



# People First Credit Union

## Director/Volunteer Induction Pack



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# Introduction

People First Credit Union (PFCU) is a member owned credit union based on co-operative values. The purpose of PFCU is to provide its members with good financial services, designed around their needs, mainly in the area of loans and savings. We continue to improve these services and we shape the general development of the Credit Union. The funds saved stay within the community and provide members with loans - there are no outside shareholders or interests.

The economic and social benefits that we enjoy from membership of the PFCU include the following:

- Loans with no hidden costs
- Good value - low cost loans and attractive return on savings
- Additional financial services, other than loans and savings
- Friendly, but confidential service
- Range of free insurance benefits
- Help for borrowers in difficulty in re-scheduling loans
- All surpluses and resources belong to the members
- Concern for community

To join PFCU, you must live or work in what is known as the common bond, a designated area which covers the environs of Portlaoise, Abbeyleix, Stradbally and Athy. To stay a member, you must have a minimum of €5 in your share account.

The members needs and wants are at the core of our ethos. We are thus bound by a common determination to be **Accountable, Adaptable, Democratic, Dependable** and **Trustworthy**, to remain grounded in **Voluntarism**, to act with **Integrity** and to have a **Service Orientation** that is underpinned by our ongoing **Concern for Community**.

The credit union's mission remains strongly focused on service:

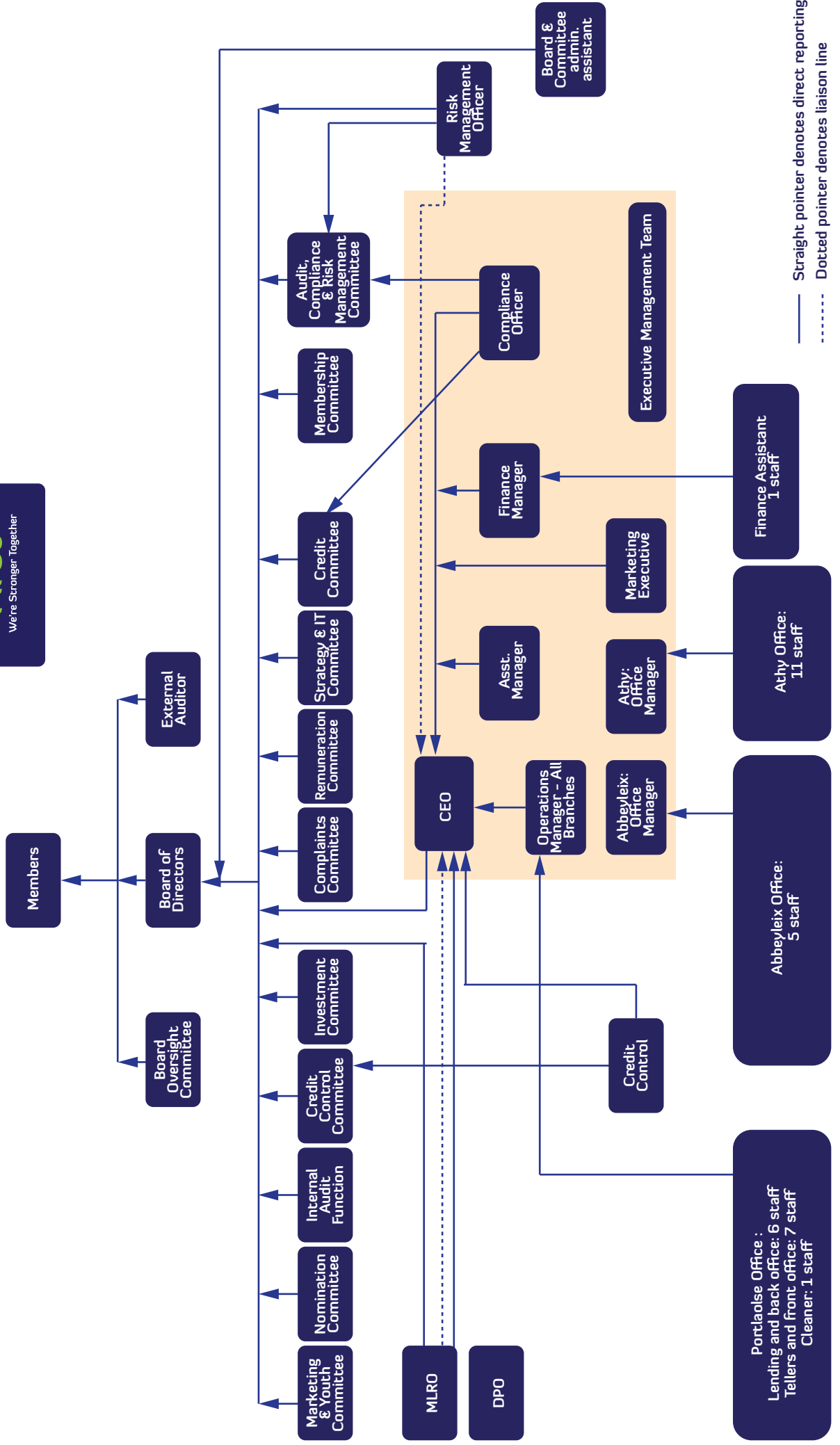
We will become the financial services provider of choice to our members.

## Credit Union Operating Principles are:

- Open and **Voluntary Membership**.
- Democratic **Control**.
- Limited dividends on **equity** capital.
- Return on savings and deposits.
- Return of surplus to members.
- **Non**-discrimination in race, religion and politics .
- Services to members.
- On-going education.



# Organisational Structure



# Volunteering

Credit unions are run by a mixture of volunteers and paid staff.

Directors are volunteers. Many committees can contain volunteers who are not directors but are happy to give some of their time to serving their community. It can also be a pathway to being nominated for Board membership.

There are also educational and skill enhancement opportunities for volunteers.

The criteria for accepting volunteers are

1. be financially sound
2. be honest, ethical and act with integrity
3. be competent and capable, including being able to give the necessary time commitment.

## Board of Directors

- The board of directors is responsible for the general control, direction and management of the credit union.  
*Section 53(1) of the Act*
- Role of the board of directors of the credit union is non executive, i.e. the board of directors has no hands-on involvement in the operational activities of the credit union.
- The Manager is legally responsible for all day-to-day operational activity, compliance and performance within the credit union.  
*New Section 63A of the Act*
- **Role of the Board:** Agreeing vision, purpose & values, making sure they remain relevant
- **Strategic Direction:** Developing, resourcing, monitoring & evaluating a plan to make sure the credit union achieves its stated purpose
- Managing, supporting & holding to account staff, volunteers & all who act on behalf of the credit union
- Avoid involvement in day-to-day operational matters
- Directors are all volunteers.
- Directors are elected by the members at the Annual General Meetings (AGMs)
- Directors and other volunteers are not entitled to remuneration other than reimbursement of reasonable expenses.
- The Board must have between 7 and 11 directors and be an odd number.
- The board of directors of a credit union shall be of sufficient number and expertise to adequately oversee the operations of the credit union.
- Operation and duties of the Board are set out in Part IV of the Credit Union Act 1997 (as amended) and in the Credit Union Handbook on the Central Bank website <https://www.centralbank.ie/docs/default-source/regulation/industry-market-sectors/credit-unions/credit-union-handbook/cu-handbook-governance.pdf?sfvrsn=4>.
- PFCU's Board is currently made up 11 directors and include a Chairperson, Vice-Chairperson and Secretary.

### Main duties of Board:

Hold meetings on a monthly basis to:

- Set strategy and monitor implementation.
- Set policies and review annually.
- Form committees as required by the Act.
- General control, direction and oversight of management of the credit union.
- The appointment of a manager, risk management officer and compliance officer and the approval of the appointment of any other member of the management team
- Ensuring that the performance of every other employee and voluntary assistant, is reviewed and monitored on an ongoing basis to ensure his or her continued appropriateness for his or her role in the credit union;

# Board oversight committee

- The Board Oversight Committee is also made up of volunteers.
- The Board Oversight Committee (BOC) is elected by the members at AGMs and consists of either 3 or 5 people. Currently, this committee has three members.
- The BOC assesses whether the board of directors has operated in accordance with- (a) Part IV, this Part and any regulations made for the purposes of Part IV or this Part, and (b) any other matter prescribed by the Bank in respect of which they are to have regard to in relation to the board of directors.
- Basically, the role of the BOC is to ensure that the Board is fulfilling its statutory duties.
- The BOC reports its conclusions to the membership at each AGM.

## Committees

The Board appoints committees in various disciplines who meet regularly and report back to the Board. PFCU currently has the committees outlined in the Organisation Chart above. Generally, these are made up by a mixture of directors, volunteers and staff.

However, some committees can only have directors. These are the Remuneration Committee, Risk Committee and Audit Committee. (PFCU have combined Risk and Audit together with Compliance)

Each committee has terms of reference that sets out the duties and reporting requirements of that committee. Please see the *Committee Structure 2018* document (V 1.2).

Committees generally meet on a monthly or quarterly basis.

## Other Governance Components

### EXTERNAL AUDITOR

PFCU is subject to an annual audit of its financial statements by an external auditor who will give an opinion on the financial statements in accordance with Irish Law and International Standards on Auditing.

### INTERNAL AUDITOR

The board of PFCU must also appoint a person (in this Act referred to as the “internal audit function”) (a) to provide for independent internal oversight, and (b) to evaluate and improve the effectiveness, of the credit union’s risk management, internal controls and governance processes.

The internal auditor agrees an audit plan annually with the Board and reports quarterly to the Board.

### COMPLIANCE OFFICER

The board of directors of a credit union shall appoint a person (in this Act referred to as a ‘compliance officer’) with the necessary authority and resources to manage the compliance programme, as provided for by section 768, within the credit union.

The Compliance Officer basically ensures that the PFCU and its officers are doing their business in accordance with the applicable laws and regulations as well as with our internal controls and procedures.

## RISK MANAGEMENT OFFICER

The board of directors of a credit union shall appoint a person (in this Act referred to as a 'risk management officer') with the necessary authority and resources to manage the risk management function within the credit union.

The Risk management Officer identifies all the risks in the credit union, assesses them in order of seriousness and proposes action plans for the Board and Manager to lessen (mitigate) these risks to acceptable levels.

# Role of the Manager / CEO

- The manager of a credit union shall be the chief executive officer of the credit union having responsibility for the day-to-day management of the credit union's operations, compliance and performance and shall be responsible to the board of directors for the performance of his or her functions.
- Subject to the Credit Union Acts 1997 to 2012, any matters which the Bank may prescribe and other financial services legislation, the respective functions of, and the division of responsibilities between, the board of directors and the manager of a credit union shall be clearly established, formally documented in writing and approved by the board of directors.

The Manager/CEO is basically responsible for the credit union's operations and performance in line with the Board's direction and for proposing strategies and goals to the Board for their consideration of the strategic plan.

The functions of the manager of a credit union include the following:

- a) without prejudice to the exercise by the board of directors of its functions under subsection (1)(a) of section 55, preparing and proposing to the board of directors for debate, scrutiny and approval, strategies for the strategic plan that the board of directors are required to prepare and approve under that subsection;
- b) implementing the strategies agreed by the board of directors to the standards set out in the strategic plan or as otherwise required by the board of directors;
- c) updating the board of directors on the financial position of the credit union, including submitting to the board of directors on a monthly basis unaudited financial statements that set out the financial position of the credit union;
- d) appointing or causing to be appointed such and so many persons as employees or as voluntary assistants as the manager considers appropriate after consulting with the management team of the credit union ;
- e) preparing or causing to be prepared such financial reports and returns as may be required by the auditor of the credit union;
- f) implementing the proper systems of internal control which the board of directors have approved;
- g) ensure that all cash is deposited in accordance with the instructions of the board of directors;
- h) such other matters as may be duly assigned to the manager by the board of directors

In appointing a person as manager of a credit union, its board of directors shall ensure that the person complies with all legal requirements (including requirements which the Bank may prescribe) to be appointed

# Management Team

Section 55(1) of the Act requires the Board to ensure that there is an effective management team in place. Please see organisational chart for makeup.

# Staff

PFCU has approximately 40 staff members including the management team. These include tellers, lending officers, back office and credit control.

## The Central Bank of Ireland (CBI)

Credit Unions are regulated by the CBI. They use a risk assessment system called PRISM (The Probability Risk and Impact System). This entails annual visits from CBI to our credit union after we submit required information to them. They hold meetings with various officers of PFCU, usually Board and Board Oversight Committee representatives, CEO, Risk Management Officer, Compliance Officer and various others depending on the focus of their visit.

After their visit, CBI will issue a Risk Mitigation Programme (RMP). This is basically a list of issues that they have highlighted, what is required to rectify the issues and timelines for completion.

## Irish League of Credit Unions (ILCU)

PFCU is affiliated to ILCU which is a representative body for most credit unions on the island of Ireland. ILCU provide supports including training, insurance services, advisory services. They also lobby government in relation to credit union matters.



# Jargon Buster

Acronym	Full meaning
ACR Committee	Audit, Compliance & Risk Committee
AGM	Annual General Meeting
ALM	Asset and Liability Management
AML/CTF	Anti-Money Laundering/Counter Terrorism Financing
APR	Annual Percentage Rate
APRC	Annual Percentage Rate of Charge
Attached shares	Member's shares held as collateral on their loan
BCP	Business Continuity Plan
Bluecube	Bluecube Tech - IT hardware and networks company we use
BOC	Board Oversight Committee
CBI	Central Bank of Ireland
CC	Credit Control
CCR	Central Credit Register - new credit rating agency run by Central Bank
CCTV	Closed Circuit Television
CEO	Chief Executive Officer
CO	Compliance Officer
CT	Credit Transfer
CU	Credit Union
CUAC	Credit Union Advisory Committee
CUDA	Credit Union Development Association
CUDS	Progress Computers User Group
CUMA	Credit Union Managers Association
Current Account	Separate account under a member's number where members can save. Not entitled to a dividend. Greater services in the pipeline for this account.
CUSOP	Payments service company which processes automated payments into and out of our members' accounts.
DBI	Death Benefit Insurance
Dividend	Annual payment to members on their shares proposed by the Board at AGM and approved in a members' ballot. Similar to interest on a deposit account.
DP	Data Protection

DPL	Data Protection Lead
DPO	Data Protection Officer
DRM	Disaster Recovery Manager
DRT	Disaster Recovery Team
DSR	Debt Service Ratio
ECCU	The ILCO Insurance Company- provide LP/LS and DBI services as well as PFCU's general insurance cover
EFT	Electronic Funds Transfer
EMT	Executive Management Team
ESIS	European Standardised Information Sheet
F&P	Fitness and Probity
FEXCO	Foreign Exchange Service
GDPR	General Data Protection Regulation
HR	Human Resources
IA	Internal Audit
ICB	Irish Credit Bureau - credit rating agency
ID	Identification
ILCU	Irish League of Credit Unions
IT	Information Technology
LO	Loans Officer
Loan interest rebate	Annual rebate to members on their loans proposed by the Board at AGM and approved in a members ballot.
LP/LS	Loan and savings protection insurance
LT	Loan to Income
LTL	Long Term Lending
LTV	Loan to Value ratio
Metacu	Holding company of credit unions involved in joint venture (Metamo)
Metamo	Joint venture between a number of credit unions, including PFCU, and FEXCO
MPCAS	Member Personal Current Account Service
Outsourcing	Where a product, service or action is outsourced to another company or individual
PEARL	Ratios comparing credit unions: P = Protection, E = Effective Financial Structure, A = Asset Quality, R = Rates of Return and Cost, L = Liquidity , S = Signs of Growth.
PFCU	People First Credit Union
POA	Proof of Address

PRISM	Central Bank's risk-based framework for the supervision of regulated firms. The Probability Risk and Impact System <sub>TM</sub> (PRISM <sub>TM</sub> )
PRISM visit	Inspection of the credit union by the Central Bank of Ireland
Progress	Progress Systems Ltd. - The computer software used for member accounts
PSD	Payment Services Directive
PSD 2	Payment Services Directive 2
RCU	Registry of Credit Unions . Central Bank department that regulates credit unions.
RMO	Risk Management Officer
RPI	Repayment Protection Insurance (Very rarely used now)
Shares	Member savings account type that entitles them to dividend and vote at AGM
SLA	Service Level Agreement
STL	Short Term Lending
STR	Suspicious Transaction Report (re AML/CTF)
The Act	Credit Union Act 1997 (as amended)



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