CREDIT UNION EDITION

Executive

Governance

Overview

How governance works around a major technology program — what the board sees, where decisions are made, and what the record holds.

J. Lynne & Co.

The patience to see it. The drive to move it.

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About this guide

This is reference material for the people involved in governing a major technology program: the board and supervisory committee, and the executives who work with them.

It assumes no technical background. Where a term is unavoidable, it is explained where it appears.

01 DEFINITION

What governance is

Governance is how an organization makes decisions: who decides what, on what information, who may challenge a decision, and how quickly the organization learns when one turns out to be wrong.

Applied to a major program, it covers a specific set of questions. Who owns the outcome. What the program is for. What may change and who approves it. What is reported, to whom, and how often. What would cause the work to pause. And what is written down along the way.

What it is not

– It is not project management. Project management delivers the work; governance decides what the work should be and whether it should continue.

– It is not a committee. A committee is one mechanism among several, and an organization can have committees without governing.

– It is not paperwork, though it produces some. The documents are a by-product of decisions being made deliberately.

Three vantage points

The same program looks different depending on where you sit. The supervisory committee and board see summaries. Management sees the daily detail. The record holds whatever was written at the time, which is what anyone who was not there will eventually work from.

This guide takes those three in turn, then looks at where they differ. None of the three is the complete picture, and the differences between them are ordinary rather than a sign that something is wrong.

02 OVERSIGHT

The board and supervisory committee

The board and supervisory committee are accountable for a program they do not see directly. What reaches them is a summary: a report, a status indicator, a verbal update.

Summaries compress. A status color reduces everything about a program to one word, and reporting written by the people doing the work naturally reflects their view of it. Neither is a flaw; both are worth understanding when deciding what to ask for.

What oversight usually needs

1. Reports far enough in advance to be read, rather than presented in the meeting.

2. Named risks and decisions rather than a color or a percentage.

3. Spending shown against the original approved figure as well as the current one.

4. What changed since the last report, and why.

5. At least one view each year from someone who does not report to the program.

A measure worth asking for

Some boards ask for two dates on each issue: when the program team first identified it, and when the board was told. The interval between them describes how quickly information moves through the organization. It is simple to collect and does not depend on anyone’s judgment about severity.

03 MANAGEMENT

Where decisions are made

From the executive side the picture is specific rather than summarized: a plan with dates, a team doing two jobs, and a core conversion that has to land without disrupting members.

The coordination role

A program of this size needs someone running it full time — tracking decisions, chasing answers, telling people when they are behind. Many credit unions do not have a project office and cannot release a senior person for a year.

Where that is the case, much of the coordination often sits with the vendor's project manager. For the work itself that is a practical arrangement. It becomes a governance question when the same person is also the organization's main source of judgment about whether the work is going well, since they are measured against the vendor's milestones.

Organizations address this in different ways: naming an internal counterpart even at part-time, asking for a separate internal view alongside the vendor's reporting, or bringing in a periodic outside read.

Questions management usually settles

1. Who on our side can tell the vendor that something is not acceptable, and will be supported in it.

2. Whether the go-live date comes from the work required or from a fiscal date, a contract expiry, or a meeting.

3. Which people have genuinely been released from their day jobs, and which are doing this on top of everything else.

4. Whose definition of complete applies when testing is declared finished.

5. Who owns the system, and its results, after the implementation team leaves.

04 THE RECORD

What gets written down

The third vantage point is not a person. It is the record: minutes, decision logs, risk registers, approvals, and the contract file. It is what remains after the program ends and the people involved move on.

Examiners read it during an examination. Auditors read it. A future board reads it when deciding whether to do something similar again.

Examination frameworks used by the federal banking regulators, published by the FFIEC, ask about governance directly: whether management and the board were directing the work rather than receiving it. That question is answered from the record.

What a useful record contains

The test is not volume. It is whether someone could reconstruct, a year or more later, why a decision was made and what was known at the time. For each significant decision, most organizations record:

– What was decided.

– What the alternatives were.

– What risk was accepted, and by whom.

– The date, and who was present.

One paragraph per decision is usually enough. Minutes that record attendance and outcomes but not the questions asked tend to understate the oversight that actually took place.

Two common positions

Some organizations govern well informally — real debate, careful decisions — and record very little of it. Others document thoroughly while the substance is thinner. On paper these look similar.

The first group is usually well run and has no way to show it. The gap is worth closing simply because the effort has already been spent; only the writing down is missing.

05 COMPARISON

Where the three views differ

Set the three side by side and they rarely match. That is expected: each describes the part of the program visible from where it sits.

VANTAGE POINT	WHAT IT HOLDS	WHAT IT DOES NOT HOLD
The board and supervisory committee	The reported position over time, and the decisions the board was asked to make.	How long an issue existed before it was reported, and what was summarized away.
Management	The detail: constraints, trade-offs, and the reasons behind each choice.	How the same choices read to someone who was not in the conversation.
The record	What was written at the time, which is what anyone later will work from.	Anything decided in a room where nobody was writing.

Differences between the three are normal and not in themselves a problem. They are worth attention when they are large, or when nobody has looked. A common way to check is to ask the board chair, the chief executive, and the supervisory committee chair the same three questions separately: what is the biggest risk on this program, what would cause us to pause it, and who decides that. Where the answers differ, the difference is usually informative.

06 PRACTICE

Five practices that connect them

None of these requires a project office, a new committee, or software. They are the practices most commonly found where the three views stay close together.

1. One person owns the outcome, not the project. Owning the project means the work gets done. Owning the outcome means someone answers for whether it was worth doing. These are different jobs, and the second is often unassigned.

2. A short decision record exists. One page, updated as decisions are made: what was decided, the alternatives, the risk accepted, who accepted it, and when.

3. There is a route for bad news that does not run through the person reporting progress. Internal audit, the supervisory committee, or an outside advisor, named in advance and expected to use it.

4. One independent view is obtained before commitment. Someone who does not report to the program and is not paid by the vendor describes what they see.

5. Stopping conditions are agreed at the start. What would cause the work to pause, and who is able to call it. Agreeing this early means it can later be raised as procedure rather than as a challenge to anyone.

The common thread

Each of the five shortens the distance between one person knowing something and everyone who needs to know it knowing it. That distance is the practical measure of how well an organization governs.

ABOUT J. LYNNE & CO.

J. Lynne & Co. is an independent governance advisory firm working with organizations to lead major transformations with confidence. We take no vendor commissions and hold no reseller agreements.

We publish reference material of this kind for executives, boards, and program sponsors. If it is useful, you are welcome to adapt it for your own organization.

If you would like to talk

We are happy to answer questions about anything in this guide, or to look at a program you have underway.

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