



CUES Director Education Center Courses and Descriptions

Delegation of Board Authority to Management

These training modules enable both seasoned and new directors to see the proper delegation of certain types of board authority is a natural course for ensuring the effective governance of a contemporary credit union. For nearly all credit unions it is not realistic and indeed, downright dysfunctional for a board to be directly involved in the day-to-day execution of all credit union operations. While it may seem counter-intuitive, giving up control of certain types of authority is a board's best opportunity to help lead and guide the credit union's long-term mission success. As such, credit union boards hire a Chief Executive Officer to whom the board delegates appropriate amounts of authority to effectively operate the credit union.

Module 1: The Basis for Delegation

- Better understand the historical foundations of a credit union board delegating authority to management
- Recognize the need for appropriate delegation to management

Module 2: The Board's Role in Delegating

- Appreciate a number of the key issues related to the proper delegation of authority
- Know the steps involved in the delegation of board authority

Recruitment, Election and Orientation of New Board Members

Attracting qualified individuals to serve on your board of directors will help the credit union achieve optimal performance. It is not enough to simply find a board member to “fill an open seat.” Instead, new members recruited to your board should have skills and abilities that contribute to the effective governance and mission success of your credit union. This training module will help identify some of the key competencies that are desirable in a potential new member, from the ability to listen effectively to having the capacity for genuine strategic thinking. How to identify and recruit prospective board members, conduct a fair election, develop and implement an effective board orientation program and evaluate new board members’ performance are also covered in this training module.

Module 1: Selection Criteria for New Board Members

- Develop a written job description for board members
- Identify personal abilities and leadership skills
- Design a skills matrix for current and future boards

Module 2: Election Bylaws and Member Communications

- Discuss the benefits of serving on a board
- Identify the six steps in a comprehensive election process
- Prepare for special considerations

Module 3: The Orientation Process

- Implement nine steps in an effective orientation process
- Discuss the objectives of a full board orientation

The Bank Secrecy Act and The Role of the Board

According to FinCEN, the Bank Secrecy Act (BSA) of 1970 requires all financial institutions in the United States to assist U.S. government agencies in the detection and prevention of money laundering and other criminal activities.

The BSA was designed to help identify the source, volume, and movement of currency and other monetary instruments transported or transmitted into or out of the United States or deposited in financial institutions. The statute sought to achieve that objective by requiring individuals and financial institutions to file currency reports with the US Department of the Treasury, properly identify persons conducting transactions, and maintain a paper trail by keeping appropriate records of financial transactions. These records enable law enforcement and regulatory agencies to pursue investigations of criminal, tax, and regulatory violations, and provide evidence in prosecuting money laundering and other financial crimes.

Module 1: Overview of the Bank Secrecy Act

- Discuss the purpose of the Bank Secrecy Act
- Recognize common violations and describe penalties
- Identify the board's role in compliance

Module 2: Bank Secrecy Act Compliance

- Identify five components of Bank Secrecy Act compliance

Module 3: Bank Secrecy Act Identify and Manage Risks

- Understand the risk-assessment process
- Describe how to identify risks
- Explain strategies to manage risks

The Roles and Responsibilities of a Credit Union Board

This training module explores the board's core governance and leadership responsibilities in helping to establish the credit union's vision, mission and strategic goals; oversee the credit union's performance; as well as hire, constructively partner with, and evaluate the CEO. It concludes by outlining the key features of an effective board, and equally effective board members.

Module 1: An Overview of the Roles and Responsibilities of the Board

- List two things credit union boards have in common with other types of boards
- Provide two examples of how credit unions differ from banks
- State what each board member has as an obligation to represent
- Name three traits of an effective board member

Module 2: A Board's Governance and Leadership Responsibilities

- List three areas of responsibility for board members
- State two fundamental ways the board serves the membership
- Provide two key sources governance authority is based on
- List three ways board members are accountable within their own administration
- Name three areas in which the board works with the CEO
- Name two financial indicators of a credit union's performance

Module 3: The Work of the Board

- Name two ways strategic planning can help the credit union
- List three factors that encompass credit union financial management
- List two ways board members can support the credit union through outreach
- Name three guidelines in the code of ethics
- Name three types of internal controls

Module 4: Leading the Credit Union as a Team

- Name two qualities of teamwork applicable to a credit union board
- Name three skills critical to working as a team
- State what could happen with boards appearing to be in complete harmony
- List two aims of self-assessment
- List three information sources useful for the board

Roles and Responsibilities of Board Committees and Task Forces

Board committees and task forces allow credit union boards to be more productive and effective in executing their governance and leadership responsibilities. These training modules will help you and your colleagues more effectively utilize committees to perform the work of the board without crossing the line between governance and management. They also identify the roles and functions of traditional credit union board committees. In addition, the training modules provide some information on conflict resolution and consensus building that can enable board members to voice concerns or dissenting opinions, but still reach a working consensus that is in the best interest of your credit union.

Module 1: Why Have Board Committees and Task Forces?

- Understand the advantages of effectively utilizing board committees and task forces
- Understand the basic elements and key functions of an effective credit union board committee or task force

Module 2: Types of Committees

- Identify types of traditional and non-traditional credit union committees and understand their purposes

Module 3: The Role of the Supervisory Committee

- Understand the basic legal requirements related to typical supervisory and audit committees

The Role of a Credit Union Board in Strategic Planning

Explore how your credit union board can work in constructive partnership with management to develop an effective strategic plan for your credit union. Learn how your board and management can work together to develop, adopt and implement an effective strategic plan that provides sustained guidance in a complex and quickly-changing operating environment. The board is also designed to clarify a number of fundamental concepts central to successful strategic thinking and strategic planning.

Module 1: A Matter of Strategy: A Credit Union's Vision, Mission & Goals

- More clearly differentiate between operational and strategic issues
- Describe the issues and questions the board and management should consider in establishing the credit union's vision, mission and values, as well as its strategic goals, objectives and metrics

Module 2: Building a Strategic Plan: The Strategic Planning Process

- More effectively understand the central roles of the board and management
- To offer maximum value to your members, a strategic planning effort must move beyond a process resulting in merely a board-approved annual operating plan
- Outline a variety of strategic planning models
- Describe the strategic elements best served by a longer-term focus and those benefiting from a shorter term one

Module 3: Effective Strategic Plan Implementation: Ensuring Ongoing Success

- List the vital types of questions your board and management should ask in developing, adopting and implementing an effective, ongoing strategic thinking and planning process
- Discuss how the board and management can work in constructive partnership to communicate the strategic plan and ensure organizational alignment with the plan

The Role of the Board in Establishing an Effective Risk Management Framework

The growing complexities and uncertainties of today's business climate have brought the subject of risk management to the forefront of organizational priorities. The traditional view of risk management focuses primarily on financial, operational and market risk. However, other approaches, specifically, strategic risk management and enterprise risk management are gaining favor in the credit union community due to their effectiveness in helping organizations identify, assess and manage risk. This training module covers the various approaches to risk management, analyzes the steps involved in managing risk and explores the board's role in the risk management process.

Module 1: An Overview of Contemporary Risk Management Methods

- Explain the board's role in risk management
- Name three results of being too risk averse
- Name three approaches to risk management
- Name the characteristics of enterprise risk management (ERM)

Module 2: Risk Management Steps

- Name three steps in risk management strategy
- State two tools credit unions use to identify risk
- Name three courses of action a board can take to manage risk
- State two of the board's roles in risk management

Module 3: Applying Risk Management Methods

- Explain the benefits and shortcomings of traditional risk management
- Define strategic risk management and identify the six steps involved in it
- Discuss the process of enterprise risk management
- Describe the board's role in risk management

The Role of the Board in Monitoring Performance

To fulfill its governance and oversight responsibilities, your credit union board must monitor organizational performance. It is your board's job to identify what information it needs to ensure your credit union is on the right track financially and is providing the products and services your members want and need. These modules describe your board's and management's roles in monitoring performance and steering the credit union toward achieving its strategic objectives.

Module two introduces key financial ratios and indicators the board should monitor regularly in a dashboard-style report. Module two's goal is providing essential monitoring points. Anything less than six of these measurements will be inadequate. More than 11 make for too much information for repeated and easy digestion

Module 1: Introduction to Monitoring Performance

- Describe the role of the board and management in developing and monitoring key performance indicators
- Discuss how the board identifies the information it needs to monitor performance, based on management's business plan
- Explain the various forms of board deliberations directors may use to study negative performance trends

Module 2: Financial Reporting

- List critical financial ratios and indicators the board monitors to evaluate the credit union's performance

The Role of the Board in Recruiting, Compensating and Assessing the CEO

Because the board of directors and CEO lead the credit union with a constructive partnership, it is critical they have a shared understanding of their distinct, but intertwined, leadership responsibilities and commit to work together effectively to achieve the best possible outcomes for the credit union and its members. The board is responsible for hiring the CEO, developing a competitive compensation package, supporting the CEO to ensure the credit union achieves mission success, overseeing the CEO's overall efforts, and ultimately assessing the CEO's performance.

Module 1: CEO Recruitment

- Implement a CEO succession plan
- Establish internal leadership development
- Conduct an external search for candidates
- Negotiate with and hire the next CEO

Module 2: Executive Compensation

- Identify the goals of an executive compensation package
- Describe the components of compensation
- Explain challenges related to determining appropriate compensation
- List the elements of a compensation philosophy

Module 3: Assessing Performance

- Describe the purposes of and approaches to performance assessments
- Identify quantitative and qualitative benchmarks for assessing performance
- Implement strategies for cultivating a productive CEO/board relationship

The Role in Reporting to the Membership

A central dynamic of a financial cooperative such as a credit union is the relationship between the board and the members of the credit union. The board is elected by credit union members to provide the general direction and control of the credit union on their behalf, and the board is accountable to the full membership for how they govern the organization. Accountability requires the board to transparently report to members about how the credit union is operating and being governed, as well as how the board and management are maintaining the safety and soundness of the members' assets.

To carry out this vital governance and accountability role, the board and management should agree upon a set of basic guidelines for how and what information to regularly report to the credit union's members. Numerous approaches and communication channels are available for accomplishing this responsibility, ranging from the required annual meeting to other means such as annual reports, mailing inserts, websites, newsletters, inserts and a host of new electronic channels (emails, YouTube, text, Twitter, etc.) The credit union's leadership should also appreciate that communications with members is a two-way process and make it a regular priority to solicit and consider members' needs, feedback and input in their board and management efforts.

Module 1: The Purpose of Reporting to Members

- Explain why the board must report to the membership
- Identify specific types of information that must be reported and shared
- Identify three types of information that should not be reported
- Provide examples of the credit union difference

Module 2: Ways to Report to Members

- Identify ways to communicate with members
- Name two purposes of the annual meeting
- Explain the role of the annual report
- Explain the role of the newsletter
- Explain the role of a website
- Explain the role of social media
- Explain the role of community involvement

Module 3: Fostering Two Way Communication

- List two reasons why fostering two-way communication is beneficial
- Identify the most reliable way to obtain feedback
- Provide two examples of other avenues to obtain feedback
- List three ways to apply member input

The Role of the Board in Strategic Relationships and Mergers

Many of today's credit unions are pursuing a path of growth including various forms of strategic relationships, for example, networks, associations, contractual relationships, joint ventures such as CUSOs, and yes, even mergers. These training modules will help assist you and your colleagues to better appreciate a number of the core issues related to each of these increasingly important paths to mission success. They also will help explain the role of the board in decision-making and implementation processes related to such options. Finally, explore the essential issues involved in overseeing some of the most important risks and challenges associated with such strategic relationships and approaches.

Module 1: The Spectrum of Strategic Relationship Opportunities

- Differentiate between the various types of relationship opportunities
- Outline the most important potential benefits and risks
- Discuss the reasons credit unions utilize such opportunities

Module 2: A Closer Look at Mergers

- Identify the basic steps necessary to constructively partner with management to prudently evaluate merger opportunities
- Understand the board's leadership role in mergers

Module 3: The Board's Role in Successful Merger Implementation

- Recognize major risk factors that may derail a merger
- Name crucial success factors in mergers

Understanding Credit Union Financial Statements

Financial statements are accounting statements designed to show the current position and recent performance of the credit union. Some credit unions also produce a cash flow statement, outlining the sources and uses of funds. In addition, your credit union probably uses reports for its financial showing the calculations and data supporting the balance sheet and income statement. These reports, while useful for management, provide more detail than most boards are likely to need. The key measure of the credit union's success or failure is its financial statements, so credit union directors must understand them in order to effectively participate in the governance and strategic direction of the organization.

Module 1: The Balance Sheet

- List two primary financial statements
- State the key measure of a credit union's success
- State three purposes of financial statements

Module 2: Assets and Liabilities

- State three things the balance sheet shows
- State three credit union assets
- Name two types of cash and cash equivalents
- List two ways to show loan losses
- State three forms of liabilities
- List two functions of capital

Module 3: The Income Statement

- State the purpose of the income statement
- Name two forms of income
- Name two forms of expense
- Explain how to calculate net income

Module 4: Key Performance Indicators

- State two groups who monitor key performance indicators
- Show the ratio to calculate capital adequacy
- Show the ratio to calculate efficiency
- Show the ratio to monitor expense management
- Show the ratio to determine if profitability is increasing or decreasing
- State what credit unions rely on to make a profit
- Name two measurements of liquidity