



DCU BULLETIN

Division of Credit Unions

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Directors are the Key

The recent failure of several large, for-profit corporations has focused a great deal of attention on the responsibilities of the board of directors. This has created an opportunity for credit union boards to benefit from improved training resources.

The board of directors plays a critical role in the successful operation and the health of the credit union. They are also accountable to the members, regulators, and the communities served by the credit union. The directors have overall responsibility for the credit union's direction, profitability, safety and soundness, and compliance with laws and regulations. To meet these responsibilities, they must establish policies, retain top executives, and evaluate the performance of each element of the credit union.

As they work to achieve their basic mandate, credit union boards must fulfill three key requirements: be informed, fully participate in board actions, and avoid conflicts of interests. An effective board contributes by setting tone and direction. It oversees and supports management efforts, testing and probing management's recommendations before approving them. It evaluates the financial, competitive, and other environmental factors that may require adjustments to the credit union's direction. It works with the supervisory committee to ensure that adequate internal control systems are in place to identify and address problems before they become major concerns.

The Division of Credit Unions has assembled the attached brochure to identify some resources available for directors of credit unions. The inclusion or exclusion of any program or resource from this brochure should not be interpreted as an endorsement or a lack of endorsement by this agency. We make no claims or promises about the accuracy, completeness or reliability of the content of any program or resource listed in this brochure. Further, as legal advice must be tailored to the specific situation, and laws are constantly changing, directors should not rely on information provided in any of these resources as a substitute for the advice of competent legal counsel. We encourage directors to evaluate themselves and the resources available and look at their terms on the boards as an opportunity to enhance their skills.

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