

DIPLOMA IN FINANCIAL SERVICES (CREDIT UNION / BUILDING SOCIETY DIRECTORSHIP)

DIRECTOR EVIDENCE WORKBOOK No.1

Compliance Modules:

**Corporations Act – 2001; Prudential Regulation – 2002 ;
Financial Services & Other Regulation - 2003**

This module is aligned with the following units of competence

FNSCOMP501B- Comply with financial services legislation, industry and professional codes of practice (*)

SRXGOV001B - Participate as a member of an effective Board of an organisation

FNSICGEN301B- Communicate in the Workplace (*)

FNSICGEN302B- Use technology in the workplace

FNSICGEN304B- Apply Health and Safety Practices in the workplace (*)

FNSICIND401B- Apply principles of professional practice to work in the financial services industry

(*) denotes the units of competence that can be attained through completion of DEW No. 1 whilst the other units are embedded across more than one Workbook.

Diploma in Financial Services (Credit Union or Building Society Directorship)

The ***Mutual ADI Directors' Diploma Course*** is aligned to the following national qualification: -

FNS50107 Diploma of Financial Services

And covers the following 14 units of competence.

Unit title	Unit code
Comply with financial services legislation, industry and professional codes of practice (*)	FNSCOMP501B
Collect, assess and use information	FNSICGEN403B
Manage a Budget	FNSICORG502B
Prepare financial forecasts and projections	FNSICORG517B
Analyse and comment on management reports	FNSICORG519B
Prepare Strategic plans	FNSICORG601B
Assess market needs	FNSICSAM505B
Participate as a member of an effective Board of an organisation	SRXGOV001B
Manage own professional development	FNSICORG510B
Monitor corporate governance activities	FNSACCT604B
Communicate in the Workplace (*)	FNSICGEN301B
Use technology in the workplace	FNSICGEN302B
Apply Health and Safety Practices in the workplace (*)	FNSICGEN304B
Apply principles of professional practice to work in the financial services industry	FNSICIND401B

DEW No. 1 addresses a total of six competency units (shaded above) – three of these units marked (*) can be completed whilst three others serve as prerequisites for completion in later workbooks.

National Accreditation for Completion of the Diploma

In order for you to attain national accreditation for completion of the ***Diploma in Financial Services (Credit Union or Building Society Directorship)*** you will need to demonstrate competence in the aspects of directorship covered by this course through completing the following two components: -

1. Attendance and full participation in each of the four course weekend workshops (4 x 2 day weekends) covering the seven modules of learning.
2. Completion of all the requirements relating to the work activities detailed in the ***Director Evidence Workbook Nos. 1, 2, 3 & 4*** to be submitted to the AMInstitute Workplace Assessor for competency assessment, which now incorporate ***Projects 1 & 2.***

Director Evidence Workbook No.1 incorporates Project 1 which is essentially a compliance audit of your credit union or building society. ***Project 1*** consists of eight groups of work activities (P1.1 to P1.8), which require you to prepare two reports for your own Board of Directors. It is up to you whether you actually present these two reports to your Board of Directors but you must present them to the Workplace Assessor for assessment.

Project 1 is designed to be commenced after attending Course Weekend Workshop 1 and involves on average some 30 to 35 hours of work. Whilst a somewhat labour intensive and time consuming task this learning process will provide an invaluable foundation for the next stages of your learning experience throughout the course.

Work involved in gathering and presenting material for the eight work activities in Project 1 covered by this ***Director Evidence Workbook No.1*** will greatly enhance the learning outcomes for those participants vis a vis those course participants not seeking to attain the units of competence making up the qualification.

The key resource materials supporting this workbook are :-

- The Mutual ADI Directors' Compliance Manual (Version 2010)

PROJECT 1

COMPLIANCE

The intent of this project is to enable you to understand the compliance obligations of the Mutual ADI and the unique compliance obligations inherent in your role as a Director.

COMPLIANCE

Background Information

Compliance is the cornerstone of financial services operational environments and an area of significant interest to a Director because of the liabilities and personal obligations that are attached to the role of Director. It is commonly stated that a director's primary responsibilities can be broken down into the three issues of:

1. Directing the organisation's future
2. Monitoring and ensuring the organisation's current profitability
3. Ensuring the organisation's compliance with all appropriate guidelines, obligations and legislation.

As you work through the AMInstitute Diploma Course for credit union or building society directors you will be developing skills and gaining knowledge in each of these three areas. This initial project is designed to acquaint you with the compliance obligations of the Credit Union/Building Society and the Directorial role.

Whilst working on this project, you should keep in mind that the emphasis is on you uncovering the full extent of yours and the Mutual ADI's obligations, so we urge you to read widely and investigate any area of particular interest to the full extent available. Whilst exceeding the requirements of the project does not provide any additional recorded merit it may prove invaluable to you in your future endeavours as a Director.

Part A: Compliance Requirements

Prepare a report to the Chair and Board members in respect to the mutual ADI's compliance obligations. Within the report identify and analyse those sections of the mutual ADI's Constitution that demonstrates the mutual ADI's commitment to its owner / members within the framework of the principles of mutuality. Include in the report, responses to each of the following points.

P1.1 Mutual ADI Constitution	Comp Align	Did you complete	Assessor
<ul style="list-style-type: none"> • How does the Credit Union or Building Society demonstrate compliance with the Constitution? • What monitoring and reporting is undertaken of the Mutual ADI's adherence to the constitution? • Is the legal structure of the business compliant with the regulatory and statutory requirements for this type of business? • When was the last monitoring and reporting activity undertaken? Do you think there is a need to undertake such activities more frequently? Why or why not? 	FNSCOMP 501B (1.1-1.4, 1.7) FNSICORG 601B (2.4)		
P1.2 In the report, identify and list all;	Comp Align	Did you complete	Assessor
<ul style="list-style-type: none"> • Laws, regulations and standards, which the Mutual ADI needs to comply with. • Professional and ethical codes • Relevant industry codes • Organisational and Personal obligations as identified in policies and position profiles of relevance to your role 	FNSCOMP 501B(1.1, 3.1) SRXGOV00 1B (2.1-2.2)		

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P1.3 From these documents, analyse in the report;	Comp Align	Did you complete	Assessor
<ul style="list-style-type: none"> • What are the key legal principles and organisational implications relating to the provision of financial products and services, flowing from the two primary regulatory frameworks <ul style="list-style-type: none"> ○ Prudential regime ○ Conduct and Disclosure regime 	FNSCOMP 501B (1.2)		
P1.4 In the report, identify how;	Comp Align	Did you complete	Assessor
<ul style="list-style-type: none"> • These requirements affect your role as a Director • Provide an example of how the functions you perform demonstrates the connection to these obligations 	FNSCOMP 501B (3.1, 3.4-3.5)		

Part B: Review and Monitor Compliance

Prepare a report to the Chair and Board members outlining the mutual ADI's compliance with relevant regulations. To produce this report you are required to research and produce a "Directors Information Kit". The kit will need to contain supporting documentation, policies, procedures, operational systems, statements and specific references to personnel and codes of practice to support the mutual ADI's compliance with its regulatory responsibilities.

The Report should be produced in accordance with the standards and reporting formats required at your own Credit Union or Building Society board and include responses to each of the following points.

P1.5 Compliance monitoring documentation	Comp Align	Did you complete	Assessor
<ul style="list-style-type: none"> • List and collect copies of documentation that the mutual ADI currently uses to ensure <i>procedural</i> certainty of compliance and in the <i>monitoring</i> of compliance in any form. • Specifically collect copies of documents that the mutual ADI uses to monitor compliance with APRA regulations and Director obligations. 	FNCOMP 501B (1.3)		
P1.6 Compliance documentation - evaluation	Comp Align	Did you complete	Assessor
Analyse your mutual ADI's documentation, assess the effectiveness of current compliance processes. Provide your analysis along with evidence that: <ul style="list-style-type: none"> • Up to date checklists of mandatory mutual ADI requirements are maintained. • Procedural requirements relating to organisational aspects of law and regulations are communicated in line with Credit Union or Building Society policies. • An internal monitoring / audit program for staff, advisers and authority holders exists. • Privacy of clients' affairs is securely maintained 	FNCOMP 501B (1.4,1.6)		

P1.7 Compliance Review	Comp Align	Did you complete	Assessor
<p>Review and evaluate the following;</p> <ul style="list-style-type: none"> • All relevant literature is updated, read and disseminated on a continuing basis. • Changes to regulatory requirements are communicated in line with mutual ADI policies. • Implications of regulatory change are considered in regards to changing or introducing products and in altering procedures • Member's requests for advice of relevant changes are addressed promptly. • Agency agreements or broker authority or other relevant authority as appropriate is executed and reflect organisation's wider obligations • Role authorities and restrictions as identified in position descriptions are reviewed and complied with • Professional indemnity insurance is held. • Companies are notified of all agreements / agencies/ authorities held, terminated or entered into. • Utmost good faith is observed at all times. • Appropriate duty of care is demonstrated. • Members' complaints handling procedures are implemented at a standard consistent with regulatory requirements. • Members are informed of their rights to independent complaints handling procedures. • Copies of any agreements with brokers and all third party suppliers are kept on file. • Copies of business registration records are maintained. • Evidence of current training and relevant authority requirements are available • Data security internally and externally (by any third party suppliers etc) is 	<p>FNSCOMP 501B</p> <p>(1.7, 2.1, 2.2,1.5, 2.3,2.4, 4.1,4.2, 4.3)</p> <p>FNSICGEN 301B</p> <p>(1.1 – 1.6, 4.1 – 4.2)</p> <p>FNSICGEN 302B</p>		

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P1.7 Compliance Review	Comp Align	Did you complete	Assessor
maintained and meets industry, prudential and organisational requirements. <ul style="list-style-type: none"> The performance of workplace technology is monitored and regular maintenance is performed in accordance with Company and Manufacturers policies/manuals. 			

P1.8 Compliance Recommendations and reporting	Comp Align	Did you complete	Assessor
<ul style="list-style-type: none"> Within the report to the Chair and Board of directors explain how policies and systems comply with necessary financial regulations and identify the systems and procedures that do not comply with regulatory requirements. 	FNSICGEN 301B (2.1 – 2.6, 3.1 – 3.5)		
As an example of compliance review - Audit the most recent workplace safety report (or assist in the preparation of it, if one doesn't exist) and confirm that it addresses: <ul style="list-style-type: none"> Health and safety procedures in daily practice (including first aid) Hazard review of the workplace and risk assessment protocols The location and type of hazard warning and safety signs Identification of emergency exits Frequency of training in safe manual handling Cleanliness of work areas and exit points Health and Safety register records all change to policy, identification of incidents and breaches, identification of relevant approved personnel and a record of training 	FNSICGEN 304B (Entire unit)		
<ul style="list-style-type: none"> Make recommendations for improved future compliance on overall compliance regime of the organisation 			