

INTRODUCTION

1. Vision¹

XYZ Credit Union's Vision is ...

A Sustainable and Viable Financial Cooperative responsive to the needs of members

Or

First choice for financial services in our community

2. Mission

XYZ Credit Union's Mission is ...

To give best service possible at a competitive rate.

3. Focus on Excellence in Products and Services

XYZ Credit Union aims for Excellence in Products and Services in the competitive marketplace. It believes that satisfying the members with quality products and services based on needs and demand would ensure the viability and sustainability of the credit union.

Excellence in Products and Services would consider the changing external environment, the varied needs and demand of members, the efficiency of operation and the involvement of Board and Management in pursuit of continued improvement in quality of services being provided to the members and its competitiveness in the market. XYZ Credit Union is to ensure that product and services are of high quality, market driven, and competitively priced.

4. Review and Update

A copy of this manual will be distributed to the Board of Directors, Sub-Committees and Management Staff. The Board will ensure that newly elected Board of Directors/Sub-Committees is provided with this manual before formally assuming their respective duties. Likewise, new staff should be oriented on this policy manual during orientation.

The Board of Directors is to undertake a full review of the effectiveness and adequacy of these policies annually during the period of July to December/planning period. The Management should be involved in the review and assessment of this Manual in view of the legislative and or market changes, which affect the operations of XYZ Credit Union. Suggested input for revisions by the management should be documented and forwarded to the Board.

¹ State your credit union's vision and mission statement in number 1 and 2 respectively



VALUES AND PRINCIPLES

Purpose:

The purpose of this policy is to ensure that XYZ CU is maintaining its identity as a community based financial institution practicing the values and principles for which it was founded. XYZCU will ensure that those principles will be translated into business with high degree of professionalism and efficiency being of service to its members and the community as a whole.

1. Basic Values

XYZ Credit Union continues to maintain and practice the following cooperative values and its corresponding measurement which the Board and Management should be accountable and should adhere to:

Our Values	How we will monitor and report?
1.1. Equity: Consistency in delivery of products and services to members and the treatment of members. True awareness of and focus on members needs.	a. Product pricing benefits reflects the product and service capacity to generate such benefits; b. Minimum of 15% per annum of members provide service and product feedback via surveys, web and other means; c. Detailed statistical member profile is monitored.
1.2. Integrity: Demonstrating care, commitment and honesty including informed reporting and disclosure to members and stakeholders;	a. Use of all available information and reporting methods; b. Stakeholders are aware of availability of reports; c. Range and presentation of information is useful to stakeholders; d. Member reporting includes measurable indicators of aggregated financial benefit distributed to members through product pricing.
1.3. Professionalism: Efficient, timely and effective service at all times through well trained directors, management and staff supported by well organized communication and operating systems;	a. Complaints due to staff knowledge procedures errors are less than 10 per annum; b. Service delivery standards are set by the Board and monitored by management and board using a range of survey and feedback techniques.



1.4. Responsibility: prudent management and sound capital backing;	a. All Key Financial Indicators are readily met and reflect industry standards. (Credit Union Operating Standards)
1.5. Cooperation: Community and multi-stakeholder input and involvement providing benefits to individual members and their local community through collective endeavor. Creatively using the aggregated buying power of members.	a. Number of community organizations using the credit union services; b. Number of value added or price benefits introduced annually;
1.6. Celebration: We seek a healthy organization, with high quality of life for employees, where enthusiasm and celebration are essential. We recognize the strengths, talents and potential of the people in our organization and those we deal with. We want to encourage confidence and competence. We also recognize human frailty, allow for mistakes and failures.	Using an agreed list of desired indicators, we will monitor and report against these using the following methods: a. Staff and officers surveys re: recognition received b. Volume of events that celebrate individual and organizational milestones. c. Recognition for outstanding members
1.7. Respect: Our work with the disadvantaged and marginalized in the community is characterized by mutual assistance and empowerment, and not by paternalism. Everyone must be treated with respect and dignity.	a. Ongoing members feedback will be sought and documented. b. Complaints/comments/suggestions (verbal and written) c. Community and stakeholders survey
1.8. Accountability: In our dealings with partners in community, government and business we are accountable for the quality of our work and seek to exceed their expectations. We want transparency in our organization, which reflects trust and awareness of joint responsibilities.	Transparency will be achieved by documenting and reporting to all stakeholders: <ul style="list-style-type: none"> • Our agreed targets and our outcomes • The feedback we receive from staff, clients and partners Using an agreed list of desired employee attitude and characteristics we will monitor and report against these using the following methods: <ul style="list-style-type: none"> • Staff surveys • Employee exit interviews and feedback • Complaints received from staff and members • The level of delegated decision making

<p>1.9. Integration: Work is an important part of our lives. We want it be integrated with all other areas of life. We work with people holistically, respecting diversity and beliefs.</p>	<ul style="list-style-type: none"> • Sample surveys staff and clients perceptions; • Measure officers/volunteers in terms of diversity of culture, beliefs, etc. • Use stakeholders imposed and other agreed equity targets.
<p>1.10. Innovation: We recognize that there are many ways to meet a need or to undertake a task. We actively seek to introduce new programs and procedures to improve the effectiveness and efficiency of our current activities through ongoing changes in both process and systems.</p>	<p>Record and disclose (report) new program ideas and process ideas in terms of:</p> <ul style="list-style-type: none"> • Received (including source analysis) • Evaluated • Developed • Implemented • Outcomes

2. Principles²

The following credit union operating principles approved by the Membership of WOCCU on August 24, 1984 are guidelines by which XYZ Credit Union put practice:

2.1. *Democratic Structure*

- 2.1.1. **Open and Voluntary Membership:** Any person within the accepted common bond of XYZ Credit Union is able to join and make use of its services and corresponding responsibilities.
- 2.1.2. **Democratic Control:** All members enjoy equal rights to vote (one member, one vote) and join in making decisions for the XYZ Credit Union. XYZ Credit Union members elect committees who control the running of the Credit Union, according to its laws and regulations, on behalf of the members. These committees are: the Board of Directors, Credit Committee and the Supervisory Committee.
- 2.1.3. **Non-Discrimination:** Members are treated equally. There is no discrimination because someone's race, nationality, sex, religion or politics.

² Following the principles and values recommended by the national federation as a movement which may be the WOCCU's credit union operating principles or ICA's Cooperative Principles



2.2. Service to Members

- 2.2.1. **Service to Members:** All services provided by the XYZ Credit Union are directed to improve the financial (economic) and social well being of all members.
- 2.2.2. **Distribution of Services to Members:** A fair rate of interest is paid on savings and deposits to encourage wise use of money through savings. The XYZ Credit Union is then able to provide loans and other services to its members. Any surplus made by the XYZ Credit Union belongs to and must benefit all members with no member or groups of members benefiting alone. The surplus shall be distributed among members in relation to their shares in the XYZ Credit Union, or may be directed to improve or add services required by the members.
- 2.2.3. **Building Financial Stability:** The most important aim of the XYZ Credit Union is to build its financial strength including a strong reserve fund and internal controls that will ensure continued services to the membership.

2.3. Social Goals

- 2.3.1. **On-going Education:** The XYZ Credit Union actively promotes education for its members, officials, employees and the general public in their financial (economic), social, democratic and mutual self-help principles. It also encourages wise use of money, savings as well as teaching members of their rights and responsibilities.
- 2.3.2. **Co-operation Among Co-operatives:** In keeping with their ideas and practice of working together, XYZ Credit Unions actively work with other co-operatives and their associations at local, national, international levels to serve the interest of their members and community.
- 2.3.3. **Social responsibilities:** XYZ Credit Union seeks to bring about human and social development. Social freedom extends both to individual members and to the larger community in which they work and live. XYZ Credit Union aims to extend services to all who need and can use them. Every person is either a member or a potential member.



ORGANIZATION AND GENERAL POLICIES

Purpose:

The purpose of this policy is to emphasize XYZ Credit Union's legal identity as financial cooperative. The policy sets the basic framework for the organization's culture that serves as basis of carrying out business operation and professional attitude of its leaders and staff.

1. *Governing Rules and Regulation*

- 1.1. XYZ Credit Union shall carry out its operation based on the following governing rules and regulations:
 - a) By Laws
 - b) Operational Policies and procedures as contained in this manual
 - c) Policies and regulation of national federation/leagues related to credit unions/cooperatives/SACCOS/Thrift & Credit Cooperatives in the country.
 - d) The laws promulgated by the government for credit unions.
- 1.2. Nothing included in this policy manual is to be in conflict within Cooperative Act, Cooperative Rules, By laws and regulation as identified above.
- 1.3. XYZ Credit Union shall exercise all powers as provided in Cooperative Act, Laws, By-laws and policies for purpose of carrying out its objectives.

2. CAPACITIES AND POWERS

- 2.3. XYZ Credit Union has the capacity to carry its business and exercise its powers within the common bond.
- 2.4. Subject to the Cooperative Act, Article ____ and its regulations, XYZ CU may engage in and carry on any business that pertains to the business of credit union and without limiting the generality of the foregoing may;
 - Receive various types of deposits from members and non-members
 - Grant loans to its members only
 - Not carry out any business that is contrary or restricted by the Cooperative Acts, its regulations.



3. CORPORATE RECORDS

3.1. XYZ CU shall maintain in its registered office the following records:

- 3.1.1. By-Laws and its amendments and Policies
- 3.1.2. Minutes of Meetings and Resolutions of General Assembly, Board of Directors, regular Committees and other committees (*include sample format of the minutes*)
- 3.1.3. Resume/Curriculum Vitae of the Board of Directors
- 3.1.4. Original Copy of the Certificate of Registration with the Cooperative Regulatory Agency and affiliation with CU League/Federation/Apex organization
- 3.1.5. A copy of the Cooperative Law/Credit Unions and every order issued by the Cooperative Regulatory Agency or of a court relating to XYZ CU.
- 3.1.6. A copy of every notice sent to members pursuant to the Cooperative Act.
- 3.1.7. In addition to the record described above, the following records should be maintained by XYZ CU:
 - a. Adequate accounting records regarding deposits, shares, loan accounts, investments in securities and bonds, promissory notes, fixed assets, earnings, expenses and other records related to the financial operation of the credit union.
 - b. Stock and Transfer Book (Share Capital Ledger)
 - c. Documentation in connection with individual membership such as Approved Application for Membership, Copy of Certificate Share Capital, Loan application and Approval and all other important information related to their membership.
 - d. Members Register Book indicating the date of membership, and address known to XYZ CU.

4. ACCESS OF RECORDS

- 4.1. Any member may examine the records relating to his/her own membership and financial affairs during the usual business hours of the credit union and be given extracts from those records with minimum charge. However, evaluation report and comments in the course of loan analysis of such member is confidential information kept only within the credit union as a lender.
- 4.2. A member is entitled to get one copy of the by laws at the time of membership.



- 4.3. Every member is entitled to obtain a statement/passbook/deposit certificate immediately after his/her transaction with the credit union.
- 4.4. XYZCU should give access to records to:
- The credit union's Audit/Supervisory Committee
 - The Registrar/Administrator or any person appointed by the Registrar/Administrator.
 - Any Officer or employee so appointed by federation.
- 4.5. Employees of XYZ CU shall have access to records as authorized by the Board or Manager of the credit union as it is necessary for carrying out their duties.
- 4.6. Subject to the Cooperative Law/Credit Union Law, the Board may refuse to release register of members for any reason that it considers inappropriate.
- 4.7. Records of members' financial transactions with the XYZ CU shall be kept confidential and shall not be divulged other than persons specified in item 4.4 without prior approval of the Manager or Board.

5. COOPERATIVE IMAGE

- 5.1. **Non-discrimination:** The credit union will not discriminate any individual in its membership, or the public, based on age, gender, marital status, race, ancestry, place of origin, cast, religion, political persuasion, and physical capabilities as a reason for denying or restricting its services.
- 5.2. **Special Interest Group:** The credit union may not provide organization's support to any special interest group.
- 5.3. **Third Parties:** The credit union will not take sides in any issue between its members and third parties except a direct relationship to its operating concerns.
- 5.4. **Display Advertising:** The credit union may display posters, leaflets, notices and advertisements for local charitable, sports or recreational activities on its premises where it considers such notices to be in the overall public interest.

6. ETHICAL PROFESSIONAL CONDUCTS

- 6.1. The officials (elected or appointed directors and committee members) and its management staff shall fulfill its responsibilities and render services in a manner to promote the favorable image the organization and not for own benefit. The officials and staff of XYZ CU shall avoid potential conflicts of interest and personal gains.



- 6.2. XYZ CU will promote and protect the integrity and reputation of those responsible with the administration and operation of all the affairs of the organization.
- 6.3. Elected/appointed officers and staff of XYZ CU should at all times accept responsibility and accountability for decisions, for the foreseeable consequences of actions and inaction, and for setting an example to members. XYZ CU will ensure that appropriate mechanisms are adopted within the organization to establish delineation of responsibility and accountability.
- 6.4. Elected/appointed officers and staff of XYZ CU should be worthy of trust, keep promises, fulfill commitments, and abide by the spirit as well as the letter of agreement.
- 6.5. Nepotism: No relative of Board/Committees or an employee is hired as favoritism or partiality in decision-making.
- 6.6. Preferential Financial Practices:
- 6.6.1. No official or employee or relatives of officials or employees shall be granted preferential services of the credit union at more favorable consideration in respect to security, maturity and interest requirements.
 - 6.6.2. No official or employee shall direct the allocation of credit union funds, purchase, invest, contracts or whatever, to second parties with the direct or indirect objective of obtaining preferred personal, financial or other considerations in return for such direction of business.
 - 6.6.3. No official or employee shall enter into a contract on behalf of the organization; unless the transaction is approved by the board of directors, appropriate invoices and the transaction is legally binding and is not in conflict with the standards of professional conducts.
 - 6.6.4. Conflict of Interest: Conflicts of interest, breach of loyalty and good faith wherein an official or employee gains or may gain personally either at the expense of the credit union or by virtue of misuse of the credit union's position.
 - 6.6.5. Confidentiality: All directors, Audit Committee members, other Sub-Committee members and staff shall sign a confidentiality agreement as outlined in Annex 1. Failure to comply with this policy may result in the immediate dismissal of said official or employee or such other remedy as approved by the board. The disclosure statements shall be submitted as follows:
 - a. Staff should submit their disclosure to the manager

- b. The manager and elected officials should submit their disclosures to the Chairperson/President.
- c. The Chairperson should submit his/her disclosure to the Board meeting.

6.6.6. Questionable Practices and Procedures: The following activities are identified as an illegal or not in keeping with sound business and financial practices, questionable as to ethical procedures and are prohibited. Directors, Sub-committee members or employee will be suspended and later discharged if the individual is proven guilty of any of the following or responsible for some.

- a. Falsifying information to obtain position, compensation or for other purpose.
- b. Dishonesty, fraud or embezzlement
- c. Thefts of credit union property, equipment or the personal property of fellow employees.
- d. Consuming an intoxicating drug/alcohol or being intoxicated by drugs/alcohol while conducting credit union business.
- e. Willful disobedience of instructions or directives issued by Board or Audit Committee.
- f. Using profane or abusive language.
- g. Willful neglect of duties.
- h. Acts of lasciviousness
- i. Willful damaging credit union property or equipment.
- j. Conducting personal financial transactions with a member (the borrower or lending of money not at arms length) as a result of information gained from the directors, sub-committee members or staff position with the credit union.
- k. Directors, committee members and other officers will be suspended from their duties if their loans are delinquent for more than 90 days.

7. LIABILITY INDEMNIFICATION

- 7.1. No directors, sub-committee members or staff members shall be liable for any loss or misfortune which may occur in the execution of the duties of his/her respective office, unless such loss shall occur through his/her failure to exercise the power, and to discharge the duties of his/her office honestly, in good faith and in best interest of the credit union in accordance with the degree of care, diligence and skill expected.



- 7.2. XYZCU will not be reimbursed such an individual for all such specific losses as incurred under the circumstances as described in (i) above.
- 7.3. XYZ CU will not be reimbursed such an individual for all legal expenses incurred in such action as described above.

8. INFORMATION AND IMPLEMENTATION

The Board and staff shall be oriented on this policy once a year. The Board shall determine the date. Violation of any provisions in this policy is a ground for suspension or termination.



MEMBERSHIP POLICY

Purpose:

The purpose of this policy is aimed to ensure quality membership from a diverse membership base in the area of operation of XYZ CU.

1. Types of Membership

Membership in XYZ CU shall have two categories defined as follows:

1.1. Regular Member

- 1.1.1. An individual who has fulfilled the minimum requirement for Share Capital and other requirements.
- 1.1.2. Has the right to take part in the general decision making of XYZ CU
- 1.1.3. Has the right to elect and be elected as Board of Directors and Sub-Committees of XYZ CU
- 1.1.4. Entitled to avail of loan services and savings facilities of XYZ CU

1.2. Associate Member

- 1.2.1. An individual, joint accounts or association that has opened any deposit account in XYZ CU and has not paid the minimum Share Capital requirement to become member- owner.
- 1.2.2. Has no right to take part in the decision making but can provide suggestion to improve the services and management of XYZ CU
- 1.2.3. Has no right to elect and be elected as Board of Directors and Sub-Committees of XYZ CU
- 1.2.4. Entitled to receive information of XYZ CU product update and newsletters
- 1.2.5. Not entitled to avail of the loan services
- 1.2.6. Subscribe a minimum share of _____
- 1.2.7. Has right to deposit and withdraw
- 1.2.8. Part of the Self-Help Group Members
 - A group 5 – 8 entrepreneurial individuals organized by XYZ CU as preparation for regular membership (A special policy is developed for this)
 - Entitled to get loans for microfinance and participate in the regular savings and training program



2. Application for Regular Membership

An individual applying as regular member of **XYZ CU** shall submit an accomplished “Application for Membership” (AFM) and attachment thereof (Annex 2). The Board of Directors will act upon such application after the following requisites are satisfied:

- 2.1. The applicant is residing in the (area of operation) and a _____ Citizen.
- 2.2. He/She must have attained legal age.
- 2.3. He/She has satisfactorily completed the Pre-Membership Education Seminar conducted by **XYZ CU** (in case there are other trainings list it down)
- 2.4. For the member of Self-Help Groups, a Certification of Good Standing from the Manager/Loan officer has been submitted.
- 2.5. He/She has paid the following fees:
 - a. Share Capital _____
 - b. Membership Fee _____
- 2.6. He/She is not a member of other credit union or other cooperatives with the primary service of savings and credit.
- 2.7. He/She has signed the “Member’s Oath” (Annex 3) as agreement to follow the rules and regulation of **XYZ CU** and adhere to the principles of credit union.

3. Members Registry Book and Reporting

- 3.1. Upon approval of membership, the Manager/Secretary enter the name of the new member to the Members Registry Book;
- 3.2. The manager/secretary shall prepare a written report to the board of directors at its regularly scheduled board meeting reporting therein:
 - a. The number of accepted members and members withdrew for the period.
 - b. The names, addresses, the number of membership and shares held by each.
 - c. The membership number assigned to each member.
 - d. The name, address, account number & date on which any person ceases to be a member.

4. Termination of Membership

- 4.1. Dormancy of Membership. A member may be expelled, at the discretion of the Board of Directors, if his/her regular account (either loan or savings) with **XYZ CU** has been dormant for more than six months.
- 4.2. Failure to comply with the “Member’s Oath.”



GENERAL MEETING

Purpose:

The purpose of this policy is to ensure effective conduct of Members meeting as flat form for members and management to review the past performance select competent leaders and plan for future direction of XYZ CU. The policy spells out the detailed guide for the Board, Committees and Management in facilitating the General Meeting of members of XYZ CU in support with the By Laws.

1. CONVENING THE GENERAL ASSEMBLY MEETING

- 1.1. The general assembly shall convene within -- months from the date of each new fiscal year.
- 1.2. The Board of Directors shall set the exact date, venue, time and meeting agenda of the General Meeting;
- 1.3. **Notice of Meeting.** The Secretary of the Board shall notify the members at least 15 days in advance. The letter of invitation shall be sent along with the major meeting documents such as Agenda, Audited Financial Statements, Proposed Budget, and Report of the Board, Sub-Committees and Management. In addition, notice shall be posted to conspicuous places so that it may easily read by the members.
- 1.4. The Chairperson shall preside the general meeting.
- 1.5. The Chairperson shall exercise the casting of vote in the event of a tie voting on any issues.

2. SPECIAL GENERAL MEETING

- 2.1. Special General Meeting shall be called by the Chairperson in any of the following cases;
 - a. In case the external auditor deems it necessary to convene a special general meeting and request to the board in writing with reasons.
 - b. In case Account Supervisory/Audit Committee requests in writing to deem necessary to convene the meeting for special business.
 - c. In case ____% of the total membership or ____persons whichever is higher shall request to the XYZ CU explaining the reasons for convening the meeting.



- d. The Cooperative Department shall call a special meeting upon the application of at least ____% of the total members or ____members, whichever is the higher number.
 - e. In case decision has to be made for the improved operation of the credit union (i.e. launching new product etc.)
- 2.2. The Chairperson shall call a special general meeting within two weeks at written request.
- 2.3. In case there is no person who can call the general meeting or the chairperson does not take action on the request without any justified reason, an Account Supervisory/Audit committee shall call the general meeting within fifteen days. In this case, the Chairperson of the Account Supervisory/Audit Committee shall preside the meeting.
- 2.4. No request shall be made for convening another special meeting before the expiry of six months from the date of the convening of the former annual general meeting or such meeting. ?????

3. QUORUM OF GENERAL ASSEMBLY AND SPECIAL GENERAL MEETING

- 3.1. Only the Members in Good Standing shall be considered to constitute a quorum for the general and special meeting, thus proxy is not allowed at any given time.
- 3.2. In accordance with the official list of attendance, the Secretary of the Board declares the Quorum of the meeting:
- a. The presence of minimum 25% of Members in Good Standing, or ____ members whichever is higher shall be considered to constitute a quorum in conducting a General Meeting.
 - b. The quorum for special general meeting shall be 25% of the Members in Good Standing, or ____ persons, whichever is higher.
- 3.3. In case a quorum is not achieved, the meeting shall be postponed and again shall be called within ____ days. At this time, the presence of the members of not less than ____ of the members or just ____ members whichever is lower shall be deemed to constitute the quorum.
- 3.4. The decision of a meeting shall be made on the basis of the majority vote as above quorum. Provided that in connection with an amendment to be made in the bylaw, and shall be amended only with the two-third majority of the 50 % + 1 of the members present voting in favor. The bylaws so amended shall come into effect only after the approved by the concerned department.



4. AGENDA OF General Meeting

Agenda	Remarks
1. Ascertainment of Quorum 2. Opening Address by the Chairperson 3. Confirmation of the Minutes of the Last Annual General Meeting -Report of the Chairperson -Report of the Treasurer -Report of the Manager -Report of Audit/Supervisory Committee -Report of the Sub-committees -Report of the Auditor 4. Appointment of External Auditor 5. By Laws and Policy Amendment 6. Election of BOD & Audit/Supervisory Committee 7. Announcement of Elected BOD and Audit/ Supervisory Committee 8. Discussion of Proposed Items Approval/Rejection 9. Any other Business Agenda 10. Adjournment	If election held

5. SPECIAL RESOLUTION OF GENERAL MEETING

It requires 2/3 or 50.1%³ of the eligible Members in Good Standing present to resolve the following matters.

- a. Changes in the by laws
- b. Temporary closing of the credit union

6. FUNCTIONS, DUTIES AND POWER OF GENERAL MEETING

The function, duties and powers of the general meeting shall be as follows:

- 6.1. To adopt and endorse the annual financial reports and records of the credit union.
- 6.2. To elect the Board of Directors and the Audit/Supervisory Committee and take decisions on resolution concerning the removal of any directors or dissolution of the board and Audit/Supervisory Committee.

³ The required votes would depend on the by laws of the credit union



- 6.3. To discuss and approve the reports as mentioned in the agenda.
- 6.4. To approve resolutions concerning amendments in the by-laws.
- 6.5. To take decisions on resolutions concerning the division or dissolution of the credit union or its amalgamation with any other credit union.
- 6.6. To hold discussions on and endorse the audit reports for the previous year.
- 6.7. To appoint the external auditor
- 6.8. To issue directives in regard to the distribution of dividends and grant of remission on the recommendation of the board of directors.
- 6.9. To issue necessary guidelines for the development of the society and its institutional development.
- 6.10. To authorize the board to borrow loans from external agencies at a rate not exceeding 10 times of total paid-up share capital of the society.

7. MINUTES

Minutes containing the procedures and results of business transactions at the general meeting/special general meeting shall be taken and it shall be signed by the Secretary and sealed by the chairperson and not fewer than three members who have been elected at the meeting.



BOARD OF DIRECTORS

Purpose:

The purpose of this policy is to ensure that competent leaders functioning with high degree of professionalism to manage XYZ CU.

1. Composition

A Board of Directors of _____ members shall administer the business of XYZ Credit Union.

2. Qualifications:

- 2.1 A **member in good standing**⁴ (MGS) as certified by the Manager for at least two years immediately prior to the filing of his Certificate of Candidacy, or appointment;
- 2.2 Has paid the minimum Share Capital contribution in the amount of _____
- 2.3 Has signified in writing that he has the time, willing to serve the memberships, continually learn by undergoing the continuing training and education as referred to on 11 of this policy and be a team player;
- 2.4 Has been an officer of a duly registered cooperative or has been a leader of the Self-Help Group or has served as leader of the credit union in any capacity for at least two years.

3. Disqualification

- 3.1. Being an officer or employee of the Cooperative Development Authority
- 3.2. Holding an elective position in the government except Barangay officials
- 3.3. Having conflicting interest with the business of the credit union
- 3.4. Having been absent for three (3) consecutive Board meetings without being excused
- 3.5. Being a full time employee of the credit union
- 3.6. Having been facing or convicted in court on criminal and/or civil case
- 3.7. Having been expelled as a Board member for cause
- 3.8. Being a member of another cooperative of the same type and area

4. Election and Terms of the Board of Directors

- 4.1. The members of the Board of Directors shall be elected by secret ballot by the members at the Annual General Meeting;
- 4.2. The Board of Directors shall hold office for a period of two (2) years unless the following circumstances arise:

⁴ MGS would be rated according to the indicators of: Savings performance, attendance in meetings, Current in Loan repayment and has not been delinquent.



- a. Removed for cause
- b. Resignation
- c. Become incapacitated due to illness or death

4.3.No Director shall serve for more than three (3) consecutive terms

5. **Election of Officers** (this provision will vary from country to country based on the Cooperative Law)

The elected Board of Directors shall meet within 10 days after the Annual General Meeting to elect by secret ballot the Chairperson and Vice-Chairperson. In the said meeting, the Board of Directors also appoints members of the different Sub-Committees.

6. **Vacancy of the Board of Directors**

Any vacancy in the Board of Directors, other than by expiration of term, may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum. The General Assembly in a regular or special meeting shall fill the vacancy called for the purpose in case the remaining Board members do not constitute a quorum. The director/s to be elected to fill the vacancy/ies shall be elected or appointed only for the remaining term of the predecessor.

7. **Five Basic Board functions**

The basic function of the Directors of XYZ CU is to direct the affairs of the credit union, guided by the act of cooperation, regulations, bylaws and policies, so that the goals and objectives of the credit union are effectively achieved.

- 7.1. **Prime Decision Center:** The Board has ultimate authority and responsibility for the management of the credit union. One of the principal ways the Board accomplishes this is through formulation of loan policy and strategic plan for the sustained growth of XYZ CU.
- 7.2. **Advisory Function:** The Board acts in an advisory capacity for management of the credit union, sub-committees and membership. The Board may advise members of the need for changes in lending policies, bylaws and even market strategies for the well being of the whole credit union. In the same way, the Board may act as advisory group to others, reviewing decisions or actions they have taken.
- 7.3. **Trustee Function:** The Board represents the member shareholders and provides stewardship on their behalf. The Board should carefully monitor and review the loan portfolio, with special emphasis on limiting/controlling undue risk exposure.
- 7.4. **Perpetuating Function:** The fundamental task of the Board is to provide for the continuity of XYZ CU. The Board should ensure that the members of the Board and sub-committees are competent and understand their roles and responsibilities. The Board should encourage training and development of all officers to ensure their effectiveness.



- 7.5. **Symbolic Function:** The Board of XYZ CU is considered as a symbol of strength and leadership within the credit union and the community. They must perform their functions with high degree of professionalism and integrity and high moral values.

8. Duties and Responsibilities

- 8.1. Establish the strategic direction for the credit union and review it on a monthly basis;
- 8.2. Establish and maintain the organization of the board including clearly described responsibilities, authorities and relationships;
- 8.3. Select the General Manager, establish job description, approve business plan, evaluate the performance, decide compensation and approve development plans for the General Manager;
- 8.4. Approve the organizational structure and policies for the operation of the credit union;
- 8.5. Approve and monitor the financial structure, policies and budgets based on the development plan;
- 8.6. Establish comprehensive plans for services and facilities;
- 8.7. Establish key performance indicators for the credit union in the components of people money and development;
- 8.8. Analyze and evaluate progress toward achieving the credit union's objectives and goals;
- 8.9. Maintain the democratic control structure and a well-informed, participatory membership;
- 8.10. Ensure effective board operation and development by annually conducting self and board evaluations (Annex) and by completing development plans;
- 8.11. Maintain effective relations with other credit unions, with the community and with governments; and
- 8.12. Provide leadership by supporting and promoting the credit union.

9. Meeting of the Board of Directors

- 9.1. Regular meetings of the Board of Directors shall be held every ____ of every month;



- 9.2. Special meetings of the Board maybe called at any time by the Chairperson or upon written request of at least three (3) Board members or a committee;
- 9.3. The Secretary in consultation with the Chairperson and Manager shall prepare the agenda of the Board meeting. The agenda would follow the following sequence:
- a. *Roll Call* – verify that a quorum is present and note who is absent.
 - b. *Approval of the Minutes of the last meeting*-minutes maybe approved as mailed. Corrections or amendments to the minutes need to be acted upon by the entire board and recorded in the minutes.
 - c. *Election of Officers and Appointments to Committees*-This item is on the agenda of the first board meeting after the annual membership meeting and any other time a vacancy must be filled.
 - d. *Unfinished Business*- this includes items referred from prior meetings. All issues should be listed and should be familiar to the directors.
 - e. *New Business*-This items have not previously come before the board. The board should receive background information in the Board folder prior to the meeting.
 - f. *Approval of Reports*:

- Chairperson
- Treasurer
- General Manager/Chief Executive Officer
- Committees

In case reports contain recommendation that require board response at the same meeting, the proposed action should be included in Other Business. In such cases, the General Manager should ensure that background information is included in the Board folder distributed in advance.

- g. *Communications*-letters, messages, and documents received by the credit union since the last meeting that deal with matters of interest or importance to the board. These communications may come from members, non-members, regulatory agencies or elsewhere.
 - h. *Other Business*-This covers anything not anticipated at the time the agenda was prepared.
 - i. *Date, time, and location of the next Board meeting*
 - j. *Adjournment*
- 9.4. The agenda along with the background information as basis for decision-making shall be circulated to all the Board members at least three (3) days in advance. The Manager of XYZ CU shall prepare the necessary reports, supporting documents of the agenda.



- 9.5. A majority of the remaining members of the Board shall constitute a quorum for the conduct of business of the Board; and
- 9.6. Proxy is not allowed in any Board meeting.
- 9.7. Whenever the proceedings of the Board of Directors concern a personal or commercial interest of one of the Board, he/she must abstain from the session.

10. Matters for Resolution by the Board of Directors

The board of directors shall resolve the following matters:

- 10.1. Admission of members;
- 10.2. Establishment, changes in and abolition of regulations concerning savings and loans products;
- 10.3. Decision making for basic guidelines for business execution;
- 10.4. Loan applications may be approved as per policy;
- 10.5. Establishment & abolition of various rule & regulations concerning the operations of the credit union;
- 10.6. Designation of depositories for the funds of the credit union;
- 10.7. Acquisition and disposition of real property;
- 10.8. Managing of all reserves;
- 10.9. Purchase of insurance policies;
- 10.10. Evaluate the performance of the credit union in achieving its mission;
- 10.11. Set the future direction of the credit union as per the vision and mission;
- 10.12. Matters that are delegated by the general meeting and that are to be brought to it; and
- 10.13. All other important matters that cannot be dealt with in the Annual General Meeting.

11. Continuing Professional Educations and Training of Board of Directors

The Board of Directors of XYZ CU should undergo the Directors Achievement Program that would cover the following competence and knowledge:

- 11.1. The philosophy and history of the credit union movement, plus the history of the XYZ Credit Union;
- 11.2. General understanding of regulatory, compliance, and legal issues;
- 11.3. Technology for office operations and member service;
- 11.4. Finance and understanding financial reports;
- 11.5. All services the XYZ Credit Union offers and new services the members need or want;
- 11.6. What competition is doing and the current issues in the financial market;



- 11.7. The technicalities of delivering financial services to the membership;
- 11.8. Business procedures and the ability to read and comprehend financial statements;
- 11.9. Leadership, management, personnel, planning, information technology, marketing and budgeting;
- 11.10. Local, national, and international economic and social environments and their effects on the credit union movements;
- 11.11. XYZ Credit Union's operating and personnel policies, strategic plans, and other written documents for which the board is responsible;
- 11.12. Activities the XYZ Credit Union is sponsoring.

12. Reimbursement of Travel Expenses

The Board of Directors are volunteer leaders of XYZ CU and thus shall not receive any remuneration or salary. However, in the course of carrying out their duties and function, reasonable travel expenses shall be reimbursed subject to the policy on payment.

13. Representation

The Chairperson shall have the authority to represent and vote on matters of interest of the credit union at the federation, and other meetings. Further, the Chairperson has the authority to designate any member of the Board, Committee members, or employees to represent the society, which includes instructions on how to vote. Any action taken under this provision shall be reported to the Board.



AUDIT/SUPERVISORY COMMITTEE

Purpose:

The purpose of this policy is to ensure the competence and integrity of the audit committee in carrying out its responsibility of safeguarding the interest of the members being their representative in the credit union.

1. Qualifications

- 1.1. Should possess sound judgment, a general level of business knowledge and be as independent and impartial as possible.
- 1.2. Should be made up of people with varying backgrounds, financial knowledge, education and technical skills; and
- 1.3. Should have common business sense and the willingness to ask questions for clarification and understanding
- 1.4. Has completed the Continuing Education Course and has signified in writing

2. Basic Function

The Audit/Supervisory Committee's basic function is to ensure that credit union's assets are protected and that operation are managed efficiently within the appropriate legislative framework and policies of the credit unions. The Committee also provides a knowledgeable, well-informed communication bridge between the Board of Directors and the auditors.

3. Roles and Responsibilities of Audit Committee

- 3.1. Review external audit firms' proposals in order to appoint or to recommend for appointment. In making such recommendations, the Audit/Supervisory Committee shall consider the following points:
 - a. Current needs of the organization;
 - b. Audit firms' credit union knowledge and experience;
 - c. Scope of the audit as outlined in their engagement letter;
 - d. Other Credit Unions' experience with the firm;
 - e. Independence and potential conflict of interest;
 - f. To place some level of reliance on internal/systems auditor; and
 - g. To develop an audit program to complement the internal/systems auditor.
- 3.2. Assess the cost/benefit of audit fee. The assessment should be based on such facts as:
 - a. The experience of the audit staff;
 - b. The amount and quality of work performed;
 - c. A comparison of costs with same-size credit unions;
 - d. What the credit union can do to improve audit efficiencies and reduce cost;
 - e. Is the audit time being efficiently spent in most critical areas; and
 - f. The recommendations and observations made to assist the credit union.



- 3.3. Assess the quality of audit performed. Such an assessment could consider the following:
- a. The audit staff's knowledge, understanding and experience of a credit union's operation;
 - b. The audit staff's communication skills i.e. open, timely, clear and decisive
 - c. The timeliness of reports;
 - d. The degree of co-operation with board/management/employees/other auditors;
 - e. The disruption of office routines.
- 3.4. Review and approve interim or management letter issued by the external auditor. This could include:
- a. The clarification of issues identified, if any;
 - b. A review of the recommendations;
 - c. Management's response to observations;
 - d. The establishment of an action plan to address unresolved issues and to assign responsibility; and
 - e. The time frame for follow-up or corrective action.
- 3.5. Reviews and recommend approval of the year-end financial statement to the board. This could include:
- a. Reviewing the opinion of the external auditor;
 - b. Reviewing all audited financial statements including accompanying notes to be issued to the membership; and
 - c. Noting and clarifying any significant changes on the financial statement.
- 3.6. Meets regularly to:
- a. Reviews the monthly financial statements;
 - b. Monitors and follow-up activities on previously identified audit initiatives; and
 - c. Reviews internal audit reports (*if credit union has internal audit department*)
- 3.7. Reviews and discuss any and all other audit reports i.e. internal, government, and credit union apex. The review could include:
- a. The need for follow-up;
 - b. The identification of trends;
 - c. The clarification of any outstanding issues; and
 - d. The review of policy to determine if recommendations to the board for change are required.

- 3.8. Meet and discuss audit strategy with the internal auditor (if credit union has internal audit department)
- a. A review of the audit plan for the following period (quarter/year);
 - b. A discussion of trends identified;
 - c. A review of results to plans; and
 - d. A discussion of specific areas of concern.
- 3.9. Make recommendations to the board on policy issues. Issues could include:
- a. Trends identified in audit reports; and
 - b. Communication with management.
- 3.10. Report to the board any significant changes in the accounting principles or practices followed by the credit union.

4. Meetings

- 4.1. The meeting of Audit & Supervisory Committee shall be at least monthly. However, the committee could set meeting other than specified if some issue may require a lot of time that further meeting must be held to complete all the agenda items. Quarterly review meeting will be held. The following are the agenda of the committee in each quarterly review meeting:

First Quarter:

- a. Review and approve financial statements
- b. Report any changes in accounting policy or procedure
- c. Review Management Letter (year-end)
- d. Review management/auditor co-ordination
- e. Evaluate the quality of the external audit
- f. Assess the reasonableness of the fee
- g. Select/nominate the external auditor

Second Quarter:

- a. Review internal audit reports
- b. Prepare/review standards of corporate conduct
- c. Review internal control
- d. Review performance/effectiveness of internal audit
- e. Review periodic financial information



Third Quarter:

- a. Assess the reasonableness of the fee estimate
- b. Approve the audit scope
- c. Review compliance to corporate conduct e.g. review possible conflicts of interest
- d. Review internal control e.g. any reports from management or auditors on internal controls within the operation
- e. Review periodic financial information e.g. scan financial reports for any significant changes either in amounts or in accounting presentation, such as reclassification of bad debt

Fourth Quarter:

- a. Review management letter (interim)
 - b. Review the plans of internal auditor
 - c. Review compliance to corporate conduct
 - d. Review internal audit reports
 - e. Review periodic financial information
- 4.2. The meeting of the Audit & Supervisory Committee shall be chaired by the committee Chairperson and certify the minutes book.
 - 4.3. The meeting minute shall be maintained separately and shall be submitted to the General Meeting;

5. Reporting

The committee is responsible to the Membership of the Credit Union. Since the membership meets only once a year, report shall be submitted to the Board of Directors on a regular basis. The report could be a formal document directed to the board or it could simply be a detailed copy of the committee's minutes. The report:

- 5.1. Outlines the committee's plan of action with regards to the resolution of or recommendations on issues identified in audit reports. This may also identify follow-up requirements, future reporting, policy changes or other action required or recommended to the board;
- 5.2. Confirms that the financial statements fairly represent the current position of the organization and that they comply with generally-accepted accounting principles i.e allowances for bad debts reflected on the balance sheets; full disclosure of problem assets; proper valuation and recognition
- 5.3. Explains any major changes in the presentation of the financial statement e.g. change in accounting procedures for the presentation of bad debts or a consolidation of different accounts, etc.



- 5.4. Confirms that the interim and the year-end audits fully disclose the current situation of the organization e.g. was there adequate sampling to confirm the committee's confidence that there are no major discrepancies?
- 5.5. Outlines the committee's view on methods adopted by management in making sensitive accounting estimates e.g. should a loan be written off?
- 5.6. Confirms the adequacy of internal controls to prevent fraud or other illegal activities;
- 5.7. Outlines any disagreements between the auditors and management;
- 5.8. Confirms compliance of the Board, sub-committees and management of the code of conduct;
- 5.9. Provides an evaluation of internal and external auditor's reports;
- 5.10. Comments on the scope of audit work and on the level of external audit fees;
- 5.11. Makes recommendations for the appointment of auditors for the following year; and
- 5.12. Makes a recommendation to approve the financial statements.
- 5.13. Conducts Annual Performance Audit of the General Manager

6. Attendance to the Board of Directors Meeting

- 6.1. The Audit/Supervisory Committee may attend and state their opinion at meetings of the Board of Directors.
- 6.2. When Audit & Supervisory attends a board meeting and states their opinion under the preceding paragraph (a), those ASC present at such meeting shall sign the minutes of the board meeting.

7. Sanctions of the Audit & Supervisory Committee

The committee shall render a report recommending suspension of any member of the Board to the General Assembly with copy furnished to Election Committee and Cooperative Development Authority if the concerned fall into any of the following categories:

- 7.3.1. When he/she has violated the Cooperative Code, Rules, bylaws and policy of the cooperative.



- 7.3.2. When he/she fails to fulfill his/her obligations to the cooperative for a period of six months.
- 7.3.3. When it deems virtually impossible for him/her to perform his/her official duties and functions.

8. Reimbursement of Travel Expenses

The Audit/Supervisory Committee are volunteers of XYZCU and thus shall not receive any remuneration or salary. However, in the course of carrying out their duties and function, reasonable travel expenses shall be reimbursed subject to the policy on payment.



CREDIT COMMITTEE

Purpose:

The purpose of this policy is to help credit committee in the effective fulfillment of its roles and responsibilities.

1. Qualifications

- 1.5. The credit committee member should possess sound judgment, a general level of business knowledge and be as independent and impartial as possible.
- 1.6. The committee should be made up of people with varying backgrounds, financial knowledge, education and technical skills; and
- 1.7. The key skills required are common sense and the willingness to ask questions for clarification and understanding.

2. Basic Function

The Credit Committee's basic function is to oversee the extension of credit to the members and ensure a quality loan portfolio that will contribute to the attainment of the objectives of the credit union. The credit committee ensures that these functions are carried out within:

- 2.1. The parameters of sound credit and financial management;
- 2.2. Credit union organizational objectives and operating policy;
- 2.3. The criteria established by legislation and regulation.

3. Roles and Responsibilities

- 3.11. To develop and recommend changes in loan and collection policies to the board, for approval and granting loans;
- 3.12. To review all loan applications, extensions and revisions over management's authorized lending limits and within board policy and legislation;
- 3.13. To direct loan collection action within policy;
- 3.14. To maintain a complete record of all meetings and actions of the committee;
- 3.15. To maintain complete confidentiality of all activities of the board and committee;



- 3.16. To review management's recommendations regarding collection activity to ensure that standards are met;
- 3.17. To review management-approved loans on a monthly basis;
- 3.18. To ensure that management is maintaining liquidity standards relative to the lending operation.

4. Meetings

- 6.3. The committee shall meet at least monthly.
- 6.4. Agenda for meetings are recommended by the general manager and reviewed and finalized with the Chairperson.
- 6.5. The meeting shall be chaired by the committee Chairperson and certify the minutes book.
- 6.6. The meeting minute shall be maintained separately and shall be submitted to the Board of Directors.

7. Reporting

The committee is responsible for and reports to the board of directors on the analysis and disposition of loans within its designated authority and board policy. The following written reports are to be submitted by the committee to the Board:

- 7.1. Monthly report on the number, amounts and terms of loans approved and rejected.
- 7.2. At least a monthly report on the lending, loss exposure and liquidity.

8. Term of Office

The term of office for the credit committee will be for _____ year(s). A committee member will be limited to _____ years consecutive service before having to step down for one full year.

7. Reimbursement of Travel Expenses

The Credit Committee members are volunteers of XYZ CU and thus shall not receive any remuneration. However, in the course of carrying out their duties and function, reasonable travel expenses shall be reimbursed subject to the policy on disbursement.



BOARD OF DIRECTORS DESCRIPTION OF THE POSITION

TITLE	:	Director
REPORT TO	:	Members
SUPERVISES	:	General Manager

Primary Responsibilities:

To formulate policies, plan the credit union's course, make sure the credit union maintains its sound financial condition, keep communication open to educate members on services, review the General Manager's progress in achieving goals and objectives, and report to the members at the annual meeting. All decisions must be guided by the best interest of the membership.

Knowledge and Skills:

- Understanding of credit union philosophy and desire to improve the financial lives of members
- Ability to understand basic financial statements
- Ability to think and plan strategically

Specific Responsibilities

- Works with the General Manager and the board to develop objectives and goals for the credit union, including strategic plans.
- Ensures the credit union adheres to pertinent laws, regulations, and sound business practices.
- Ensures 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, and refunds, or approve policies to guide management in doing so. Approve loan limits and savings minimums.
- Develops 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.



- Ensures new products and services are developed as needed.
- Approves the credit union budget.
- Define the scope of the General Manager's job, hire someone to fill the position, and review his or her progress in attaining goals and objectives.
- Attend board meetings, exercise judgment independently from the General Manager/Chief Executive Officer, and report to the members at the annual meeting.

Accepted:

Date: _____



CHAIRPERSON OF THE BOARD DESCRIPTION OF THE POSITION

TITLE : **Chairman**
REPORT TO : **Board of Directors**

Primary Responsibilities:

To act as the chief elected official of the credit union. Presides at all meetings of the board and of the membership.

Knowledge and Skills:

- Leadership skills, including consensus building, mediation, and meeting management.

Specific Responsibilities:

- Leads all meetings of the board and of the membership.
- Initiate the formation of an executive committee, if necessary.
- May countersigns notes, checks, drafts, and other orders for disbursement of funds.
- Performs such other duties as customary for the chair or which he/she may be directed to perform by resolution of the board. Such other duties, however, must not be in consistent with credit union laws and regulations, or with the credit union's bylaws.

Accepted:

Date: _____



VICE-CHAIRPERSON OF THE BOARD DESCRIPTION OF THE POSITION

TITLE : Vice-Chairman
REPORT TO : Board of Directors

Primary Responsibilities:

To act as the Chairman of the Education Committee and exercise all duties of the elected chair when the chair is absent or unable to perform.

Knowledge and Skills:

- Leadership skills, including consensus building, mediation, and meeting management.

Specific Responsibilities:

- Exercises the duties of the elected chair when that person is unable to perform them.
- Acts as the Chairman of the Education Committee
- Performs other duties as assigned

Accepted:

Date: _____



SECRETARY OF THE BOARD DESCRIPTION OF THE POSITION

TITLE : Secretary
REPORT TO : Board of Directors

Primary Responsibilities:

To oversee the preparation, completion, and safekeeping of records of all meetings of the membership and of the board and necessary legal documents.

Knowledge and Skills:

- Ability to organize and manage paperwork.
- Ability to take and write minutes of meetings.

Specific Responsibilities:

- Prepares and maintain complete records of all meetings of the membership and of the board within seven days after each meeting.
- Sends complete copies of all board minutes to the audit committee.
- Prepares and send out notices of meetings to be held.
- Acts as Treasurer as need be.
- Performs other duties as assigned.

Accepted:

Date:



TREASURER'S DESCRIPTION OF THE POSITION

TITLE : **Treasurer**
REPORT TO : **Board of Directors**

Primary Responsibilities:

To act as the chief financial officer of the credit union. Manage the credit union if the board has not hired a General Manager.

Knowledge and Skills:

- Ability to prepare and keep financial records.
- Ability to understand financial reports.

Specific Responsibilities: (may be delegated to the GM)

- Ensures proper safekeeping of credit union's assets; sign notes, drafts, and orders for disbursement of credit unions funds; maintain records of all assets and liabilities of the credit union; and prepares at least monthly cash position report.
- Prepares and submits required reports to regulatory agencies.
- Performs duties of the General Manager if the board has not hired one from outside the board.
- Acts as Secretary as need be.
- Performs other duties as assigned.

Accepted:

Date: _____



AUDIT/SUPERVISORY COMMITTEE DESCRIPTION OF THE POSITION

TITLE	:	Audit/Supervisory Committee Member
REPORTS TO	:	Members and Board of Directors
SUPERVISES	:	Internal Audit Staff

Primary Responsibilities:

To inspect the credit union's records for accuracy, its assets for security, and its procedures for the proper handling and use of funds.

Knowledge and Skills:

- Ability to read a basic financial statement
- Ability to critically examine and question
- Understanding of credit union's internal control
- Understanding of applicable laws and regulations

Specific Responsibilities

- Provides internal audit service, or cause them to be undertaken, as required by government agencies. Prepare and submit the necessary written reports to regulatory body. Conduct or order supplementary audits, as the committee deems necessary.
- Inspects the securities, cash, and accounts of the credit union. Scrutinize the acts of all officers, committees, and employees of the credit union to determine compliance with policies and regulations.
- Conducts or order a verification of the loan and share accounts of the members, in accordance with the credit union policy and regulatory requirements.
- Conducts Electronic Data Processing systems audit.
- Reviews the minutes of the board meetings.
- Ensures there are adequate internal controls, and that they are being followed.



- Recommends suspension of any director or credit committee member if necessary, in accordance with government regulations or cooperative law of the country.
- Prepares report to members to be presented at the annual meeting.

Accepted:

Date: _____



CREDIT COMMITTEE DESCRIPTION OF POSITION

TITLE	:	Credit Committee Member
REPORTS TO	:	Members and Board of Directors
SUPERVISES	:	<u>Loan Officer and Collection Officer</u>

Primary Responsibilities:

To decide loan appeals from members; check compliance with lending policy, laws, and regulations; recommend changes in credit union loan policies.

Knowledge and Skills:

- Knowledge of credit union lending policies
- Knowledge of applicable laws and regulations

Specific Responsibilities

- Review written appeals of decisions made by loan officers. Review all loan denials and “marginal” risk cases.
- Render decisions fair to members’ and beneficial to credit union’s health based on the policies established by the Board.
- Be familiar with all the relevant government laws and regulations related to lending (Truth-in-Lending etc.)
- Evaluate the credit union’s loan performance annually, including a breakdown of the amounts of loans approved, total number of loans approved, a breakout of the number and percentage of loans by purpose, the total number of borrowers, the average loan size, the ratio of borrower to members, the ratio of loans to savings, and the number of loans rejected.
- Review credit union loan policies along with performance. Recommend changes to loan policy.
- Prepare and make available a report to be read at the annual meeting.
- Promote thrift and encourage the wise use of credit.

Accepted:

Date: _____



Board Development and Performance Evaluation

Directors Self-Evaluation Form

1-Poor	2-Needs Improvement	3-Average	4-Very Good	5-Excellent
<i>I consistently do not meet the desired levels of performance in this area.</i>	<i>I regularly do not meet the desired levels of performance in this area.</i>	<i>I generally meet the desired levels of performance, occasionally do not meet them, but occasionally exceed them.</i>	<i>I meet the desired levels of performance, seldom do not meet them and frequently exceed them.</i>	<i>I consistently exceed the desired levels of performance.</i>

	Circle One				
A. Decision Making					
1. I have a good understanding of the aims and objectives of the Credit Union.	1	2	3	4	5
2. I contribute toward the development and refinement of the aims and objectives of the Credit Union.	1	2	3	4	5
3. I understand that the Board of Directors is the final authority in the Credit Union, and respect management's right to act without interference within guidelines set by the Board.	1	2	3	4	5
4. While I do not infringe on management rights, I am also aware of the rights of the board and do not allow management to infringe on the board's areas of responsibility.	1	2	3	4	5
5. I realize that, except when I am functioning as part of the board or a committee at a duly called meeting, I have no more authority than any other member.	1	2	3	4	5
6. I ask discerning questions during the meetings relative to the reports being tabled.	1	2	3	4	5
7. I am aware of the key issues facing the Credit Union today and am trying to search for and anticipate the key issues for the future.	1	2	3	4	5
8. I understand my individual and joint responsibilities as a director and the legal consequences of being the ultimate authority in the Credit Union.	1	2	3	4	5



9. I appreciate the future implications of current decisions and the implications on the organization of a lack of proper decisions. I have an anticipatory attitude towards decision-making.	1	2	3	4	5
B. Advisory Function					
10. I understand the difference between board and management responsibilities.	1	2	3	4	5
11. In the performance of the board's advisory function, I understand that it is management's prerogative to accept or modify the advice it receives from the board.	1	2	3	4	5
12. I maintain contact with members in order to give representation to their concerns and needs.	1	2	3	4	5
C. Trustee Functions					
13. I have a good understanding of the regulations and bylaws governing the operation of the credit union so that I can determine if the business is operating within these guidelines.	1	2	3	4	5
14. I have a good understanding of the regular financial reports (Balance Sheet and Statement of Operations).	1	2	3	4	5
15. I have good understanding of our Credit Union's position in respect to the key financial indicators of liquidity, profitability, and equity and risk exposure.	1	2	3	4	5
16. I actively participate in the evaluation of past performance of the board and the general manager based on predetermined standards in the key areas and in planning future goals.	1	2	3	4	5
17. I allocate sufficient time to my role as director. I am well prepared for meetings. Materials provided to me in advance of a meeting are reviewed by me and questions noted in advance.	1	2	3	4	5
18. I understand the majority of the reports received for Credit Union evaluation, and know how to analyze them.	1	2	3	4	5
19. I clearly separate my personal interests from my responsibilities as a director.	1	2	3	4	5
20. I try to influence decisions for the benefit of the members, as opposed to my own benefit.	1	2	3	4	5
21. I am willing to contribute my personal time to achieve the competence required of an active director.	1	2	3	4	5



D. Participation Function					
22. I participate openly at meetings by asking appropriate questions and offering constructive comments.	1	2	3	4	5
23. I recognize the different talents of fellow board members, and try to develop spirit of unity on the board. I appreciate the benefit of diverse opinions.	1	2	3	4	5
24. My attendance is regular and punctual	1	2	3	4	5
25. I am prepared to stand alone if necessary in order to bring issues to the attention of fellow board members.	1	2	3	4	5
26. I participate in the perpetuation of a sound, effective board of directors. I contact prospective nominees, discuss this with members on ongoing basis, and help identify the needs of the organization.	1	2	3	4	5
27. I maintain board solidarity. I do not disclose aggravate board differences. I support board decisions even if I was opposed at the board discussion level. I do not actively oppose board decisions or undermine board activities.	1	2	3	4	5
28. As a director, I realize that I am part of a team and willing to forego my personal goals to support team goals, which have been established through full participation of the board.	1	2	3	4	5
29. I communicate well with other directors and members of management.	1	2	3	4	5
30. As a director I stay attuned to activities and changes within the organization including those at the central level.	1	2	3	4	5
31. I am prepared to participate in district regional level and provincial meetings.	1	2	3	4	5
32. I have a good understanding of the democratic control structure of the credit union system and allocate time for participation in this structure.	1	2	3	4	5
E. Symbolic Function					
33. I contribute towards people's confidence in the Credit Union by keeping my financial affairs in order (e.g. I am not in arrears or in breach of any loan agreement; I am a member in good standing; I have not had any problems with overdrafts).	1	2	3	4	5
34. I personally support the business of the Credit Union	1	2	3	4	5
35. I treat the confidential business of the Credit Union in strict confidence.	1	2	3	4	5

Development Plan for Scores Lower than 3:

Area Identified: _____

Development Plan: _____

Area Identified: _____

Development Plan: _____

Area Identified: _____

Development Plan: _____

Area Identified: _____

Development Plan: _____

Area Identified: _____

Development Plan: _____



Board Performance Evaluation Form

The performance-rating key, which appears below, is fairly self-explanatory. Please choose the response, which you feel most appropriately, describes the performance of the board.

1-Poor	2-Needs Improvement	3-Average	4-Very Good	5-Excellent
<i>Consistently do not meet the desired levels of performance.</i>	<i>Regularly does not meet the desired levels of performance.</i>	<i>Meets the desired levels of performance, occasionally does not meet them, but occasionally exceeds them.</i>	<i>Meets the desired levels of performance, seldom does not meet them and frequently exceeds them.</i>	<i>Consistently exceed the desired levels of performance.</i>

		Circle one				
1.	Meeting agendas reflect the interest and inputs of board and management.	1	2	3	4	5
2.	The management reports, proposals and presentations received by the board are timely and provide the information required to make sound decisions.	1	2	3	4	5
3.	Reports, proposals, and presentations of committees or representatives of the board are timely and provide the information required to make sound decisions.	1	2	3	4	5
4.	Adequate reference materials are available to the board to assist in board orientation, training and decision-making.	1	2	3	4	5
5.	An attendance record indicates high level of participation by the board and committees.	1	2	3	4	5
6.	The board acts as a cohesive group. It is not dominated by a small group of directors.	1	2	3	4	5
7.	Board members use parliamentary procedure to facilitate discussion and decision-making.	1	2	3	4	5
8.	The Chairman					
	a) keeps order and enforces rules of procedures adequately;	1	2	3	4	5
	b) ensures the participation of all directors;	1	2	3	4	5
	c) is aware of the items coming up on the agenda and their implications and communicates this to the other directors adequately; and	1	2	3	4	5



	d) maintains a healthy level of communication/counseling with General Manager	1	2	3	4	5
		Circle one				
9.	The board maintains a climate of freedom of expression.	1	2	3	4	5
10.	The board operates in an atmosphere of trust and caring, which encourages freedom of expression and harmonizing differences.	1	2	3	4	5
11.	The board has an anticipatory attitude. It shows leadership by bringing issues to light. It plays an active versus passive role.	1	2	3	4	5
12.	The board is aware of the distinction between the board's roles and responsibilities and those of management and plays an active role in board-management team building.	1	2	3	4	5
13.	The board is well enough informed to understand the reports presented.	1	2	3	4	5
14.	The board projects an image of competence and responsibility, contributing towards people's confidence in credit union.	1	2	3	4	5
15.	The board does not avoid its responsibility to make decisions in a timely manner.	1	2	3	4	5
16.	The board follows the principle of self-governance. Its actions are not unduly influenced by the personal feelings or interests of individual directors.	1	2	3	4	5
17.	There is a healthy level of communication/counseling with the General Manager.	1	2	3	4	5
18.	The board participates in the operation and control of the national federation/league and other related organizations.	1	2	3	4	5
19.	The board is active in the establishment of plans, policies and objectives for the credit union.	1	2	3	4	5
20.	The board is an instrument of strength, growth and change.	1	2	3	4	5
21.	The board evaluates performance in relation to the plans, policies and objectives of the credit union on a timely basis, and initiates corrective action if necessary.	1	2	3	4	5
22.	The board provides for the continuity of the credit union by seeing capable executives are continually available. A management succession plan is in place.	1	2	3	4	5
23.	The board provides for the continuity of the credit union by ensuring that a capable and effective Board of Directors always exists. A succession plan is in place for all executive and committee positions.	1	2	3	4	5
24.	The board maintains a healthy level of communication with the membership.	1	2	3	4	5
25.	The board continually reviews the services provided by the credit union to its members.	1	2	3	4	5
26.	A director training and orientation program is in place and current and new directors are provided with, and take advantage, of director development activities.	1	2	3	4	5



Development Plan for Scores Lower than 3:

Area Identified: _____

Development Plan: _____

Area Identified: _____

Development Plan: _____

Area Identified: _____

Development Plan: _____

Area Identified: _____

Development Plan: _____

Area Identified: _____

Development Plan: _____

