PRINCIPLES OF GOOD GOVERNANCE & SOUND BUSINESS PRACTICES

STABILIZATION
CENTRAL CREDIT UNION

Principles of Good Governance & Sound Business Practices

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Forward

Stabilization Central Credit Union convened a task force to review and refresh the Standards of Sound Business and Financial Practices Enterprise Risk Management (ERM) Version (the Standards) that were developed over a decade ago. This exercise is necessary to recognize the increased focus on all aspects of risk to the credit union and the increased duty required by boards to provide robust governance.

The task force supports a tiered approach to governance for the BC credit union system. The top tier is the Principles of Good Governance. The Principles are very closely linked to the original standards. To demonstrate this and ensure continuity, all associated standards are referenced to a Principle.

The task force adopted a principle based approach in recognition that less prescription, as embodied in a rules/standards based approach, limits manipulation while allowing flexibility and respecting that the credit union is in the best position to interpret and define their governance regime.

An overarching governance principle that makes credit unions unique is the principle of cooperation. For this reason, the task force approach with all the Principles is in context of a co-operative lens. This principle is informed by voluntary membership, democratic member participation, concern for members, member economic participation, autonomy and independence, education, concern for the community, respect for the individual and co-operation among co-operatives. This principle guides all others in the governance and operation of BC credit unions.

After a thorough investigation and analysis of many rule and principle based governance models, the task force drew heavily from; FICOM's Principles of Good Governance (2013), the Basel Committee on Baking Supervision's Corporate Governance Principle for Banks (2015), the Deposit Insurance Corporation of Ontario's consultation on guidelines for the board of directors, audit committee and management (2014), the International Financial Corporation's Standards on Risk Governance in Financial Institutions (2012) and of course the Standards of Good Business and Financial Practices (2004).

Each Principle is complimented with a checklist of board and management responsibilities in the fulfillment of good governance and accountability.

In updating guidance for BC credit union governance, the task force made an effort to avoid unnecessary complexity. The intent of the governance principles is to assist in the determination of how power is exercised and decisions made.

The task force determined a second tier of governance structure was required to bring meaning to the principles. To this end, guidelines have been developed to illustrate potential application of the governance principles. This is a concrete format to support the principles and aid in a common, acceptable interpretation of the principles. The Guidelines for Good Governance will continue to grow and evolve as a resource for BC credit unions.

The principles and guidelines are designed to provide BC credit unions with a practical framework in the understanding of good governance expectations and their adoption in relation to the credit union's particular circumstances.

The third tier of governance is a descriptive score card demonstrating *needs improvement*, *acceptable* and *strong* in the expression of governance through the principles. This benchmarking is intended to provide further guidance with flexibility while clarifying most importantly what minimum acceptable standards must be applied to ensure the safety and soundness of the BC credit union system.

This approach assumes an outcomes based approach is adopted by the provincial regulator, the Financial Institutions Commission of BC in its oversight function. The model reflects the increased responsibility of the board and management to create a risk aware and attuned environment in their stewardship of the credit union. FICOM has been provided with the draft principles and bench marking template to review and provide feedback.

The benchmarking exercise is designed to provide additional guidance interpreting new and ambiguous regulatory expectations and to clarify acceptable levels of compliance. Benchmarking will focus on common areas of misunderstanding or evolving requirements around legislation or increasing areas of risk to credit unions.

The principles based approach reinforces regulatory credibility by demonstrating the regulatory regime is both reasonable and predictable. The principles, guidelines and benchmarks should aid in the understanding of regulatory expectations and reinforce respect for the credit union entity to govern within the established principles.

The principles should be reviewed annually by the board and management.

PRINCIPLES

Principle 1 – Knowledge and Ability to Fulfill Role Responsibilities.

In order to fulfill the role responsibilities of the board, board committees and management, the roles must be defined including the authority and responsibilities of the role, the qualifications and skill composition required to be successful in that role.

The board sets the culture of risk and approves and supports the core values for the credit union. The tone from the top. Risk culture is not a thing but rather a dynamic, renewing process that consistently reinforces the organization core values and the board's risk appetite. It is an abstraction in that it involves the constant trade off of risk and reward with specific objective and subjective, formal and informal factors and practices. The culture is set independent of management and tools are utilized to hold management accountable to support the culture, values and strategies set by the board.

It is the board and board committees' responsibility to articulate the credit union's risk appetite in a meaningful, accessible doctrine and align expectations and behaviors with the risk appetite and ensure the board is fully informed of emerging and increasing risks and the credit union's risk capacity.

The board is ultimately responsible for the credit union's strategic direction, operational plan to achieve the strategic objectives, the operational budget, ensuring the appropriate structure for the board and key management roles have the competencies required, an entrenched risk management framework and the appropriate compliance regime.

This responsibility is carried out in collaboration with management who is responsible for developing the strategic plan, operational plan and budget, monitoring and reporting to the board on business operations, financial results and risk activity.

Associated Original Standards

***Standard #1**: Understand and Fulfill Responsibilities – It is sound business and financial practice for the Board of Directors to understand its responsibilities and evaluate objectively, on a regular basis, its effectiveness fulfilling those responsibilities.*

***Standard #3**: Establish Board Committee and the Chief Executive Officer's Responsibilities and Accountability. – It is sound business and financial practice for the Board of Directors to:*

(a) Establish the responsibilities and authority of Board committees, including their accountability requirements;
(b) Establish the responsibilities, authority and accountability requirements of the Chief Executive Officer(CEO);
(c) Understand the responsibilities and authorities and accountability requirements delegated by the CEO.

***Standard #12**: Affirm a Control Environment – It is sound business and financial practice for the Board of Directors to obtain, on a regular basis, reasonable assurance that the credit union has a control environment.*

***Standard #25**: Control Environment – It is sound business and financial practice for a credit union to ensure that:*

(a) There is a control environment that support effective management of operations and of the risks to which it is exposed and that contributes to the achievement of its business objectives;
(b) The Board of Directors is provided with appropriate reports that will enable it to assess whether the credit union has such a control environment;
(c) The independent internal audit function, on a regular basis, validates that the processes, policies, procedures and controls including risk management processes are being monitored and adhered to, and that appropriate action is being taken to address any significant weaknesses or breakdowns that have been identified.

***Standard #26**: Business Conduct and Ethical Behavior – It is sound business and financial practice for the CEO to:*

(a) Develop and submit to the Board of Directors for its consideration and approval standards of business conduct and ethical behavior for senior management and other personnel;

(b) Develop appropriate processes and procedures that provide all personnel with anonymous and confidential process for reporting matters of serious concern regarding operations of the credit union to the governance level;

(c) Ensure that the credit union has an ongoing effective process for ensuring adherence to standard of business conduct and ethical behavior;

(d) Ensure that the Board of Directors is provided with appropriate reports that will enable it to assess whether the credit union has this process in place.

***Standard #27**: Process to Ensure Control – It is sound business and financial practice to ensure that there is an effective process for assisting the Board of Directors to assess whether the credit union is in control.*

Checklist

- Roles, responsibilities and accountabilities for directors, committees, committee and board chairs, the CEO and the executive are clearly defined and documented. *(Guidelines in Support of Good Governance: 1.1, 1.2, 1.4, 1.8,1.9, 1.10)*

- The board understands and can demonstrate the required mix of qualifications, knowledge and experience needed by directors to fulfill their role. *(Guidelines in Support of Good Governance: 4.1, 4.2, 4.3)*

- The board understands and can demonstrate any skill, experience or knowledge gaps on the board, both current and future, have been identified and steps are being taken to fill the deficiencies. This is achieved through succession planning and securing independent skills and knowledge as a resource to the board. *(Guidelines in Support of Good Governance: 1.13, 1.14)*

- The board is satisfied and can demonstrate they receive comprehensive information on a timely basis on credit union operations and risks.

- The board is satisfied and can demonstrate the credit union is operating in accordance with the board's risk appetite, strategic plan and budget. *(Guidelines in Support of Good Governance: 2.1, 2.2)*

- The board and management have mechanisms in place to ensure the credit union's values and standards of conduct are being upheld.

- The board is satisfied and can demonstrate the executive management team possess the required skills, experience, knowledge and judgement to operationalize the strategic plans and maintain budgetary control of the credit union.

Principle 2 – Develop and Support Risk Governance Framework

A risk governance framework is an integrated approach to the identification, assessment, management and communication of risks.

An effective independent risk management function is essential to good governance of the credit union. Independence of the function requires the risk culture and risk appetite is established by the board. Management responsibility is to identify emerging and changing risks, the risk assessment, management and reporting to the board. This management function needs the authority and independence to oversee the organization's risks and risk management activities with direct reporting to the board or the board risk committee.

Management is responsible for measuring emerging and changing risks that have the possibility of impacting strategic objectives of the credit union. These measurements utilize clearly understood metrics as both a communications and accountability tool. The board and management rely on the metrics to define the degree of potential impact an opportunity or an event will have on the credit union and most importantly the relationship to the board's risk appetite.

Management is responsible for planning and recommending risk responses. The response may be:

- Do nothing, choosing to continue to monitor the situation
- Transfer of the risk through insurance
- Avoidance of the risk
- Employ a strategy to mitigate the risk

It is management's obligation to alert the board to any risks beyond or approaching the boards' risk appetite. The board through management will then monitor the risk and determine the appropriate response.

The board or risk committee must have sufficient information to enable the board to challenge material risk decisions, in particular, any risks exceeding the board's risk appetite.

Associated Original Standards

Standard #9*: Oversee Risk Management – It is sound business and financial practice for the Board of Directors to:*

(a) Develop and adopt a Risk Management Policy;
(b) Understand significant risks to which the credit union is exposed;
(c) Understand and assess the credit union's ability to accept risk;
(d) Establish appropriate and prudent risk management policies for those risks;
(e) Review those policies at least once a year to ensure that they remain appropriate and prudent;
(f) Obtain, on a regular basis, reasonable assurance that there is an ongoing appropriate and effective risk management process.

Standard #16*: Risk Management Process – It is sound business and financial practice for the CEO and senior management to ensure that the credit union has an ongoing and effective risk management process for:*

(a) identifying risks;
(b) determining criteria for measuring each identified risk;
(c) assessing whether the risks that are identified constitute significant risks in relation to its capacity to absorb the risk;
(d) developing appropriate risk management policies;
(e) measuring, the different types of risk to which the credit union is or may be exposed in relation to a single or concentrated risk;
(f) talking action to manage the risks in accordance with the policies;
(g) establishing effective processes, procedures and controls;
(h) providing the Board of Directors with appropriate report on the management of significant risks;
(i) establishing processes to deal with and respond to extraordinary events;
(j) providing the Board of Directors with appropriate reports that will enable it to assess whether the credit union has an ongoing, appropriate and effective risk management process.

***Standard #17**: Credit Risk – It is sound business and financial practice for a credit union that is exposed to significant credit risk to have adequately documented in the Investment and Lending Policy (ILP) as required by the Financial Institutions Act:*

- *(a) appropriate policies on the areas and types of credit the credit union is willing to engage; and*
- *(b) appropriate and prudent policies on exposure limits for a single risk*

***Standard #18**: Investment and Market Risk – It is sound business and financial practice for a credit union that is exposed to significant market risk to have adequately documented in the Investment and Lending Policy. The credit union should also have procedures and controls for managing exposure to market risk.*

***Standard #19**: Asset Liability Matching Risk – It is sound business and financial practice for a credit union to have appropriate Investment and Lending Policies on the types and extent of matching risk to which it is willing to be exposed and procedures and controls for managing that risk.*

***Standard #20**: Fiduciary Risk – It is sound business and financial practice for a credit union to have appropriate and prudent policies on the types of fiduciary activities in which it is willing to engage.*
It is sound business and financial practice for a credit union that is exposed to significant fiduciary risk either directly or indirectly through subsidiaries and/or contractual arrangements with a Key Partner/Supplier to have procedures and controls for managing that risk.

***Standard #21**: Operational Risk – It is sound business and financial practice for a credit union to effectively manage the exposure to operational risk including; identifying the risks, having appropriate policies and having the procedures and controls to manage the risks. Operational risks include but are not limited to: Credit Risk, Market Risk, IT Risk, Personnel Risk, Outsourcing Risk and reputational damage.*

***Standard #24**: Regulatory Compliance Risk – It is sound business and financial practice to have appropriate and prudent policies to ensure compliance with the regulatory requirements.*

Checklist

- The credit union has a risk governance framework in place. *(Guidelines in Support of Good Governance: Risk Oversight)*

- The board has adopted and broadly communicated its risk appetite statement. *(Guidelines in Support of Good Governance: 2.2)*

- The board and management have designed and adopted a meaningful measurement and tracking methodology for current, increasing and potential risks to the credit union. *(Guidelines in Support of Good Governance: 2.7)*

- The risk management policy is documented. *(Guidelines in Support of Good Governance: 2.1)*

- The board understands and can demonstrate full comprehension of the credit union's financial capacity to accept risk. *(Guidelines in Support of Good Governance: 3.4)*

- The board understands and can demonstrate the strategic plan and goals are aligned with the credit union's capacity and the risk environment. *(Guidelines in Support of Good Governance: 3.4)*

- The board is satisfied and can demonstrate the credit union has a comprehensive business continuity plan in place and as part of plan maintenance the plan is regularly tested, updated and documented. *(Stabilization Central Credit Union Business Continuity Plan Guidelines)*

- An inventory or registry of risks is maintained, prioritized using a commonly understood scale, and managed as an accountability to the board. *(Guidelines in Support of Good Governance: 2.7, 2.8, 2.9, 2.10)*

- The board has established prudent policies with respect to measurement and management of pertinent risks including but not limited to :
  - interest rate risk
  - market risk
  - lending risk
  - liquidity risk

- capital risk
- IT risk
- strategic risk

(Guidelines in Support of Good Governance: 1.9)

- The board and executive are aware of operational failures that can cause reputational damage.

Principle 3 – Strategy Planning and Performance

Effective governance and leadership requires clarity of purpose. For clear stewardship of the organization a well-defined strategic plan is required. Strategy and risk are closely aligned. Risk is defined as any obstacle to the achievement of strategic objectives.

The board approves and owns the strategic plan. Management develops the strategic plan. The strategic plan, taking into account the board's risks appetite, provides direction on how the organization will allocate resources.

Management creates the operational plan and budget annually to support the strategic plan. The operational plan and budget must be approved by the board and serve as a key control the board relies on to monitor management's effectiveness in achieving the strategic objectives of the credit union.

Further controls to monitor performance of the credit union is the articulation of key performance indicators or a balanced performance scorecard.

In order to monitor performance, the board must understand the importance of capital and liquidity to the credit union's viability and resilience. Management must keep the board informed of capital and liquidity positions and the impact to these measures from any decisions, investments or emerging risks.

Associated Original Standards

> ***Standard #15:*** *Strategic Management Process – It is sound business and financial practice for the CEO and senior management to ensure the institution has a ongoing, appropriate and effective strategic management process.*

***Standard #8**: Oversee Strategic Management – It is sound business and financial practice for the Board of Directors to:*

(a) establish the business objectives of the credit union, consider and approve the business strategy and business plans for significant operations.
(b) evaluate actual operating and financial results against forecasts and business objectives;
(c) obtain reasonable assurance there is an ongoing, appropriate and effective strategic management process.

***Standard #10**: Oversee Liquidity and Funding Management – It is sound business and financial practice for the Board of Directors to:*

(a) understand the liquidity and funding needs of the credit union;
(b) establish appropriate and prudent liquidity and funding management policies.

***Standard #11**: Oversee Capital Management – It is sound business and financial practice for the Board of Directors to:*

(a) understand the capital needs of the credit union
(b) establish appropriate and prudent capital management policies.

***Standard #22**: Liquidity and Funding Management – It is sound business and financial practice to ensure that the credit union has ongoing effective liquidity and funding management processes for:*

(a) identifying the ongoing funding and liquidity needed to enable the credit union to conduct its operations;
(b) developing and submitting to the Board of Directors for its consideration and approval, appropriate liquidity and funding management policies;
(c) managing the credit union's liquidity and funding in accordance with the liquidity and funding management policies and statutory requirements;

***Standard #23**: Capital Management – It is sound business and financial practice to ensure the credit union has an ongoing effective capital management process for:*

(a) identifying the capital needed to support the current and planned operation of the credit union;
(b) developing and submitting to the Board of Directors for its consideration and approval appropriate and prudent capital management policies;
(c) regularly measuring, monitoring and reporting on capital requirements and capital position.

Checklist

- The board has approved the strategic plan.

- Management has developed business objectives aligned with the strategic plan to facilitate achievement of strategic goals. *(Guidelines in Support of Good Governance: 3.1)*

- Management has developed an annual operational plan and budget aligned with board approved strategic objectives.

- The board understands and can demonstrate current knowledge of financial performance and achievement of operational goals.

- The board can attest to management's prudent approach to operational oversight of the credit union.

- The board and management understand and can demonstrate their knowledge of the credit union's capital and liquidity position and the implication on capital and liquidity of strategic objectives. *(Guidelines in Support of Good Governance: 3.4)*

- The board has established performance objectives and measures for the executive and the credit union as a whole.

Principle 4 – Assembling an Effective Team

Composition of the board and CEO/General Manager with regard to skills, experience, education and knowledge required for respective roles is a central imperative of the board.

The board must ensure the executive or leadership team is sufficiently qualified to carry out the day to day operations of the credit union and pursuit of the strategic objectives.

The board must have the right mix of skills and experience so the board has the collective capacity to effectively oversee the credit union. To achieve this, a diversity of background and expertise is required.

Board independence is essential to good governance. Independence requires the board to act free of conflicts of interest and without undue reliance on management or influence from other roles or responsibilities.

Board selection includes identifying and assessing candidates in a rigorous and objective manner to focus selection on skill, experience and knowledge gaps of the board, to further the collective strength of the board. Seeking qualities in candidates of leadership, integrity, value alignment and commitment to the credit union are essential to the independence and stability of the board.

The board must create an appropriate structure and practices to support delivery of the work of governance. Roles must be designed and assigned, aligning authority and responsibility. A committee structure generally allows a more efficient and focused approach to specific mandates.

The board is responsible for the hiring and oversight of the CEO or General Manager and should give consideration to the selection of the executive or senior management team responsible for execution of the strategy within the confines of the credit union values and risk culture.

There may be situations where the board should be directly involved in the selection, termination or executive organization of positions beyond the CEO or General Manager such as the chief financial officer or the chief risk officer.

The board is directly responsible for setting CEO compensation and assessing performance. The board should also approve the compensation philosophy for the organization as a whole.

Associated Original Standards

Standard #2*: Exercise Independent Judgement – It is sound business and financial practice for the Board of Directors to exercise independent judgement in directing and overseeing the operations of the credit union.*

Standard #4*: Select the CEO – It is sound business and financial practice for the Board of Directors to:*

(a) appoint a CEO who is suitably qualified and capable of managing the operations of the credit union;
(b) plan for the succession of the CEO'

Standard #5*: Review Compensation – It is sound business and financial practice for the Board of Directors to satisfy itself on a regular basis that compensation plans are competitive and assist and assist in providing proper incentives to management and staff to act in the best interests of the credit union to achieve its corporate objectives.*

Standard #6*: Establish Standards of Business Conduct and Ethical Behavior – It is sound business and financial practice tor the Board of Directors to:*

(a) Establish standards of business conduct and ethical behavior for the Directors, senior management and other personnel, ensure management has an effective process for ensuring adherence;

(b) *Have a policy and process in place and communicated to all personnel, that provides for anonymous and confidential access to the Board to report matters of serious concerns related to the credit union's operations.*

***Standard #7**: Evaluate the CEO – It is sound business and financial practice for the Board of Directors to evaluate, on a regular basis, the effectiveness of the CEO in managing the operations of the credit union in accordance with the strategic and business objectives and managing the risks to which the credit union is exposed.*

Checklist

- The board can demonstrate their independence from the CEO/General Manager in the oversight of the credit union.
- The board has established and documented position description, qualifications and selection criteria for the CEO/General Manager.
- The board has the competence and experience to select, direct and has an established process to assess the performance of the CEO/General Manager.
- There is a documented succession plan for the CEO and key senior management.
- The board has approved a compensation philosophy that supports achievement of the credit union's strategic objectives.
- The board has set the compensation for the CEO/General Manager and assured itself, senior management compensation is aligned with the credit union's compensation philosophy.
- The board sets "the tone from the top" through ensuring approved policies are in place to support the credit union's values and ethical conduct.
- Desired board competencies have been established.
- Board recruitment, selection and succession planning are based on ensuring the board composition is a comprehensive mix of skill, experience and knowledge necessary to steward the credit union.
- The board is comfortable and can demonstrate seeking independent, external expertise to compensate for skill or knowledge deficiencies on the board.
- The board and management fully understand and can demonstrate an established conduit for receiving confidential disclosures from within the credit union. (Whistleblower - *Stabilization Central Credit Union Confidential Workplace Disclosure*)

Principle 5 – Accountability, Disclosure and In Control

Governance is the allocation of responsibilities and authority. The board collectively has ultimate responsibility for the credit union. A key component of those responsibilities is risk governance, setting the risk culture, defining the risk appetite and monitoring the credit union's risk capacity.

These responsibilities are met through clear, focused roles for the board, an accountable management team and control and audit functions to act as checks and balances in the process.

The credit union engages the broad membership annually through the annual general meeting and annual report. Disclosures for board and executive compensation, board roles and participation, and risk focused governance leads to enhanced engagement, transparency and increased accountability paramount to good governance.

It is the process that allows the board to report on the credit union's financial health, significant objectives and performance, the risk appetite and culture of the credit union and the governance structure. The board is able from an informed, independent, competent position determine and attest to the credit union being "in control".

Associated Original Standards

> ***Standard #13**: Oversee the Independent Internal Audit Function (described in Standard #25)*
>
> ***Standard #14**: Ensure the Institution is "In Control". (described in Standard #25)*
>
> ***Standard #25**: Control Environment – It is sound business and financial practice for a credit union to ensure that:*

(a) there is a control environment that supports effective management of operations and of the risks to which it is exposed;

(b) the Board of Directors is provided with appropriate reports that enable it to assess whether the credit union has a controlled environment;

(c) the internal audit function validates the processes, policies, procedures and controls including risk management processes are being monitored and adhered to.

Checklist

- The board oversees the internal audit process.
- The board is confident there is source data integrity and security.
- The board is confident and can demonstrate they receive complete, accurate and timely reporting from management on finances, operations and risks.
- The board has approved performance objectives for the executive and the credit union as a whole and can rely on provided reporting to assess performance.
- The board furnishes the membership with complete financial and operational information.
- The board provides appropriate disclosure of board and the CEO's remuneration. *(Guidelines in Support of Good Governance: 5.1)*
- The board is confident and can demonstrate the credit union is in compliance with all applicable legislation and regulatory requirements.
- The board has attested and documented the credit union is in control. *(Guidelines in Support of Good Governance: 2.4)*

Principle 6 – Co-operation

Credit unions are unique in their corporate, member based structure and cooperative values. Cooperative values translate into one member one vote ensuring a democratic platform for input and material decision.

This structure serves to increase stakeholders' engagement and reduce risk through enhanced accountability.

The International Co-operative Alliance's Seven Principles of Co-operation are listed below:

The co-operative principles are guidelines by which co-operatives put their values into practice.

1. Voluntary and Open Membership

    Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

    Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

3. Member Economic Participation

    Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4. Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6. Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7. Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

Checklist

- Members collectively elect the board of directors
- Members may individually stand for election
- The board is responsible for governing the credit union
- The board is accountable to the membership and reports to them annually
- Senior management is responsible for operating the credit union
- Senior management is accountable to the board of directors.

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