

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

DIRECTOR EVIDENCE WORKBOOK No.4

Corporate Governance II Module - 2007

This module is aligned with the following units of competence:-

FNSICORG601B - Prepare Strategic plans

FNSICSAM505B - Assess market needs

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

FNSICORG510B - Manage own professional development (*)

FNSACCT604B - Monitor corporate governance activities (*)

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. 4 whilst the other units are embedded across more than one Workbook.

Diploma in Financial Services (Credit Union 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. 4 addresses a total of five competency units (shaded above) – two of these units marked (*) can be completed whilst the other three units serve as prerequisites for completion in one or more of the other 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 incorporates ***Projects 1 & 2.***

There are a total of eighteen work activities to be completed within this ***Director Evidence Workbook No.4.***

The first three work activities (Nos. W4.1 to W4.3) are pre course weekend workshop activities, which means that each of these activities should be completed as part of your preparation for the Corporate Governance II Course Weekend Workshop with all of the material brought along on the weekend for submission to the Workplace Assessor.

The remaining work activities (Nos W4.4 to W4.18) must be completed following the course weekend workshop. Specific time will be allocated during the Sunday sessions to assist participants in gathering information to complete some of these work activities.

Work involved in gathering and presenting material for all eighteen work activities covered by this ***Director Evidence Workbook No.4*** will greatly enhance the learning outcomes for those participants vis a vis the other course participants not seeking to attain the units of competence making up the qualification.

The key resource material supporting this workbook is: -

- Mutual ADI Corporate Governance Manual (Version 2010) published by AMInstitute Ltd

Pre Course Work

Activity (W4.1) Review Board Experience with the Regulators	Comp Align	Did you complete	Assessor
<p>Review your mutual ADI's experience of reports and queries from statutory and other regulatory authorities (APRA, ASIC and others) for instances of a breakdown in corporate governance</p> <ul style="list-style-type: none"> • What specific actions did the Board take to resolve the issues raised in the report / query? • What effects did the Board's actions have on internal control systems and procedures? • What policy changes have been made in response to these queries? • Are there any specific changes to policy that you would recommend to the Board? 	<p>FNSICIN D401B (1.1, 2.1, 2.2)</p>		
<p>Document the results of this review and bring it along to the course weekend workshop for submission to the Workplace Assessor</p>			

Activity (W4.2) Review Corporate Governance Policies	Comp Align	Did you complete	Assessor
<p>Identify and collect all policy documents that relate specifically to the mutual ADI's corporate governance policy to assist you with conducting a review covering the following points: -</p> <ul style="list-style-type: none"> • Indicate how these policies identify the relationships and differences between governance issues and management issues. • Can you demonstrate how these policy documents identify the role of the Board? • Can you demonstrate how these policy documents identify the role of the individual directors? • Can you demonstrate how these policy documents identify the role of the Chair? 	<p>FNSACCT 604B (1.1- 1.3) SRXGIV00 1B(3.1,3.8)</p>		

Activity (W4.2) Review Corporate Governance Policies	Comp Align	Did you complete	Assessor
<ul style="list-style-type: none"> ▪ Can you demonstrate how these policy documents identify the role of the Company Secretary? ▪ Identify all instances in these policy documents where the Board delegates its authority either to management or to Board Committees. <p>NB. If you are unable to satisfactorily cover any of these points because they are not covered in the mutual ADI's corporate governance policy then identify the points in your review as in later work activities you will get an opportunity to rectify this.</p>			
<p>Document the results of this review, attach the relevant policy documents and bring them along to the course weekend workshop for submission to the Workplace Assessor.</p>			

Activity (W4.3) Director's Position Description	Comp Align	Did you complete	Assessor
<p>Collect any documentation your Credit Union or Building Society has on Director duties or functions</p> <ul style="list-style-type: none"> • Bring copies along to the workshop to assist in your own work and post workshop review 			

Corporate Governance Evidence

Workshop/Post Workshop Activities

Activity (W4.4) Mutual ADI's Corporate Governance Obligations	Comp Align	Did you complete	Assessor
What are your mutual ADI's specific corporate governance obligations? <ul style="list-style-type: none"> • What do you think is your organisation's track record against these obligations 			

Activity (W4.5) Credit Union or Building Society Relationships	Comp Align	Did you complete	Assessor
Prepare your own diagram/statement that describes and explains the relationship between the Credit Union or Building Society and its stakeholders?	SRGOV1B (1b)		

Activity (W4.6) Communication with Stakeholders	Comp Align	Did you complete	Assessor
Prepare a schedule of key stakeholder interaction over the last twelve months, showing how you communicate achievements etc. <ul style="list-style-type: none"> • What processes are in place to ensure meetings take place? • What processes do you have in place to ensure that stakeholder input is included in the determination of strategic goals and directions? • What processes are in place to ensure that senior management of the Credit Union or Building Society is informed and instructed to implement specific policy directions? • Do you think that senior management is encouraged to give feedback on implementation of policy directions? If not, recommend some steps to involve feedback from the senior management. 	SRXGOV0 01B (5.1-5.4, 6.1-6.3)		

Activity (W4.7) Board Assessment & Director Performance	Comp Align	Did you complete	Assessor
<p>Does your Board engage in a structured Board Assessment & Director Performance process?</p> <ul style="list-style-type: none"> • If yes, then describe how the process operates, how it is managed, how effective it is, strengths and weaknesses? • If no, then describe how such a process might best be introduced to your Board, how it might operate, how it would need to be managed and what pitfalls should be avoided. • How often is the assessment system itself reviewed and how often are the critical components of the system reviewed eg Director position description? 			

Activity (W4.8) Good Corporate Governance Processes	Comp Align	Did you complete	Assessor
<p>Describe how effectively the existing management processes support good corporate governance in your credit union or building society?</p> <ul style="list-style-type: none"> • What proposals can you put to your Board to strengthen your credit union or building society's corporate governance? 	FNSACCT 604B (4.1-4.3)		

Activity (W4.9) Environmental Scanning / Strategic Planning	Comp Align	Did you complete	Assessor
<p>How is the Board made aware of emerging issues in the industry that are likely to have an impact on the organisation's business?</p> <ul style="list-style-type: none"> • Describe the organisational disciplines that are in place to ensure that these emerging issues are properly considered by the board? • What processes do you have to evaluate this information within a risk management and due diligence framework for their impact on the organisation? 	FNSICSAM 505B(2.1-2.4) SRXGIV00 1B (4.1,4.2)		

Activity (W4.10) Emerging Issues / Strategic Planning	Comp Align	Did you complete	Assessor
<p>Select a recent significant emerging issue for your credit union or building society and consider how the Board may have handled it in terms of: -</p> <ul style="list-style-type: none"> • How has the Board dealt with this issue in the past or is it the first time that the Board has faced this situation? ▪ Evaluate how well the Board has dealt with the issue on this occasion and identify any areas where you feel the Board could improve its response. 	SRXGIV00 1B (4.3,4.4)		

Activity (W4.11) Schedule for Board review of Policies	Comp Align	Did you complete	Assessor
<p>Prepare a schedule indicating when the Board last reviewed each of the credit union policies for which it has responsibility.</p> <ul style="list-style-type: none"> • Indicate when each policy was last reviewed? • Provide examples of the drivers underpinning changes made within the last 12 months to at least three of these policies. • How are you assured about implementation of these policies? 	SRXGOV0 01B(5.1- 5.4)		

Activity (W4.12) Corporate Governance Internal Control Systems	Comp Align	Did you complete	Assessor
<p>What internal control systems does the mutual ADI currently have in place to act as indicators for Corporate Governance requirements?</p> <ul style="list-style-type: none"> • How would you rate these internal control procedures as indicators for compliance with Corporate Governance requirements? • What changes or additions will you recommend to the Board to ensure that your internal control systems are genuine indicators of compliance? 	FNSACC T604B (2.1-2.3)		

Activity (W4.13) Systems for Corporate Governance Data Recording	Comp Align	Did you complete	Assessor
<p>What information technology systems does the Credit Union or Building Society currently have in place to record data from operations and transactions for Corporate Governance requirements?</p> <ul style="list-style-type: none"> • How would you rate these systems in terms of compliance with Corporate Governance requirements? • What changes or additions will you recommend to the Board to ensure that your systems are genuine indicators of compliance? 	FNSACC T604B (2.2)		

Activity (W4.14) Adherence to Professional & Legal Accounting Standards	Comp Align	Did you complete	Assessor
<p>How does your mutual ADI Board ensure that when management presents the accounts to the Board and to members that these accounts are in full adherence with the accounting standards of Australia?</p> <ul style="list-style-type: none"> • What processes do the Board have for discussing the adherence to the accounting standards? • What processes do the Board have to ensure that it fully meets the reporting requirements of ASIC and APRA? 	FNSACC T604B(3.1-3.2) FNSICIN D401B		

Activity (W4.15) Compliance Plan Schedule	Comp Align	Did you complete	Assessor
<p>What plans have been established to ensure completion of compliance requirements within scheduled timeframes?</p> <ul style="list-style-type: none"> • Provide a schedule of the reports and returns (with time frames) that are in place for corporate governance performance measurement at your Credit Union or Building Society? 	FNSACC T604B (2.4)		

Activity (W4.16) Mutual ADI Performance Measurement	Comp Align	Did you complete	Assessor
<p>Prepare a schedule of the performance targets that currently form the basis for evaluation of performance in your credit union</p> <ul style="list-style-type: none"> • What is your view of the Credit Union or Building Society's performance against these targets? • What new performance measures/targets will you now recommend to the Board? 			

Activity (W4.17) CEO Performance Assessment	Comp Align	Did you complete	Assessor
<p>What formal processes does the Board have in place for the performance assessment of the Chief Executive Officer?</p> <ul style="list-style-type: none"> • What measurements are used? • How often does this take place? • What are the consequences in place for adverse results on these measures? 	SRXGOV0 01B (6.4)		

Activity (W4.18) Professional Development	Comp Align	Did you complete	Assessor
<ul style="list-style-type: none"> • Consider the job role of Credit Union or Building Society Director. • What organisations, regulatory and industry education and skills are required for the role? • How does your own education, skills and competence level compare against the organisations, regulatory and industry requirements? • Develop and document strategies to address any knowledge or skill gap that you have identified. • List the Professional Associations &/or formal Industry networks that exist to support mutual ADI. What services and opportunities do they provide that could assist in your development needs? 	FNSICORG 510B FNSICIND 401B (5.1-5.3)		