements;
- Basic understanding of laws governing the credit union;
- Knowledge of risk measurement and effective management;
- Knowledge of and a commitment to credit union philosophy;
- Familiarity with asset liability management;
- Familiarity with lending and collections;
- Familiarity with marketing concepts;
- Ability to work as part of a team;
- Able to commit enough time to successfully complete all of the job duties and responsibilities; and
- Strong oral communications skills.

Specific Duties and Responsibilities – These duties and responsibilities should be reviewed not only by prospective board members, but no less than annually by all board members at the meeting immediately following the AGM and the review so noted in the board minutes.

The duties and responsibilities of the board include:

- Attend monthly board and committee meetings, the annual general meeting, any special membership meetings, and the annual planning seminar.
- Reconvene monthly meetings at a later date if a quorum of the board is not present.
- Provide input and participate in decisions of the board.
- Read and evaluate monthly financial reports and other board materials before the meeting.
- Ensure the credit union complies with all applicable legislation.
- Act on all membership applications, either directly or through the appointment of a membership officer.
- Approve credit union policy, financial statements, the annual budget, and the business plan.
- Work with management to develop short and long range planning based on objectives that meet member needs, reflect credit union philosophy, and assure sound operation.
- Perform an annual written appraisal of the manager based on goals established in the budget and business plan.
- Determine the minimum ownership share requirement and the maximum amount of shares that may be owned by one member provided that no member shall hold more than 10% of the total shares amount.
- Authorize the appropriate investment of credit union funds.
- Determine from time to time the services, loan interest rates and terms, deposit interest rates and terms, and types of deposits and loan accounts that the credit union shall offer its membership.
- Authority to declare a share dividend at the AGM only after all expenses and mandatory payments have been made and regulatory requirements met.
- Designate a safe depository for surplus funds and investment.
- Approve any external borrowings of the credit union.
- Employ, establish compensation and duties of the manager, and terminate the manager with due cause.
- Ensure the safe preservation of the credit union's books and records.
- Assess the adequacy of insurance of credit union assets.
- Authorize the manager or such other persons as may be agreed upon, to sign all official documents on behalf of the credit union.
- Authorize the writing off of uncollectible loans and their removal from the books.
- Approve loans to directors, committee members, and the manager by a simple majority vote when the loan exceeds the shares and savings of the director, committee member, or manager.
- Propose amendments to the credit union bylaws, subject to approval by the regulatory authority.
- Plan and reside over all annual and special meetings.

- Report to the AGM on the activities occurring since the last annual meeting, the annual budget, and proposed use of profits for the fiscal year.
- Determine the physical security needs of the credit union.
- Ensure that the monthly board minutes and any board committee minutes are in writing and prepared within 10 days of the respective meeting and verified by the secretary and the presiding officers of the meeting. Such minutes shall contain the names of members present, the date, time, and place of the meeting and a record of material discussions and all decisions made.
- Appoint specific committees and task forces as may be necessary to improve the administration of the credit union and its services.
- Ensure that the credit union's supervisory and credit committees are fulfilling their duties and responsibilities.
- Fill vacancies on the board, credit, and supervisory committees until the next AGM.
- Keep the business of the credit union and its members confidential.
- Disclose all conflicts of interest with any credit union business and refrain from voting on issues related to the conflict of interest.
- Remain current on all credit obligations with the credit union.
- Represent the credit union in the community.
- Promote the credit union and its services as appropriate in day to day interactions.

Upon reading their job duties and responsibilities, each potential board member should date and sign that they have read the document. Their signature implies that they will perform the duties and responsibilities to the best of their ability. The signed document should be retained in the perspective board member's personal file and should be available for review by regulatory authorities.

In addition to reviewing their duties and responsibilities each perspective board member, prior to the AGM and election, should provide their resume or CV to the nominating committee. This information should be retained in their personal file and made available to the membership prior to the election so that each voting member can cast an informed vote. The background information of most interest to the voting membership includes:

- Professional background;
- Education;
- Prior service on a board of directors; and
- Any special skills in the areas of finance, business, marketing/public relations, legal, technological, fund raising, etc.

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