

Corporate Governance

Theory into Practice

Corporate Governance

- ▶ Is the system by which organizations are directed and controlled

Roles, Responsibilities and Duties

- ▶ **Fiduciary duty**
 - Act honestly, in good faith in the best interest of the organization
- ▶ **Duty of Care**
 - Exercise the care, diligence and skill of a reasonable prudent person in a comparable circumstance.

Statutes

- ▶ Comply with legal requirements and statutes:
 - Interpretation Act
 - Non Profit Corp Act
 - Partnership Act
 - Business Corporation Act
 - USA
 - Corporate By-laws
 - Common Law

Agency Theory

Is used to understand the relationship between the principals, board of directors and agents of an organization. The agent represents the principal in particular business transactions and is expected to represent the best interests of the principal. The board of directors have two roles in this theory they to represent the principal and provide the oversight of the organization and ensure that agent is carrying out the duties as directed by the board.

Agency Theory

Principals

Board

Agents

Agency Theory

PRINCIPALS

Create the organization

- Have a purpose for the organization
- Contribute or invest resources/ capital

BOARD

Independent referee between principals & agents

- Voice of the principals to the agents and also agents to the principals
- Have the authority and responsibility to act in broadest interests of the organization

AGENTS

Perform the organization's activities/ business

- Use resources and capital to achieve goals of organization

Principals

Board

Agents

BUT

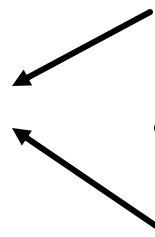
There is a clear line that separates the duties of the board and the duties of the CEO & management team

Governance

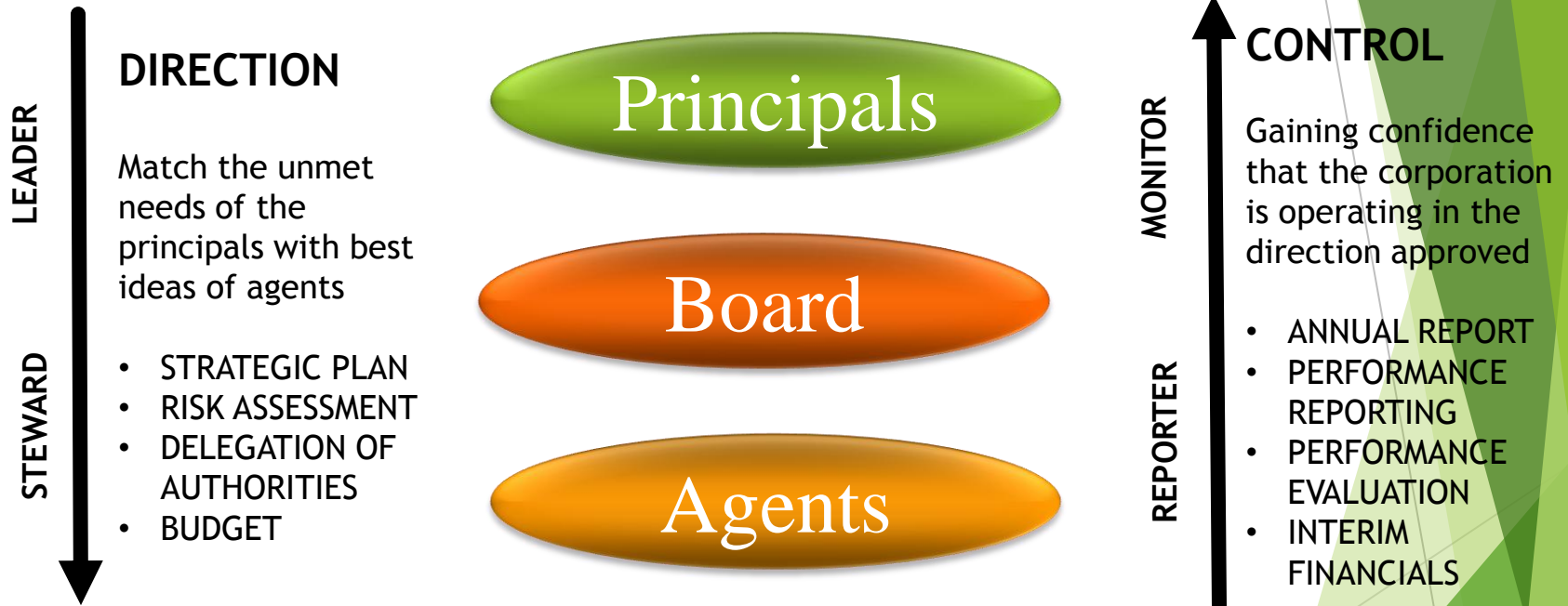
Operations

CEO and Board collaborate to achieve the organization's:

- Mission
- Vision
- Goals & objectives



GOVERNANCE THEORY



Credit Unions

- ▶ Credits Unions in Saskatchewan are co-operatives and are owned by the members of the credit union which provides financial services to its members and non members

Co-Operative Principles

- ▶ Voluntary and open membership
- ▶ Democratic Member Controlled
- ▶ Members Economic Participation
- ▶ Autonomy and Independent
- ▶ Education, Training and Information
- ▶ Cooperation among Co-Operatives
- ▶ Concern for Community

Affinity Credit Union

- ▶ Credit Unions are regulated by:
 - ▶ Credit Union Act
 - ▶ Credit Union Regulations
 - ▶ Credit Union Deposit Guarantee Corporation
 - ▶ Articles/Bylaws (Members)
 - ▶ Credit Union Policy (Board)
 - ▶ Credit Union Procedures (Management)

Governance Structure

- ▶ Districts
- ▶ Delegates
- ▶ Board of Directors
 - ▶ Chair
 - ▶ Committees
- ▶ CEO & Executive VP

Direction

- ▶ Strategic Planning
- ▶ Member Experience Strategy (Marketing)
- ▶ Enterprise Risk Management Framework
- ▶ Capital Plan
- ▶ Annual Operating Plan

Control

- ▶ Annual Report
- ▶ Balance Score Card
 - ▶ Performance Reporting
 - ▶ Performance Evaluation
 - ▶ Financial Performance

Thank You
Questions