Department	Accounting & Finance
Policy Name	Excessive Expenditure Policy
Established Date	June 14, 2022
Last Revision Date	June 8, 2023
Submitted By	Chief Financial Officer
Date of Board Approval	June 28, 2023

PURPOSE

The purpose of this policy is to establish parameters and internal controls governing luxury or excessive expenditures as require by the Department of the Treasury's Emergency Capital Investment Program regulations (31 CFR Part 35), and as may be required by other statutes and regulations.

POLICY STATEMENT

Expenditures of the Organization should be customary, prudent, consistent with applicable laws, regulations, internal guidelines, and reasonably related to the Organization's business objectives and needs. This policy identifies expenditures that are excessive or luxury expenditures, creates processes that are reasonably designed to eliminate such expenditures, and establishes accountability for compliance. Routine operating expenses, capital expenditures, and other reasonable expenses are not prohibited by this policy and therefore must follow internal guidelines.

COMPLIANCE

31 CFR Part 35exp
Vendor Management Policy
Expense Management
Policy Fixed Assets Policy
Signing Authority Matrix
Purchasing & Procurement Guidelines

RELATED DOCUMENTS

AP Workflow

POLICY AND PROGRAM RESPONSIBILITY

This policy is the responsibility of the Board of Directors (Board). The Board has approved this policy and will review compliance with this policy no less frequently than annually, and summary data on excessive or luxury expenditures will be reported to the Board as part of the compliance review.

EXCESSIVE OR LUXURY EXPENDITURES

"Excessive or luxury expenditures" means excessive expenditures on any of the following to the extent not reasonable or appropriate expenditures for business development, staff development, reasonable performance incentives, or other similar reasonable measures conducted in the normal course of the Organization's business operations:

(1) Entertainment or events. This category includes fees, dues, tickets costs related to social, athletic, artistic, and dining clubs, activities, celebrations or other events, and similar expenditures. Expenditures for charitable contributions and charitable events are not prohibited under this policy. Entertainment or events expenditures in an amount less than or within 20% of budgeted figures, are exempt from this policy.

(2) Office and facility renovations. This category includes costs and allowances for office renovation, including expenditures related to furniture, art, office personalization, interior finishing, design and decoration, and similar expenditures. Office and facility renovations expenditures in an amount less than or within 20% of budgeted figures, are exempt from this policy.

(3) Aviation or other transportation services. This category includes charter fees, tickets, slip or docking fees, vehicle installment payments, reservation and travel agent expenses, and similar expenditures associated with transportation services (e.g., airline, train, rental cars, or vans). Mileage reimbursable according to current Internal Revenue Service mileage rates is exempt from this policy. Transportation services in an amount less than or within 20% of budgeted figures, are exempt from this policy.

The principal executive officer may establish or delegate to an appropriate executive officer the authority to establish processes for reimbursement of reasonable travel expenditures, which processes must be reviewed by executive management no less frequently than annually.

For the avoidance of doubt, reasonable capital investments in technology, equipment, and similar items that expand the long-term capability of an ECIP recipient to provide products and services to its customers and community are not excessive or luxury expenditures.

The principal executive officer may establish or delegate to an appropriate executive officer the authority to establish processes for the evaluation and approval of expenditures in the preceding categories that are not luxury or excessive expenditures and that are not otherwise exempt from this policy. These processes must be reviewed by executive management no less frequently than annually, as well as any additional threshold expenditure amounts per item, activity, or event, or a threshold expenditure amount per employee receiving the item or participating in the activity or event under this policy. Such approvals must be reported to the Board of directors (which may be in an appropriate summary form) no less frequently than annually.

AUDIT AND CERTIFICATION

On an annual basis, the Credit Union will deliver to the Department of the Treasury a certification, executed by two senior executive officers (one of which must be either the ECIP recipient's principal executive officer or principal financial officer) certifying that (i) the Organization is in compliance with this policy and (ii) the approval of any expenditure requiring the prior approval of any senior executive officer, any executive officer of a substantially similar level of responsibility, or the Board of directors (or a committee of such Board), was properly obtained with respect to each such expenditure.

EXCEPTIONS

Any exception or violation of this policy must be promptly reported to the Organization's (i) principal executive officer, (ii) officer with primary responsibility for the Organization's compliance function, or (iii) officer designated with primary responsibility for overseeing the administration, monitoring, and compliance with this policy. Exceptions and violations must be reported to the Board of Directors no less frequently than annually, or more frequently as the nature and severity of violation may warrant. All employees, officers, and directors of the Organization must adhere to this policy and will be held accountable for compliance. Any employee or officer who violates this policy may be subject to disciplinary action up to and including termination of employment.

Any employee or officer that is aware of any circumstance that may indicate a violation of this policy is required to report such circumstance to their supervisor or the Organization's principal compliance officer or compliance group. The Organization prohibits retaliation against any employee or officer for making a good faith report of actual or suspected violations of the Organization's code of conduct, laws, regulations, or other Organization policies, including this policy. A finding of retaliation against any such employee or officer may result in disciplinary action up to and including termination. Failure to promptly report known violations by others may also be deemed a violation of the Organization's code of conduct.

REVIEW

The Board will review this policy at least annually, or sooner as applicable.